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# Press Release

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**St. Maarten's Economy Demonstrates Growth and Resilience in Half Year Report 2023.**

**Philipsburg, Sint Maarten** – The recently generated 2023 economic indicator table report for the first half of 2023 paints an encouraging picture of St. Maarten's economic landscape, showcasing growth and resilience across key indicators.

## **Real GDP Estimate**

St. Maarten's Gross Domestic Product (GDP) forecasts a growth rate of 4.6% in 2021. With an estimated value of 2.27 billion Guilders, this trajectory signifies a positive economic landscape. Over the past few years, St. Maarten's Gross Domestic Product (GDP) has experienced fluctuations as demonstrated in the GDP Table. This table provides valuable insights into the dynamics that influence our Country's GDP estimates. Among these factors are natural disasters, the pandemic,

and the subsequent rebuilding efforts. These factors have all played a role in shaping our economic landscape.

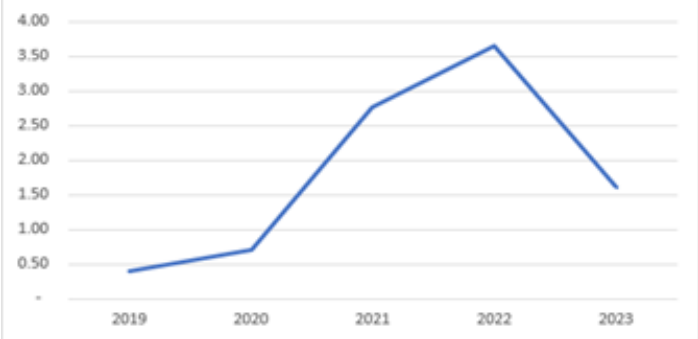
GDP % Changes	
2016	1.00%
(Hurricane Irma) 2017	-7.50%
(Hurricane Irma Recovery) 2018	-6.90%
2019	11.00%
(Covid Lock down) 2020	-13.30%
(Estimated) 2021*	4.60%

### Inflation

The calculation of the half-year inflation rate 2023, which stands at 1.61%, draws upon the inflation rates recorded during the first two quarters of this year. The inflation rate sheds light on changes in the general price levels of goods and services within the country. The graphs below show St. Maarten’s Inflation versus the USA Inflation rate which displays a very similar trend. As expected, the inflation rate is closely linked to the Inflation rate of the US Economy since many of our products come from the US, esp. food items. Compared to the previous 12 months there has been an increase in costs within the household expenditure items such as, Food and non-alcoholic beverages (+4.88%). There was however a double digit decrease in transport (-11.08%) this was primarily attributed to decreases in fuel prices compared to the same time last year.

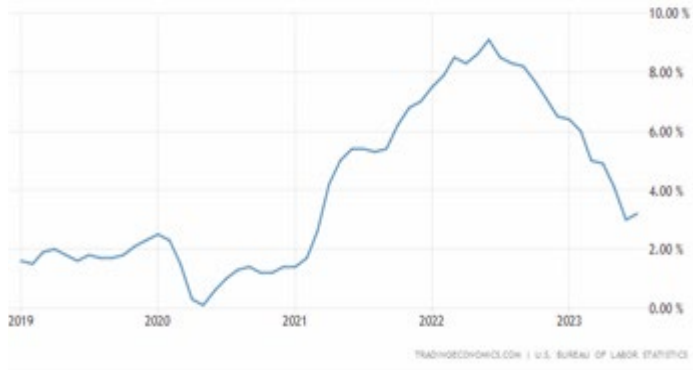
\*SXM Inflation \*Statistics CPI results

Source: Department of Statistics St. Maarten



\*USA Inflation \*Statistics CPI results

\*Source: <https://tradingeconomics.com/united-states/inflation-cpi>



## Unemployment Trends

The unemployment rate is a critical economic indicator that measures the percentage of people in the labour force who are currently unemployed and actively seeking employment. In 2021 the unemployment rate was 10.8%, In 2022 the employment rate decreased to 9.7%. We anticipate that the recently conducted Census, will show an additional reduction in the unemployment rate. These results provide valuable insights into the health of the job market and the overall economic conditions in a country. The table below provides an insight into the challenges faced and the subsequent recovery in the labour market.

	2011	2013	2017	2018	2021	2022
Unemployment rate (%)	11.5%	9.2%	6.2%	9.9%	10.8%	9.7%

\*2021 CBCS sample survey  
 \*2022 Census Pilot

## Stay-Over Arrivals and Cruise Vessels

Given that St. Maarten’s economy is mainly dependent upon Tourism, monitoring the tourism developments of both Stay-over visitors & cruise passengers are essential. St. Maarten's tourism sector is painting a promising picture, with notable growth in both stay-over arrivals and cruise passenger arrivals. The island has witnessed a commendable 9% increase in stay-over arrivals in the first half of 2023 compared to the same period last year. While not yet reaching the desired 2016 levels, St. Maarten remains resolute in its pursuit of progress. Leading the charge, the North American market, encompassing the United States and Canada, continues to be a driving force, contributing the highest number of visitors (76%). The South American market, though constituting a rather small portion, has exhibited a significant rise in passenger numbers compared to the preceding year.



## **Cruise Industry**

The latest half-year report from the cruise industry presents an impressive growth, 2022 half year passenger count was 419,975 while this year's half year count has nearly doubled with 800,280 passengers. This surge showcases a bounce back from the adversities of hurricane Irma and the far-reaching impact of the global pandemic. While celebrating this achievement, it is important to acknowledge that we currently stand 18.56% below the desired goal set in 2016 and the pre-pandemic era. This recognition fuels our determination to not only rebound but to also surpass past achievements. Naturally, it is understood that it will take some time to fully recover to the previous levels which will likely not be attainable within a short timeframe however, we are certainly on the right track to achieving such. We do anticipate reaching pre Irma levels of Approx. 1.9 million passengers (full year) by 2025.

## **Quarter 1 Turnover Taxes (TOT) Increase for 2023**

As one of the most important economic indicators, esp. for consistency, the Turn-Over-Tax (TOT) has also seen positive developments. Quarter 1 of the country's 2023 TOT has increased when compared to the same period in 2022. The 2023 TOT generated Naf 42,657,933, which is a significant increase from the corresponding period in 2022 which recorded a TOT of Naf 32,386,438. This increase of over Naf 10 million, is more than anticipated even when taking the inflation rate into account. The increase in TOT is a combination of the increase population consumption, inflation, improved compliance, and better collection. TOT serves as a key indicator of the improvement of finances of government but also the performance in the country's business sector. The increase in Stayover arrivals, occupancy rate and cruise vessels align with the increase reflected in the TOT figures.

## **Occupancy Rate increase**

The combined (Rooms & Timeshare) occupancy rate in St. Maarten has significantly increased from 35% in 2020 to 64.2%, respectively, in 2022. This underscores the country's resilience in the aftermath of the covid19 pandemic.

Before hurricane Irma and the global pandemic, the occupancy rate in 2016 was 69.1% with a total room count of 3,963. In 2022 the occupancy rate decreased to 61.2% with a total room count of 3,315. We have seen a post pandemic trend of increasing VRBO and Airbnb's. With this upward projection (or trend) and the construction of hotels, villas, and guesthouses we anticipate surpassing our 2016

figures in the upcoming quarters. Consequently, we can expect the number of rooms available, and our capacity will be able to accommodate the expected increase of visitors.

## **Conclusion & Findings**

The St. Maarten Economic Indicators 2023 table Report reflects not only the country's progress but also its resilience in the face of challenges. In particular, the pace of our rebound after major external factors such as Hurricane Irma (2017) & COVID-19 (2020). The collective commitment of businesses, workers, and stakeholders is driving St. Maarten towards sustained growth and economic vitality. These remarkable improvements in the data demonstrates St. Maarten's capacity to adapt, evolve, and continuously elevate its appeal to a diverse range of visitors. As St. Maarten's hospitality sector thrives, it is setting its position to continue being a top-notch destination in the Caribbean tourism landscape.