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MACROECONOMIC IMPLICATIONS OF THE ANNOUNCED U.S. TARIFF MEASURES FOR THE MONETARY UNION

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CENTRALE BANK
CURAÇAO & SINT MAARTEN

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I. INTRODUCTION

The risk to the economic outlook of the monetary union posed by increased trade protectionism by the United States (U.S.) administration – through the imposition of higher import tariffs that could trigger a global trade war - identified in the Economic Bulletin of March 2025, now appears to have materialized. On April 2, 2025, U.S. President Donald Trump announced the introduction of a 10% baseline tariff on all imports into the United States, effective April 5. In addition, the administration imposed higher "reciprocal" tariffs targeting specific regions, including a 20% tariff on imports from the European Union and a 34% tariff on goods from China, both set to take effect on April 9.

Branded "Liberation Day" by the Trump administration, these measures are intended to correct perceived trade imbalances and protect domestic industries. In response, several U.S. key trading partners have announced retaliatory actions. However, the situation remains highly uncertain, with a tit-for-tat escalation between the United States and China, while U.S. trade actions toward other partners are subject to change or pauses.

The trade war has raised global concerns about potential ripple effects, including disruptions of global supply chains, higher inflation, and the risk of a severe economic downturn. These concerns are particularly relevant for small, open economies such as Curaçao and Sint Maarten.

This note explores the concept of import tariffs and the risks these may pose to Curaçao and Sint Maarten. Furthermore, it examines the potential macroeconomic implications of the current U.S. tariff measures for the medium-term economic outlook of the monetary union, using two shock scenarios. One scenario assumes unilateral trade actions by the United States, while the other assumes retaliatory measures by the United States' main trading partners. Both scenarios are compared against the baseline outlook presented in the Economic Bulletin of March 2025.

While this note offers insights into the potential effects of the tariff measures, the situation remains highly uncertain. The CBCS will continue to monitor the developments and their impact on the economies of the monetary union. A new medium-term baseline forecast will be published in the Economic Bulletin of June 2025.

II. ABOUT IMPORT TARIFFS

Import tariffs are taxes or duties imposed by governments on goods and products imported from other countries. As a result, imported items become more expensive. Although tariffs are typically paid by the importing company or business, the costs are often passed on to final consumers through higher retail prices.

Countries generally impose tariffs for two main reasons. First, to protect local industries and workers from foreign competition. Protective tariffs make foreign goods more expensive compared to domestic products, encouraging consumers to buy locally. As a result, tariffs may help reduce trade deficits. Second, tariffs serve as a source of government income. This is especially important in developing countries, as tariffs are relatively easy to collect at borders and therefore provide a significant share of government income.

Tariffs have been used since ancient times. During the mercantilist era, from the 16th to the 18th centuries, European nations imposed tariffs to protect their economies and regulate trade with their colonies. The dominant belief was that trade was a zero- sum game: one country's gain was another's loss. Therefore, countries aimed to maximize exports and minimize imports to achieve trade surpluses, using tariffs as a key tool in this strategy. Tariffs remained widespread throughout the 19th century but began to fall out of favor in advanced economies after World War II, as the disadvantages of protectionism became more evident.

The main argument against tariffs, and their principal disadvantage, is that they often disrupt the benefits derived from comparative advantage, which holds that that countries should specialize in producing goods that they can produce more efficiently. When tariffs are imposed, efficiency gains arising from the country's comparative advantage are lost. This can result in less efficient allocation of resources, particularly labor and capital, and reduced innovation, ultimately resulting in a decline in productivity growth.

An additional effect of import tariffs is that they increase inflationary pressures. Since the higher costs of imported goods are often passed on to consumers, tariffs can reduce purchasing power. In general, the losses experienced by consumers outweigh the gains for domestic producers, resulting in a net well-fare loss or so-called deadweight loss in the economy.

In addition, when one country imposes tariffs, other countries often respond with retaliatory trade barriers, potentially escalating into a trade war. Such conflicts can lead to significant financial losses, disrupt global supply chains, and increase uncertainty for businesses. In the long run, these tensions may undermine not only trade but also international cooperation, peace, and partnerships.

Based on the arguments against trade protectionism, the General Agreement on Tariff and Trade (GATT) was established in 1948 as a forum for negotiating lower tariffs and reducing other trade barriers. In 1995, the World Trade Organization (WTO) succeeded the GATT, a multilateral trading system where member countries negotiate and enforce trade agreements. The WTO has played a critical role in further reducing tariffs among its members.

Nevertheless, tariffs continue to be used as a strategic tool in international negotiations, often to pressure other countries into making trade deals. Tariffs may also be used to address perceived unfair practices or to promote improvements in areas such as labor rights and environmental practices. In addition, developing countries often use tariffs to support new or “infant” industries providing them with the time and protection to grow, improve productivity, and become more competitive in the global market.

III. RECENT U.S. TARIFF MEASURES AND POTENTIAL TRADE WAR

During his first administration, U.S. President Trump pursued a protectionist trade policy by imposing tariffs on major trading partners, particularly China, and to a lesser extent, the European Union, and advocating the repatriation of manufacturing jobs to the United States. In his second administration, Trump aims to continue this policy, but with a stronger emphasis on addressing perceived unfair trade practices by U.S. trading partners that negatively affect American exports. In addition, through a more protectionist approach, the U.S. government aims at strengthening the country's position in global trade, boost U.S. manufacturing, and protect American jobs.

Following several tariff increases on imports from China, Canada, and Mexico, which triggered retaliatory measures from China and Canada, the U.S. administration announced a reciprocal tariff of 10% on all goods imported in the United States, effective April 5th, 2025. In addition, higher country-specific tariffs were imposed on 57 countries with which the United States has significant trade deficits, along with a 25% tariff on foreign automakers. Some countries, most notably China have responded with retaliatory measures, while others have adopted a more cautious wait-and-see approach in hopes of negotiating a resolution. On April 9, the U.S government paused these higher tariffs for 90 days while increasing tariffs on China. The measures implemented, particularly those targeting China, appear to have triggered a trade war between the two countries (Table 1).

Table 1 Tit-for-tat tariffs between U.S. and China

Effective date	US tariffs on Chinese imports	Chinese tariffs on US imports
February 4	Additional 10% on all imports	10% on natural gas, coal, and farm machinery
March 4	20% on all imports from China	10 – 15% on food and agricultural products
April 2	54% on all imports	
April 4		34% on all imports
April 8	104% on all imports	
April 9	145% on all imports	84% on all imports
April 11		125% on all imports

Source: Peterson Institute for international Economics , Trump's trade war timeline 2.0: An up-to-date guide | PIIE, retrieved on April 11, 2025.

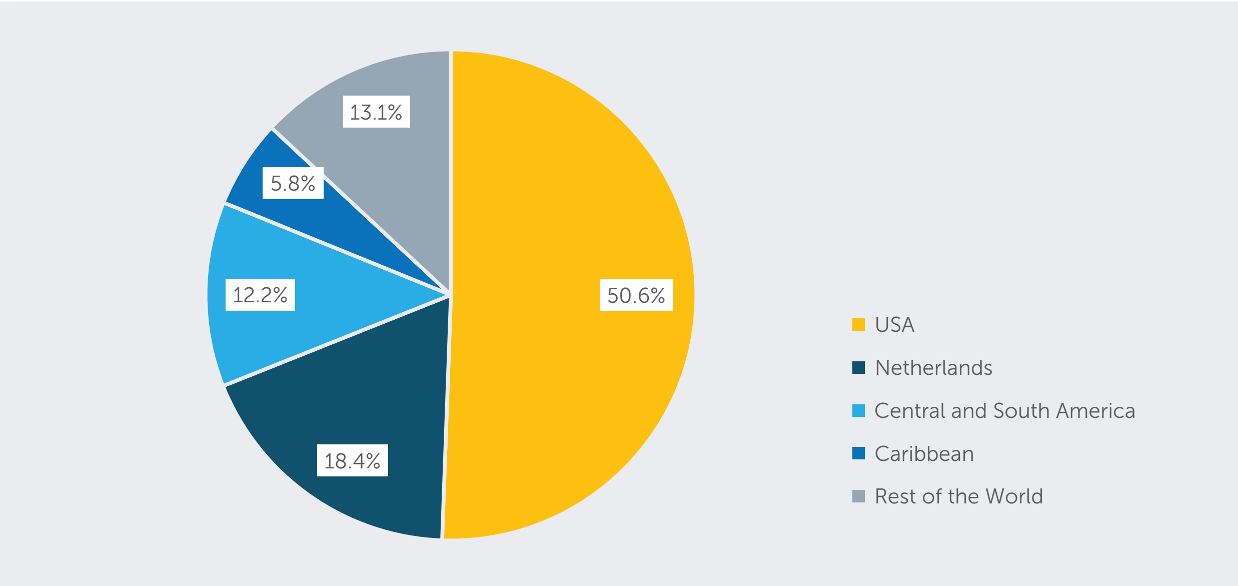
Experience shows that there are no winners in trade wars. For example, according to the Peterson Institute for International Economics, the imposition of mutual tariffs could reduce U.S. real GDP by 0.5 to 1.5 percentage points in the short term, and by as much as 3.0 percentage points in the event of a prolonged, full-scale trade war. The actual outcome will depend on the duration of the tariffs and the degree to which different sectors are exposed.[1]

[1] Source: PIIE, 2025 (Modeling a US-EU trade war: Tariffs won't improve US global trade balance | PIIE

IV. EFFECT OF U.S. TARIFF MEASURES ON CURAÇAO AND SINT MAARTEN

The United States is the main trading partner of both Curaçao and Sint Maarten, with both countries recording a trade deficit with the United States. Between 2019 and 2023, total trade[2] with the United States accounted for an average of 37.0% of Curaçao's total annual trade. In addition, 52.6% of total imports of goods and services originated from the United States. Meanwhile, if only merchandise is considered, 50.6% of the Curaçao imports were from the United States.

Graph 1 Curaçao: merchandise imports by country

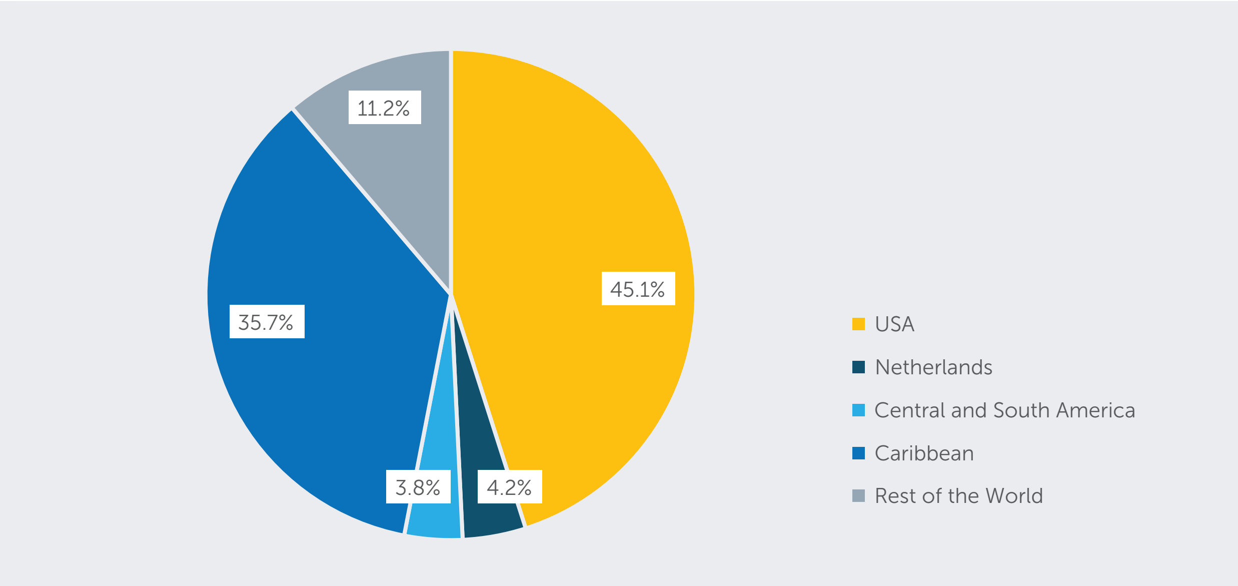


In terms of exports, 15.1% of the total foreign exchange income from the export of goods and services were from the United States, although merchandise exports to the U.S. accounted for only 4.8% of total merchandise exports.

Compared to Curaçao, Sint Maarten's trade linkage is even stronger. On average, the United States represented 50.5% of Sint Maarten's total trade annually between 2019 and 2023. During the same period, imports from the United States represented 47.3% of Sint Maarten's total imports. Similar to Curaçao, the United States is the main source of merchandise goods for Sint Maarten, accounting for 45.1% of its total goods imports. In addition, the share of exports to the United States averaged 54.1% annually.

[2] Defined as the sum of total exports and imports.

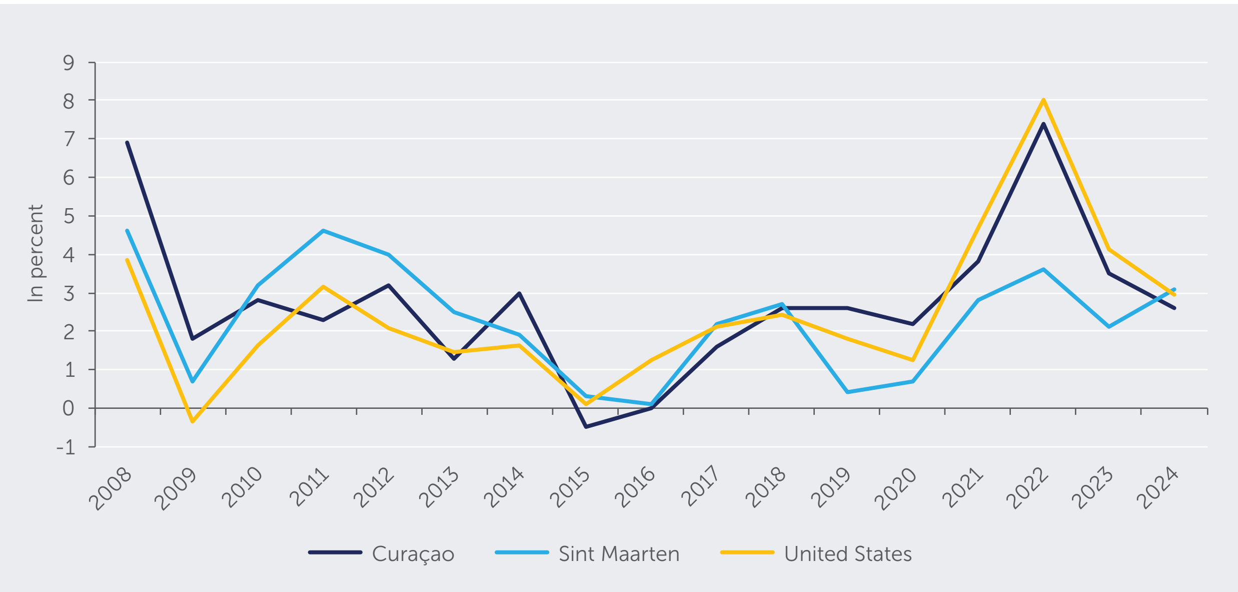
Graph 2 Sint Maarten: merchandise imports by country



Although merchandise exports by Curaçao and Sint Maarten are relatively limited, the U.S. tariff measures and the potential onset of a trade war may indirectly affect both economies through several channels.

First, the protectionist U.S. trade policy may lead to higher import costs in the United States, which will likely be passed on to U.S. consumers. This would increase inflationary pressures in the U.S. Since the United States is the primary source of merchandise imports for both Curaçao and Sint Maarten, inflation in both countries tend to be closely linked to U.S. inflation.

Graph 3 Development in inflation



Source: IMF, World Economic Outlook, Curaçao Central Bureau of Statistics, and Department of Statistics of Sint Maarten

As a result, rising inflation in the United States is expected to exert upward pressure in inflation across the monetary union. This will reduce disposable income, weaken domestic demand, and ultimately dampen economic growth.

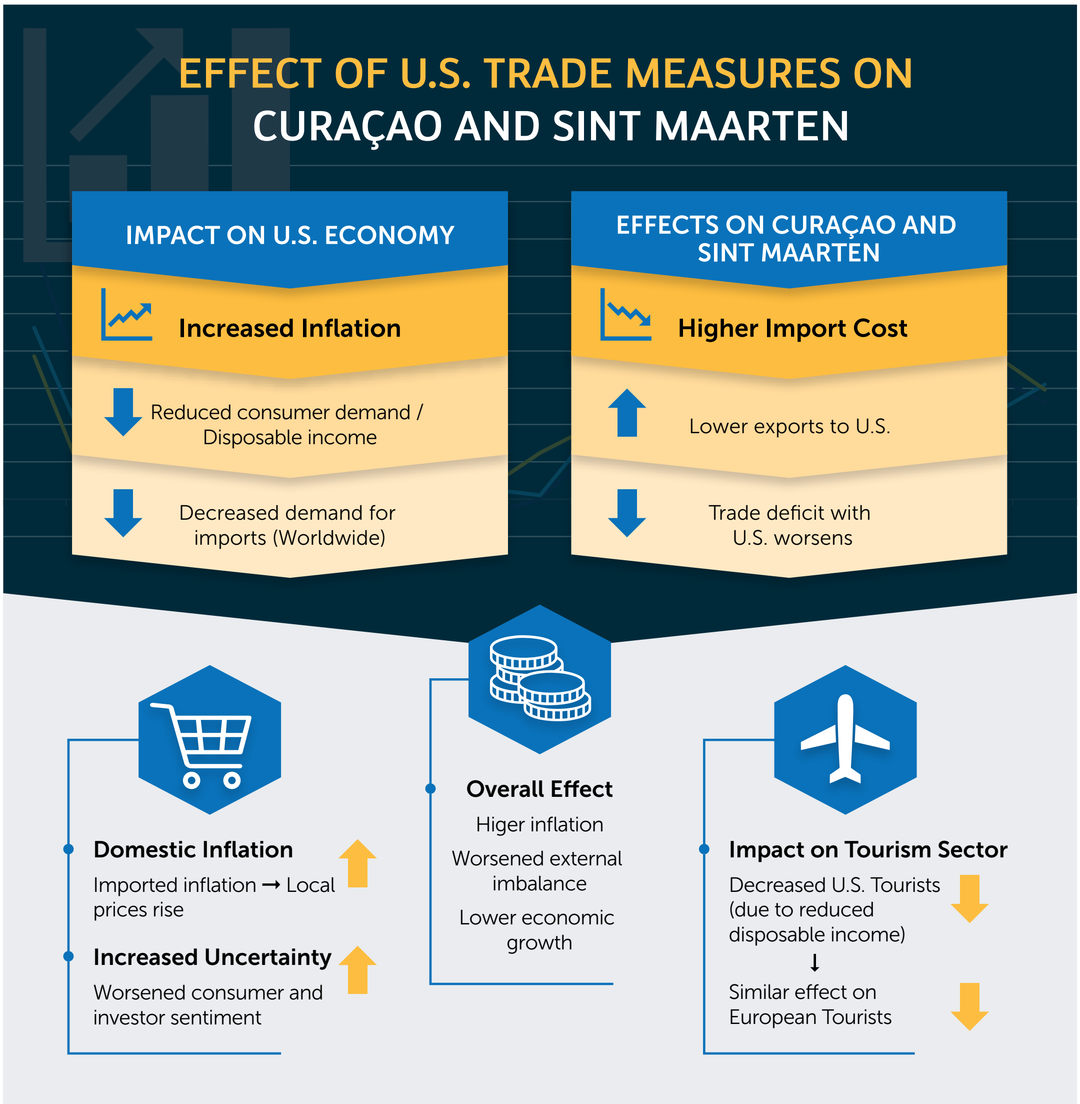
At the same time, these tariffs may heighten uncertainties related to relative price movements due to potential disruptions in global supply chains, price volatility in raw materials, fluctuations in the U.S. dollar exchange rate, and the risk of future retaliatory measures. These uncertainties could undermine both consumer and investor confidence, further dampening economic growth.

In addition, higher U.S. inflation will erode consumers' purchasing power, potentially reducing demand for international travel. This could negatively affect the tourism sectors of both Curaçao and Sint Maarten.

If a global trade war were to materialize, inflation would likely increase in the United States' main trading partners, while economic growth would slow. Higher inflation and lower growth in Europe, will affect particularly the tourism sector in Curaçao and Sint Maarten and, hence, further dampen growth across the monetary union.

Furthermore, on balance, the U.S. tariff measures are likely to widen the monetary union's trade deficit with the United States, as the cost of imports increases while revenues from exports, particularly foreign exchange revenues from tourism, decline.

Figure 1 Effect of U.S. tariff measures on Curaçao and Sint Maarten economies



Note: Based on an infographic by Cornerstone Economics

The effects of the US tariff measures on the economies of the monetary union were estimated using two shock scenarios, which were compared to the CBCS's baseline medium-term forecast of March 2025. These shock scenarios cover the period 2025 – 2028. The impact of the tariff measures is modeled as a one-time external shock introduced in 2025, under the assumption that its direct effects fade away in the following years or are gradually absorbed by the economy.

Scenario 1: Tariffs without retaliation

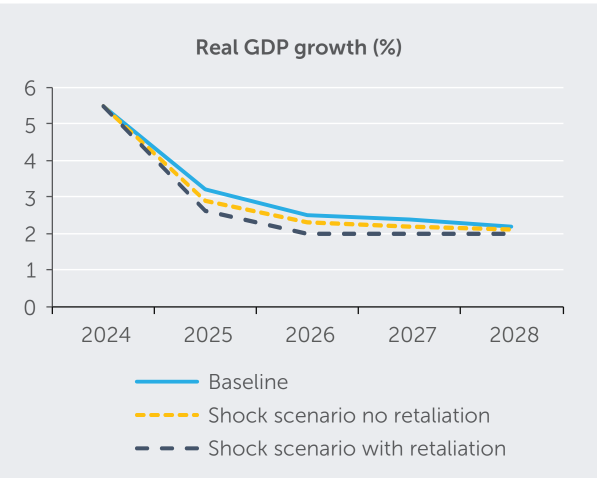
In this scenario, the U.S. imposes tariffs, but its trading partners opt not to retaliate. The result is a moderate decline in U.S. trade flows and business confidence, along with increased import costs passed on to consumers. The scenario is based on the following assumptions:

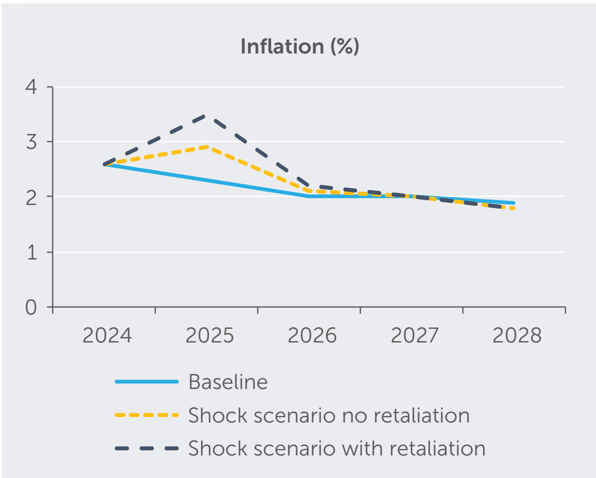
- U.S. real GDP growth slows to 2.1%, 0.6 percentage points lower than in the baseline, due to weaker investment, reflecting higher cost of intermediate goods, and reduced export performance resulting from declining global trade flows.
- U.S. inflation rises to 3.0%, 1.0 percentage point higher than in the baseline, driven by higher consumer prices from more expensive imports.

The impact of the US tariff measures on Curaçao and Sint Maarten is moderate, but still significant. In Curaçao, real GDP growth for 2025 decreases from the baseline projection of 3.2% to 2.9%, primarily due to a slowdown in private sector demand and weaker export performance. The inflation rate increases from 2.3% to 2.9%, as higher import costs are passed on to consumers. These inflationary pressures reduce households' purchasing power and disposable income, dampening private consumption and investment. Consequently, import demand declines, especially in sectors linked to tourism and spending by foreign visitors.

Public demand will also be affected in 2025, as higher inflation will affect public consumption. However, the continuation of ongoing public investment projects is expected to mitigate this effect, helping government expenditures remain stable over the medium term. Net foreign demand also worsens compared to the baseline due to reduced foreign income from tourism and service exports, although imports decline in real terms. This leads to a modest but sustained economic slowdown, with growth gradually converging back to the baseline projection by 2028 (see graph 4 and table 2 in the appendix).

Graph 4 Curaçao: Impact U.S. tariff measures



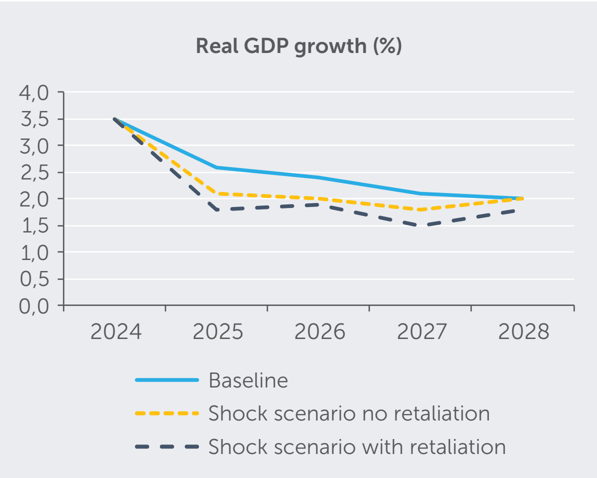


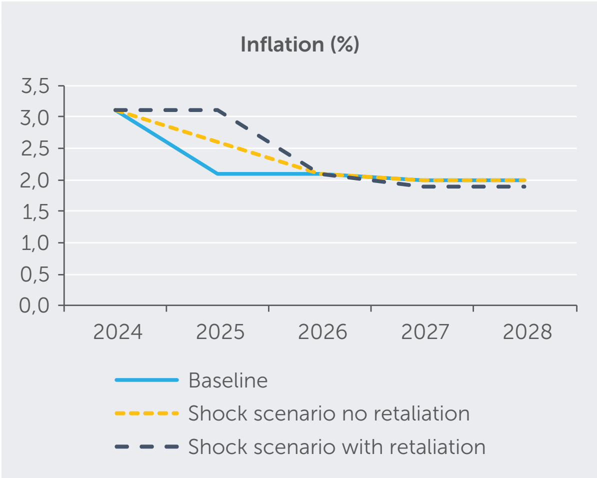
In Sint Maarten, the effects of unilateral U.S. tariffs are more pronounced as the economy heavily relies on tourism and imports. Under this scenario, real GDP growth in Sint Maarten is projected to decline to 2.1% in 2025, which is 0.5 percentage points lower than in the baseline. Private consumption and investment will be particularly affected as higher inflation will erode real income. Similar to Curaçao, ongoing public investment projects will mitigate the decline of public consumption due to higher inflation in 2025 in Sint Maarten. However, due to slower growth in economic activity, government revenues will fall below baseline expectations, resulting in lower public demand compared to the baseline in 2026 and 2027.

In addition, exports are expected to decline compared to the baseline, mainly due to a slowdown in U.S. real GDP growth. Imports will also fall due to weaker domestic demand and lower tourism activity. Consequently, the tariff measures will negatively impact net foreign demand in 2025. However, this effect is expected to turn positive in 2027, as the decline in imports will outweigh the reduction in exports.

Meanwhile, Inflation spikes by half a percentage point in 2025, before easing in subsequent years. The cumulative negative impact of the shock on GDP is greater in Sint Maarten than in Curaçao but appears to fade away by 2028 in both countries (see Graph 5 and Table 3 in the appendix).

Graph 5 Sint Maarten: Impact U.S. tariff measures





The tariff measures will also impact the balance of payments of the monetary union, leading to a higher current account deficit compared to the baseline scenario, which will, in turn, affect gross official reserves. As a result, the measures will negatively impact the average import coverage, although it is expected to remain above the three-month norm (see Table 4 in the appendix).

Scenario 2: Tariffs with retaliation

In the second, more severe scenario, major trading partners retaliate against the United States, triggering a global trade war. This trade war significantly weakens global demand, disrupts supply chains, and dampens business sentiment. Under these conditions, it is assumed that:

- U.S. real GDP growth will slow to 1.2%, representing a 1.5 percentage point drop from the baseline.
- U.S. inflation will rise to 4.0%, reflecting a 2.0 percentage point increase from the baseline as tariff-related costs affect consumer and producer prices.

In this scenario, retaliation against U.S. tariff measures is expected to result in a contraction of global trade. This will erode investment confidence and place additional strain on international supply chains. Moreover, a global trade war would dampen economic growth and put additional pressures on inflation in other trade partners of the monetary union (e.g., the Netherlands, France, and Canada), thereby exacerbating the economic impact on Curaçao and Sint Maarten. Under these conditions, Curaçao's real GDP growth in 2025 is projected to decline by 0.6 percentage points compared to the baseline, while the inflation rate is expected to rise to 3.5%.

The increase in inflation will negatively impact domestic demand, particularly reducing private consumption, as households curtail their spending in response to higher prices and lower disposable income. In addition, net foreign demand will fall below the baseline, as slower economic growth in the monetary union's main trading partners, particularly the United States and the Netherlands, dampens exports. However, imports will also decline due to both lower domestic demand and tourism spending. Over the medium term, economic growth will remain below baseline levels, although the negative effects of the trade war are expected to gradually dissipate. Meanwhile, inflation is expected to gradually converge to the baseline projection following its peak in 2025 (see Graph 4 and Table 5 in the appendix).

The impact on Sint Maarten is expected to be more pronounced than in Curaçao, with real GDP growth falling to 1.8% in 2025, 0.8 percentage points below the baseline, as both domestic and net foreign demand remain below baseline levels. Domestic demand, both private and public, will be negatively affected by higher inflation. Furthermore, lower government revenues will constrain public consumption. The decline in net foreign demand is caused by reduced exports, stemming from weaker economic growth in key trading partners, particularly the United States. This effect will be moderated by a decline in imports due to lower domestic demand and reduced tourism spending. Inflation in 2025 is anticipated to spike by a full percentage point.

As in Curaçao, Sint Maarten's medium-term growth is expected to remain below the baseline forecast. Although signs of recovery begin to emerge by 2028, the cumulative output loss will be more substantial in Sint Maarten than in Curaçao (see Graph 5 and Table 6 in the appendix).

At the monetary union level, the compounded external shock places pressure on the current account of the balance of payments resulting in a higher deficit of 14.1% of GDP in 2025 compared to 13.5% in the baseline. The current account deficit deteriorates further under this scenario, reaching 12.2% of GDP in 2026 and 11.2% in 2027, before improving slightly to 10.8% in 2028. Concurrently, gross official reserves decline over the forecast horizon, resulting in a decline of the import coverage ratio from 4.3 months in 2025 to just 3.1 months by 2028. This marks a faster pace of decline compared to the baseline scenario (see Table 7 in the appendix).

V. CONCLUSION

Overall, the analysis shows that the U.S protectionist trade policy poses a tangible risk to the economies of Curaçao and Sint Maarten. Even without retaliation, both countries are expected to experience slower growth, higher inflation, and weaker domestic demand, particularly due to reduced tourism, declining disposable income, and limited fiscal space. In the event of global retaliation, these effects become more pronounced and persistent, with additional impacts on the balance of payments and the import coverage.

To mitigate the impact of tariffs and a potential trade war, import-export businesses in Curaçao and Sint Maarten should consider diversifying their supply chains to reduce reliance on any single market, particularly the U.S. market. The governments of Curaçao and Sint Maarten could support this by strengthening economic ties with other trade partners, including Latin America and the Caribbean. In addition, in the case of Curaçao, collaboration within CARICOM on advocacy efforts could help insulate the Caribbean from the effects of higher tariffs. Furthermore, promoting local production, particularly in agriculture, renewable energy, and manufacturing sectors, can reduce external dependencies and contribute positively to both employment and economic growth. By adding additional sectors, while continuing to strengthen and innovate within the tourism industry, the monetary union can effectively navigate current challenges and secure a sustainable path for inclusive growth.

APPENDIX

Table 2 Shock scenario 1: Effect on the economy of Curaçao[ab]

		Baseline projection				Shock scenario				Deviation from baseline			
	2024	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Domestic expenditure, of which:	5.3	2.4	3.3	2.7	2.2	2.2	3.2	2.5	2.1	-0.2	-0.1	-0.1	-0.1
Private sector	4.1	1.2	3.1	2.6	2.2	1.1	3.0	2.5	2.1	-0.1	-0.1	-0.1	-0.1
Government sector	1.3	1.2	0.2	0.0	0.0	1.1	0.2	0.0	0.0	-0.1	0.0	0.0	0.0
Net foreign demand	0.2	0.7	-0.8	-0.3	0.0	0.7	-0.9	-0.3	0.0	-0.1	-0.1	0.0	0.0
Export of goods and services	4.6	0.8	1.8	2.3	2.9	0.6	1.6	2.2	2.9	-0.3	-0.2	-0.1	0.0
Import of goods and services	4.4	0.1	2.6	2.6	2.9	-0.1	2.5	2.5	2.9	-0.2	-0.1	-0.1	0.0
Real GDP growth	5.5	3.2	2.5	2.4	2.2	2.9	2.3	2.2	2.1	-0.3	-0.2	-0.1	0.0
Inflation rate	2.6	2.3	2.0	2.0	1.9	2.9	2.1	2.0	1.8	0.6	0.1	0.0	-0.1

Note that figures may not add due to rounding.
[a] Expenditure categories data are weighted contributors to GDP growth.
[b] Real percentage changes.

Table 3 Shock scenario 1: Effect on the economy of Sint Maarten[ab]

		Baseline projection				Shock scenario				Deviation from baseline			
	2024	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Domestic expenditure, of which:	3.6	3.2	1.4	1.0	1.2	3.0	1.5	0.4	1.2	-0.2	0.1	-0.6	0.0
Private sector	0.8	2.7	1.7	1.4	1.1	2.6	1.7	0.7	1.1	-0.1	0.0	-0.7	0.0
Government sector	2.8	0.4	-0.3	-0.4	0.1	0.4	-0.3	-0.2	0.1	0.0	0.0	0.2	0.0
Net foreign demand	-0.1	-0.6	1.0	1.1	0.9	-0.9	0.6	1.4	0.8	-0.3	-0.4	0.3	0.0
Export of goods and services	2.4	4.1	3.8	2.9	2.6	2.9	3.1	3.0	2.6	-1.2	-0.7	0.1	0.0
Import of goods and services	2.6	4.6	2.8	1.8	1.7	3.8	2.5	1.6	1.7	-0.8	-0.3	-0.2	0.0
Real GDP growth	3.5	2.6	2.4	2.1	2.0	2.1	2.0	1.8	2.0	-0.5	-0.4	-0.3	0.0
Inflation rate	3.1	2.1	2.1	2.0	2.0	2.6	2.1	2.0	2.0	0.5	0.1	0.0	0.0

Note that figures may not add due to rounding.
[a] Expenditure categories data are weighted contributors to GDP growth.
[b] Real percentage changes.

Table 4 Shock scenario 1: Effect on the Monetary Union

		Baseline projection				Shock scenario				Deviation from baseline			
	2024	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Current Account Balance (in % of GDP)	-16.4	-13.5	-11.6	-10.6	-10.2	-13.8	-12.0	-10.9	-10.5	-0.3	-0.4	-0.3	-0.4
Imports coverage (average, in months)	4.5	4.5	4.3	4.2	4.0	4.3	3.9	3.5	3.2	-0.3	-0.4	-0.7	-0.8

Table 5 Shock scenario 2: Effect on the economy of Curaçao[a,b]

		Baseline projection				Shock scenario				Deviation from baseline			
	2024	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Domestic expenditure, of which:	5.3	2.4	3.3	2.7	2.2	2.0	2.9	2.3	1.9	-0.4	-0.4	-0.4	-0.3
Private sector	4.1	1.2	3.1	2.6	2.2	1.0	2.7	2.3	1.9	-0.2	-0.4	-0.4	-0.3
Government sector	1.3	1.2	0.2	0.0	0.0	1.0	0.2	0.0	0.0	-0.2	0.0	0.0	0.0
Net foreign demand	0.2	0.7	-0.8	-0.3	0.0	0.6	-0.9	-0.3	0.0	-0.1	-0.1	0.0	0.1
Export of goods and services	4.6	0.8	1.8	2.3	2.9	0.3	1.4	2.1	2.8	-0.5	-0.4	-0.2	-0.1
Import of goods and services	4.4	0.1	2.6	2.6	2.9	-0.3	2.3	2.4	2.8	-0.4	-0.3	-0.2	-0.2
Real GDP growth	5.5	3.2	2.5	2.4	2.2	2.6	2.0	2.0	2.0	-0.5	-0.5	-0.4	-0.2
Inflation rate	2.6	2.3	2.0	2.0	1.9	3.5	2.2	2.0	1.8	1.2	0.2	0.0	-0.1

Note that figures may not add due to rounding.
[a] Expenditure categories data are weighted contributors to GDP growth.
[b] Real percentage changes.

Table 6 Shock scenario 2: Effect on the economy of Sint Maarten[ab]

		Baseline projection				Shock scenario				Deviation from baseline			
	2024	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Domestic expenditure, of which:	3.6	3.2	1.4	1.0	1.2	2.8	1.2	0.3	0.7	-0.4	-0.2	-0.7	-0.4
Private sector	0.8	2.7	1.7	1.4	1.1	2.5	1.5	0.5	0.7	-0.2	-0.2	-0.9	-0.5
Government sector	2.8	0.4	-0.3	-0.4	0.1	0.3	-0.3	-0.2	0.1	-0.1	0.0	0.2	0.0
Net foreign demand	-0.1	-0.6	1.0	1.1	0.9	-1.0	0.7	1.2	1.1	-0.4	-0.3	0.1	0.2
Export of goods and services	2.4	4.1	3.8	2.9	2.6	2.4	2.9	2.8	2.6	-1.7	-0.9	-0.1	0.0
Import of goods and services	2.6	4.6	2.8	1.8	1.7	3.4	2.2	1.6	1.5	-1.3	-0.6	-0.3	-0.2
Real GDP growth	3.5	2.6	2.4	2.1	2.0	1.8	1.9	1.5	1.8	-0.8	-0.5	-0.6	-0.2
Inflation rate	3.1	2.1	2.1	2.0	2.0	3.1	2.1	1.9	1.9	1.0	0.0	-0.1	-0.1

Note that figures may not add due to rounding.
[a] Expenditure categories data are weighted contributors to GDP growth.
[b] Real percentage changes.

Table 7 Shock scenario 2: Effect on the Monetary Union

		Baseline projection				Shock scenario				Deviation from baseline			
	2024	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Current Account Balance (in % of GDP)	-16.4	-13.5	-11.6	-10.6	-10.2	-14.1	-12.2	-11.2	-10.8	-0.6	-0.6	-0.6	-0.6
Imports coverage (average, in months)	4.5	4.5	4.3	4.2	4.0	4.3	3.8	3.4	3.1	-0.2	-0.5	-0.8	-0.9

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The CBCS's most important objectives are to maintain the external stability of the Netherlands Antillean guilder and to promote the efficient functioning of the financial system in the Countries Curaçao and Sint Maarten. The CBCS is the only institution entitled by law to issue paper money in the Countries Curaçao and Sint Maarten and is also charged with the circulation of coins.

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