



PRIME MINISTER OF SINT MAARTEN
MINISTER-PRESIDENT VAN SINT MAARTEN

Aan: The Evaluation Committee Rft 2024
T.a.v. Ms. Gea van Craaikamp, Chairperson

Per email: [REDACTED]@minbzk.nl

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Dear Ms. Van Craaikamp,

Thank you, the other committee members, and the support staff for the draft report of the Evaluation Committee Rft 2024, as sent for administrative rebuttal in accordance with Article 33, twelfth paragraph, of the Kingdom Act on Financial Supervision Curaçao and Sint Maarten (hereinafter: Rft).

The report mentions that the direct financial benefit of the Rft—access to Dutch financing—is not highlighted in discussions, despite the fact that the countries save tens of millions in interest per year. For the record, we would like to acknowledge this significant financial cost benefit. Additionally, we believe that during the evaluation period of 2021, 2022, and 2023, an unprecedented volume of loans was granted due to COVID-19, which should have received more attention from the committee.

From a financial perspective, it would have been much better for the debt positions of Sint Maarten if the COVID-loans and their refinancing had been granted over a long-term period, rather than for periods of less than a year to 18 months. This is especially true given the initial interest rate of 0% and the magnitude of the loans. It raises the question of what role the Cft has as the guardian of the Rft, particularly with regard to its purpose of improving the countries' debt positions. The Cft has a signaling and advisory authority assigned through the Rft.

Considering the ongoing discussions about potentially higher interest rates being charged by the Netherlands to Sint Maarten and Curaçao if no solution is found for the private entity Ennia, it's important to note that this loan agreement with such terms was provided to the countries in 2023. The

Cft did not play a role in stating that this is inconsistent with the intention of the Rft to minimize the debt levels of the islands, especially when linked to such significant loans derived from a pandemic, which would be detrimental to the islands' interest norm. The importance of the Rft in debt management is underscored in Article 16, which mandates that loans for Curaçao or Sint Maarten be obtained on the most favorable terms, with the Netherlands acting as a permanent subscriber at current interest rates. We consider the Cft's role and support during these matters and discussions to be below average, given their advisory responsibilities concerning debt positions.

In the report, Article 25 of the Rft was discussed several times. This article is used to approve deviations from the norms in the event of disasters. The report suggests that invoking Article 25 of the Rft means that the norms of the Rft are not met. For Sint Maarten, this stance would make it nearly impossible to meet the Rft norms, as the island is located in a hurricane belt, and hurricane seasons are becoming increasingly active due to climate change. Sint Maarten would like to address this issue and is aiming for a different interpretation and qualification of the invocation of Article 25 of the Rft.

Sint Maarten supports Recommendation I, which proposes establishing an assessment framework to determine when the norms of the Rft are met. However, it is important to ensure that no additional norms are created through these policies, as norms must be enshrined in the law, not merely in policy guidelines. Additionally, Sint Maarten considers it crucial that clear, objective goals be set by the Cft in agreement with Sint Maarten. Certain aspects of the Rft are highly subjective, and differences in interpretation can lead to situations where Sint Maarten believes it has met the requirements, but the Cft does not. This needs to be agreed upon in advance, as we have observed that once one requirement is met, another is added, leading to an endless cycle of new requirements.

We also support Recommendation II, which advocates for creating more flexibility within the Rft for a strategic investment agenda and countercyclical policies that enhance the social impact of sustainable economic development. However, we would like the discussions around Article 25 of the Rft, as well as those related to liquidity loans and interest charges, to be included in this recommendation.

Recommendation III is also supported, but it is important to note that meeting the Rft norms will remain a challenge for Sint Maarten if the Article 25 discussion is not resolved in a way that allows Sint Maarten to meet the Rft norms, even when Article 25 is invoked.

Sint Maarten would also like to see an additional recommendation included: to involve personnel from Sint Maarten in the staff of the Cft. This would add significant value to the Cft and the implementation of Rft norms in Sint

Maarten. Currently, although there is a Cft office in Sint Maarten, all staff assigned to Sint Maarten reside in Curaçao and travel to Sint Maarten only at certain times during the year. We believe it is important for staff assigned to Sint Maarten to either be from Sint Maarten or at least live there, in order to have a better understanding of the local challenges and developments. Another possibility is to have a Sint Maarten entity, such as the Audit Chamber, execute this task, as they are actually based in Sint Maarten.



Prime Minister of Sint Maarten,
Dr. Luc Mercelina



04 SEP 2024



CC: - Minister of Finance of Sint Maarten, Ms Marinka Gumbs
- Deputy Minister Plenipotentiary, Ms Gracita Arrindell