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Sint Maarten Economy 2018

When Life Gives You Lemons

Sint Maarten after **IRMA**

Horrible Bosses

Traits of a poor leader

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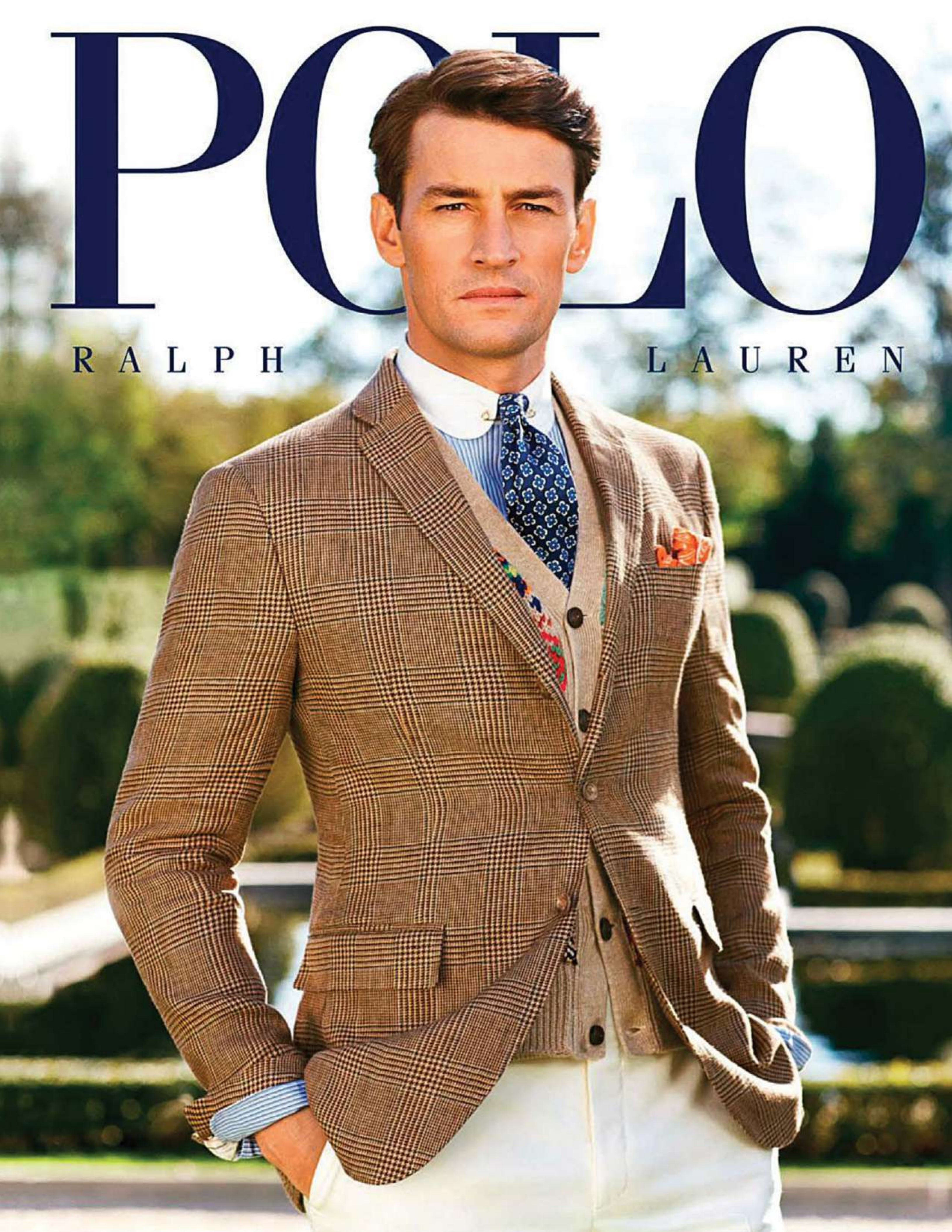
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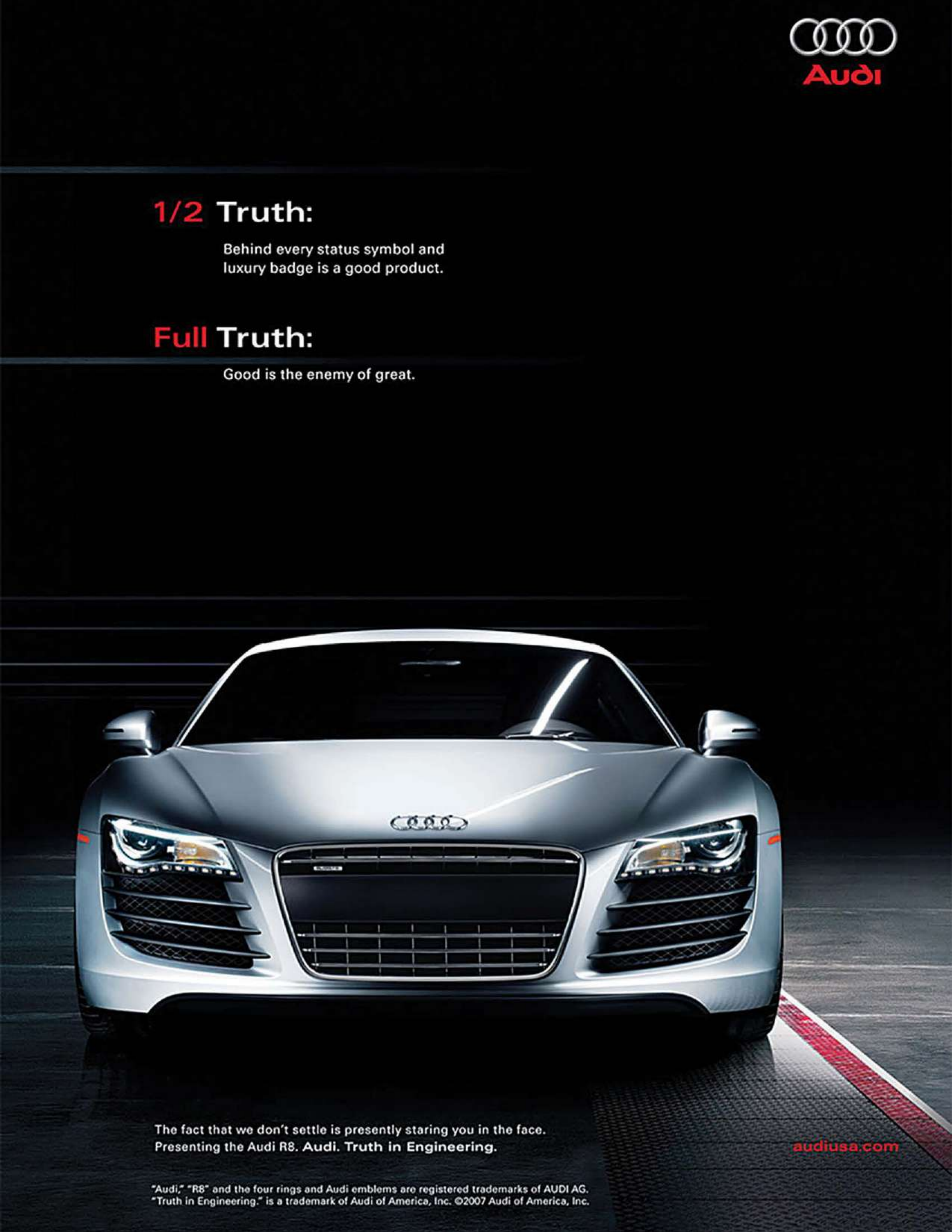
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"Really good initiative, long overdue...love the content, we would love to be a part of this!"

THE HARBOUR

"A very special thank you to BZSE Attorneys-at-Law, for trusting the process and gracing our very first cover."

SINT MAARTEN EXECUTIVE.COM

Sint Maarten Executive.com welcomes submissions and letters from our readers. Please email editor@sxmexecutive.com. The publisher is not responisble for unsolicited manuscripts or photographs. Submissions may be edited for clarity.

Welcome!

Welcome to the first edition of the Sint Maarten Executive.com. Our new quarterly publication is designed especially for you, the investors and likes, who are searching for professionals or business opportunities on The Friendly Island! Our viewership extends to the USA, Canada, Dubai, Bahamas, Europe, and the neighboring islands!!

It is not always easy to acquire economic information and investment opportunities that exist on smaller islands and Sint Maarten is no exception. The Sint Maarten Executive.com concept, represents a forward thinking marketing design, to improve and create visibility for both foreign and local investors. This magazine strives to be informative, professional, interesting and above all useful.

The contents of this magazine varies with insightful information on the local and world economy, financial management, strategic leadership, banking and financial trends and life styles, to name a few and not forgetting our featured executive!

Follow us on Twitter, Facebook, Instagram, and our web site *www.sxmexecutive.com*. Feel free to download the mobile app on your phones, making it so easy to reach an executive! We are very delighted about this elite business magazine and look forward to coming into your businesses and homes.

Enter the executive world of business in Sint Maarten. We hope you enjoy our first issue and we look forward to your feedback for our future publications. We would love to hear from you!

Welkom!

Welkom bij de eerste editie van de Sint Maarten Executive.com. Onze nieuwe kwartaalpublicatie is speciaal ontworpen voor, u de beleggers en degenen die op zoek zijn naar professionals of zakelijke kansen op het Friendly Island! Onze visie strekt zich uit naar de VS, Canada, Dubai, Bahama's, Europa en de naburige eilanden!!

Het is niet altijd gemakkelijk om economische informatie te verwerven en investeringsmogelijkheden die op kleine eilanden bestaan en Sint Maarten is niet anders. Het concept van Sint Maarten Executive.com, vertegenwoordigt een vooruitstrevend marketingontwerp om de zichtbaarheid van zowel buitenlandse als lokale investeerders te verbeteren en te creëren. Dit magazine streeft naar informatief, professioneel, interessant en vooral nuttig.

De inhoud van dit tijdschrift varieert van inzicht in informatie over de lokale en wereldeconomie, financieel management, strategisch leiderschap, bank- en financiele trends, levensstijlen en trends, om maar een paar te noemen en niet onze featured executive te vergeten!

Volg ons op Twitter, Facebook, Instagram en onze website *www.sxmexecutive.com*. Voel je vrij om de mobiele app op je telefoons te downloaden, waardoor het makkelijk is om een executive te bereiken! Wij zijn zeer verheugd over dit elite business magazine en kijken ernaar uit om binnen uw zaken en huizen te komen.

Voer de uitvoerende wereld van zaken in Sint Maarten in. We hopen dat u van onze eerste editie geniet en we kijken uit naar uw feedback. Laat het ons weten wat u graag in ons magazine wilt zien. We zouden graag met je willen werken!

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THE SINT MAARTEN CHAMBER OF COMMERCE AND INDUSTRY

The Sint Maarten Chamber of Commerce and Industry (COCI) is the Trade Registry for Sint Maarten. This entity in accordance with the stipulations of the law registers all businesses, seeking to be operational in Sint Maarten.

There have been 88 new businesses since the hurricanes!

COCI through its trade register, aides in providing a secure environment for business undertakings in Sint Maarten. Whilst this is the primary function of COCI, COCI furthermore contributes in many ways to the socio-economic development of Sint Maarten. COCI, through its representatives on committees or through its advisory function, undertakes to contribute effectively and actively toward initiatives aimed at creating a sustainable business environment in St. Maarten.

The Sint Maarten Chamber of Commerce is a nonprofit organization, which represents a wide cross-section of private sector businesses on St. Maarten Dutch Caribbean.

COCI currently has a membership base of more than 17000 registered companies from various industries including tourism, which accounts for 95% of the country's Gross Domestic Product (GDP). They also represent banking and finance, retail, construction and light manufacturing to name a few. As the primary advocacy group for the private sector, the COCI works in tandem with their valued members in the business community, the Government of Sint Maarten and various Non-Government Organizations (NGO's) on ways to further improve private enterprise, in order to ensure a vibrant and stable economy for more than 100,000 residents, thousands of local business owners and international investors as well as the two million plus visitors who visit the friendly island.

COCI employees conducting post hurricane survey

COCI in collaboration with USM (The University of Saint Martin) and the business community strives through education, internships and forums to enhance the employment opportunities of young Sint Maarten men and women. Supporting programs geared towards the development of the Arts is deemed another means towards support of the overall development of Sint Maarten.

COCI partners with the business community in an effort to redress concerns and also works toward the design and implementation of solutions with stakeholders and the Government. COCI coordinates initiatives for and on behalf of the business community and organizes events and awareness programs to assist the various sectors, so as to enhance their reach within the community, the region or globally.

COCI through its Board of Directors, elected officials representing small and large businesses, formulates annual plans and programs under a selected theme, which permits focused attention to several industries over a three-year term.

Sint Maarten Executive.com is a proud member of the COCI and our publications have been fully recognized and supported by the COCI!

As part of their mandate COCI conducted a business assessment survey following the passing of hurricanes Irma and Maria in September 2017. This survey was crafted to have preliminary insight on the impact of the hurricanes on Sint Maarten's business community and consequential impact on the economy.

The questions presented focused on obtaining information on how businesses fared through the hurricanes, the type and amount of damages sustained, the average value of damages, and the projection on resuming businesses, with or without retention of employees.

The following are the results:

BUSINESS REGISTRATION	NUMBER	PERCENTAGES
Number of active businesses registered	4000	30% surveyed
Number of business surveyed	1205	
Number of new business since hurricanes	88	covers closure 4x
OPERATION STATUS	**NUMBER**	**PERCENTAGEGS**
Number of businesses reopening	1007	84% of businesses surveyed
Number of businesses closing	22	2% of businesses surveyed
Number of businesses unsure	176	15% of businesses surveyed
STAFFING	**NUMBER**	**PERCENTAGES**
Number of businessess maintaining staff	782	65% of businesses surveyed
Number of businesses not maintaining staff	72	6% of businessess surveyed
Number of businesses not sure if staff can be maintained	351	29% of active businesses surveyed
DAMAGE I	**NUMBER**	**PERCENTAGES**
Number of businesses with no damage	140	12% of businesses surveyed
Number of businesses with damage during and after the hurricane	1065	88% of businesses surveyed
DAMAGE II	**NUMBER**	**PERCENTAGES**
Number of businesses looted after the hurricane	159	13% of surveyed businesses
DAMAGE VALUE	**NUMBER**	**PERCENTAGES**
Number of businesses with damage up to USD 10,000	362	30% of businesses surveyed
Number of businesses with damage between US 11,000 – 25,000	128	11% of businesses surveyed
Number of businesses with damage between USD 26,000 – 50,000	104	9% of businesses surveyed
Number of businesses with damage exceeding USD 50,000	298	25% of businesses surveyed
Number of businesses with yet to be determined damage value	313	26% of businesses surveyed
Number of businesses with a total loss	145	12% of businesses surveyed

84% percentage of businesses surveyed that are reopening after hurricanes

65% percentage of businesses maintaining staff after hurricanes

Four main points of concern were raised from the survey:

1. How will Government aid the business sector to regain viability? Will tax breaks be offered and for how long?

2. On the go forward, stricter security guidelines and policies need to be in place to safeguard businesses, before and after any storm.

3. The country's building code must be revisited and enforced as many businesses were severely damaged by other structures that were not built in accordance to the building code of Sint Maarten.

4. The issuance of hurricane passes for business owners must be revisited, as many were not able to secure their businesses after the storm, and were subjected to looting of their properties, days after the storm.

The full impact on the economy will be felt in 2018 and beyond; yet with creativity in the approach over several sectors, the adverse impact on the economy should be minimized.

The rebuilding process will require an influx of skilled workers, reputable contractors, quality material and adequate permitting processes. The progress of the country will be fully dependent on the ability of the Government to act prudently and to have in place those processes that will enable persons seeking to rebuild, and to do so in a proper and timely manner.

COCI will continue to expand on this survey and monitor the actual economic impact in the months to come. Future reports will be featured in upcoming publications of the Sint Maarten Executive.com. ▪

Source: Sint Maarten Chamber of Commerce and Industry

WHEN LIFE *gives you* LEMONS

In the aftermath of Hurricane Irma we see the total destruction of Sint Maarten… but we also see the signs of even greater things to come.

There is an old cliché, which says, when life gives you lemons you better make lemonade, but what's the use without the other key ingredients? Surely, we could complain about the lack of water and sugar or we could instead get tequila and take some shots! After all 'we don't grow when things are easy, we grow when we face challenges!'

In the aftermath of Hurricane Irma we see the total destruction of Sint Maarten, which was on the brink of rejuvenation, as the most influential markets in the world showed significant signs of growth.

3.2%

GLobal economic growth in the second quarter of 2017.

The global economy churned out healthy growth in the second quarter, with advanced economies benefiting from lenient monetary conditions and tightening labor markets, while emerging economies made the most of a recovery in commodity prices and resilient dynamics, such as the USA, Japan and Europe. The global economy showed that growth was 3.2% annually in the second quarter, marking the best result in two years and coming in marginally above the 3.1% expansion recorded in the first quarter.

Upbeat momentum, which is reflective of broadening and strengthening expansions across advanced and emerging economies, seems to have carried over into the third quarter. In the Euro area, survey-based data continues to point to solid growth in the third quarter following a robust second-quarter expansion.

The U.S. economy also saw solid performance in the second quarter, but the effects of Hurricanes Harvey and Irma have already dented economic activity in the third quarter. Growth is however expected to rebound as rebuilding efforts intensify survey-based data continues to point to strong household spending and business investment. The Bank of England also adopted a more hawkish tone as officials seemed less concerned over the medium-term economic drag from Brexit.

Our economy is too small to impact any of those major markets; on the contrary these markets are very influential on our very mere survival. If the rest of the world economies remain strong so too is our economy.

All told, monetary policy is expected to remain divergent for 2018 between advanced and emerging economies. Robust economic growth in advance economies is giving central banks some room to breathe and reload their monetary policy arsenals ahead of the next slowdown, while uneven recoveries in emerging market economies has several central banks on an easing cycle, including Brazil, Colombia, Russia, Ukraine and South Africa.

These all continue to be good signs for the factors outside of the Sint Maarten "bubble" which continues to be buoyant. Our economy is too small to impact any of those major markets; on the contrary these markets are very influential on our very mere survival. If the rest of the world economies remain strong, so too is our economy. They are eagerly waiting for the reopening of paradise, the new Sint Maarten. If they have not given up on us, why should we? It's up to you to determine… 'what should we do with our lemons?' ▪

Source: www.imf.org

REBUILD YOUR BUSINESS

BUSINESS NEWS DAILY provided a few tips on rebuilding a business after a natural disaster.

Communicate with employees, customers and stakeholders.
David Rusenko, CEO and founder of Weebly, notes that initial communication and sharing what happened is key.

Contact your insurance company.
Once your employees are safe and accounted for after a disaster, survey the damage. Contact your insurance company to file a claim.

Use your online presence to help the community.
After a natural disaster, people are always looking for ways to reach out and help, but not all of those people can be on location.

Check your backed-up data.
Following a disaster, make sure your vital records are still securely accessible from the devices you're using.

Evaluate your business model.
You may want to take a look at your operations and see if there are ways to expand or shift your business model to ramp up sales going forward.

by Jennifer Post
www.businessnewsdaily.com

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The Economy of Sint Maarten

During the first half of 2017, the economy of Sint Maarten grew, driven by both the private and public sectors.

Developments in 2017

Sint Maarten's real GDP is expected to contract by 4.0% in 2017, a deepening of the 0.1% contraction in 2016, primarily because of the severe damage Hurricane Irma inflicted on Sint Maarten's production capacity. Meanwhile, inflationary pressures rose to 1.4% in 2017, largely influenced by a rise in electricity prices and healthcare premiums.

The economic contraction in 2017 was caused by a decline in net foreign demand because the drop in the export of goods and services surpassed the lower imports. Exports dropped mainly because of a decline in the foreign exchange earnings from tourism activities. Also, foreign exchange earnings from the sectors that cater the tourism sector contracted. Meanwhile, the lower imports were caused primarily by a decline in merchandise imports by the wholesale & retail trade sector reflecting lower tourism spending and private consumption. An increase in domestic demand moderated 2017's economic contraction. Both private and public spending contributed to the increase in domestic demand. Private investments increased mainly due to the construction activities during the first 8 months of 2017. Moreover, businesses started to reconstruct following Hurricane Irma. Private consumption dropped due to the decline in economic activities, particularly in the tourism sector. Following Hurricane Irma, many persons left Sint Maarten, including foreign workers, resulting in a lower population and, hence, less consumption. Meanwhile, public spending rose because of more outlays on goods & services moderated by a decline in public investment.

During the first half of 2017, the economy of Sint Maarten grew, driven by both the private and public sectors. The positive contribution of the public sector was the result of an increase in disbursements on wages & salaries.

The manufacturing, construction, restaurants & hotels, transport, storage & communication, and real estate, renting & business activities sectors were the drivers of Sint Maarten's real GDP growth during the first half of 2017, due largely to better performance in the tourism sector, notably cruise tourism. However, this growth was dampened by contractions in the wholesale & retail trade, financial intermediation, and utilities sectors. Nevertheless, these results should be interpreted with caution. Because of the absence of data on stay-over arrivals by tourism market during the first half of 2017, the Bank estimated stay-over arrivals based on a proxy for the tourism sector.4

Activities in the manufacturing sector grew during the first half of 2017, albeit slower than during the first half of 2016, because of increased yacht repair activities reflecting a higher number of yachts visiting Sint Maarten. The increase of real value added in the restaurants & hotels sector was attributable mainly to a positive turnaround in cruise tourism and growth in stay-over arrivals. The number of cruise tourists visiting Sint Maarten rebounded during the first half of 2017, accompanied by a small increase in the number of cruise calls. The positive turnaround in cruise tourism was attributable, in part, to lower concerns over the presence of the Zika virus.

Growth in the transport, storage & communication sector was fueled by increased activities at both the airport and the harbor. Airport-related activities and air transportation activities of domestic carrier Winair grew, although at a slower pace than during the first six months of 2016, in line with the estimated increase in stay-over tourism. The growth in harbor activities was reflected by a higher number of ships piloted into the port of Sint Maarten, particularly tankers and cruise ships. Meanwhile, there were slightly fewer freighters recorded during the first half of 2017 compared to the first half of 2016, although container movements increased.

Additionally, real output in the construction sector accelerated during the first half of 2017, largely because of more private investments, such as the construction of condominiums in the Maho area and the renovation of the cargo facilities at the Princess Juliana International Airport, among other things.

By contrast, real value added in the wholesale & retail trade sector contracted because the increase in tourism spending was not enough to offset the contraction in private consumption. Furthermore, activities in the utilities sector contracted in the first half of 2017, a negative turnaround compared to the first half of 2016, because the slight increase in water production was insufficient to offset the contraction in electricity production. Finally, the financial intermediation sector contracted in 2017's first half compared to the first half of 2016 because interest income of the domestic commercial banks dropped at a faster pace than interest expenses.

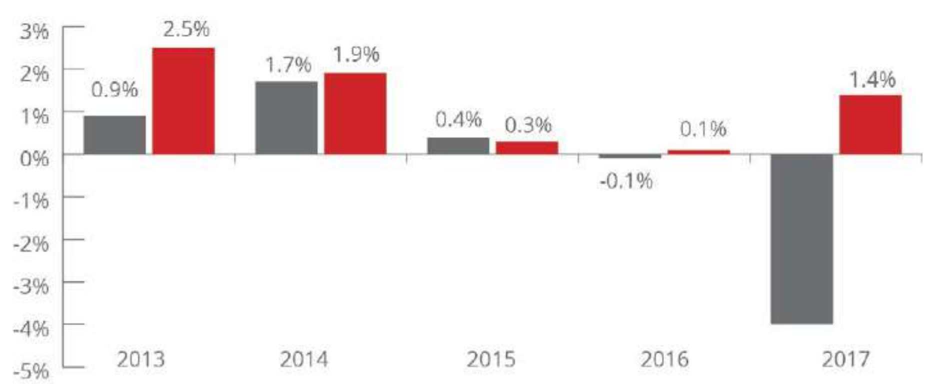
The government of Sint Maarten recorded a surplus of NAf.65.0 million on its current budget during the first half of 2017, more than double the NAf.25.8 million recorded in the first half of 2016. This improvement was caused primarily by an increase in government revenues because expenditures remained practically unchanged. Revenues went up by 17.4% during the first six months of 2017 compared to the first six months of 2016, while expenditures rose only by 1.0%. The growth in revenues was the result of an increase in nontax revenues in the first two quarters of 2017 of more than three times compared to the first two quarters of 2016, combined with an increase of 5.1% in tax revenues. Nontax revenues increased particularly as a result of funds received from the settlement of the division of the assets and liabilities of the former Netherlands Antilles and the dissolution of the Economic Development Foundation (SEO). Furthermore, the government received dividend from the public utility company, GEBE. Meanwhile, tax revenues went up because of more proceeds from taxes on income & profit, goods & services, and property. Higher revenues from turnover tax contributed mainly to the increase in taxes on goods & services, reflecting more efforts to improve compliance. The increase in property taxes was attributable to higher property transfer tax receipts. Expenditures remained practically unchanged because the higher spending on goods & services and social security was offset by a drop in other expenditures.

Following Hurricane Irma, the fiscal position of the government of Sint Maarten is expected to deteriorate as government revenues will drop while expenditures will rise. Hence, the government expects to record a budget deficit of NAf.144.8 millions at the end of 2017, a turnaround compared to the surplus of NAf.26.4 million recorded at the end of 2016. However, the government of Sint Maarten will receive liquidity support from the Dutch State (Euro 40.0 million) to cover part of the higher budget deficit.

Sint Maarten's total outstanding public debt dropped by NAf.63.6 million to NAf.589.1 million at the end of June 2017 compared to the end of December 2016. The lower debt was due entirely to a decline in the domestic debt component as the foreign debt component remained unchanged. The domestic debt component declined as a result of the settlement of part of the government's arrears towards the public pension fund, APS.6 Consequently, Sint Maarten's debt-to-GDP ratio decreased from 34.3% at the end of 2016 to 31.7% at the end of June 2017.

The debt-to-GDP ratio is expected to record 31.2% at the end of 2017, due to a projected decline of NAf.103.6 million in outstanding arrears towards the public pension fund, APS, and the social security bank, SZV. However, this decline will be mitigated by an increase in the foreign debt component due to the issuance of a NAf.21.7 million bond loan by the government of Sint Maarten in August 2017 that was purchased entirely by the Dutch State.

Fig.3
Sint Maarten: Economic Growth and Inflation



2017 is a projection of the CBCS.

NAf.589.1M

Sint Maarten's total outstanding public debt which dropped at the end of June 2017 compared to the end of December 2016.

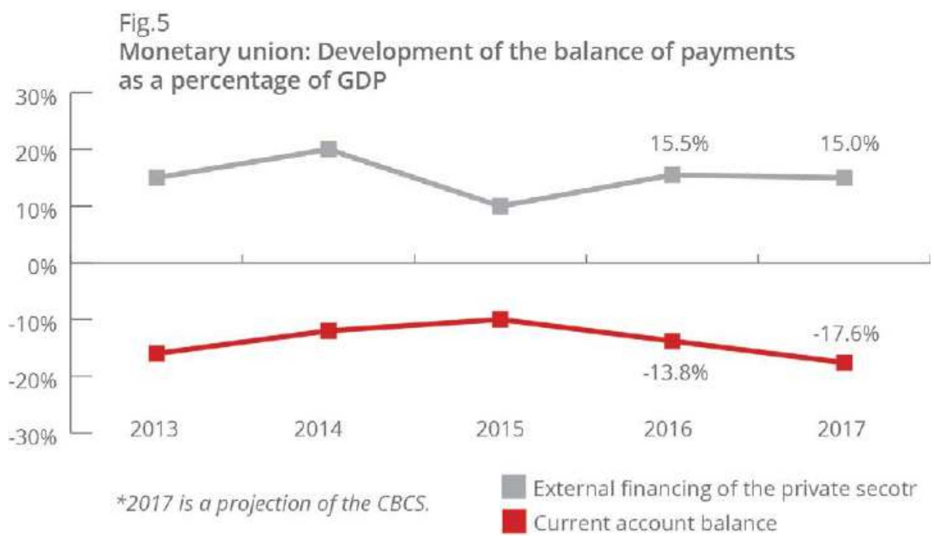
Outlook 2018

In 2018, the economy of Sint Maarten is projected to contract by 9.1% in real terms. The economic contraction is the result of a sharp decline in net foreign demand moderated by an increase in domestic demand. Net foreign demand will drop because of a decline in the export of goods and services combined with higher imports. The dismal export performance reflects primarily lower foreign exchange earnings from tourism activities. By contrast, imports will rise related to construction material and services for the reconstruction of Sint Maarten. However, the imports by the wholesale & retail trade sector will drop due to lower tourism spending and a decline in private consumption. Domestic demand will go up driven mainly by increased investments by the private and public sectors. In addition, public consumption will rise because of more disbursements on goods & services. The increase in domestic demand will be dampened by lower private consumption. The decline in private consumption is caused by increased unemployment, particularly in the tourism sector, and reduced wealth. However, more purchases of construction material and durable goods by those who were covered by insurance will moderate the decline in private consumption. The inflationary pressures are projected to remain at 1.4% in 2018.

Monetary Union

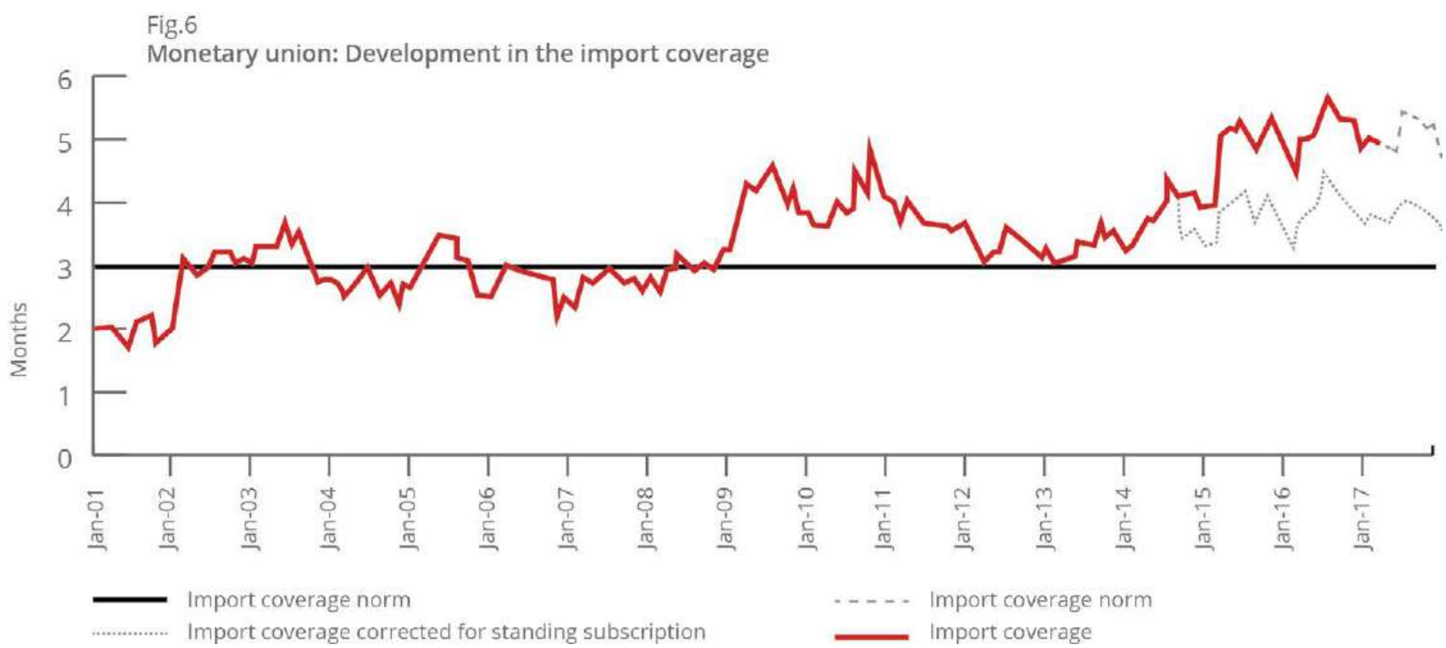
Balance of payments developments

According to estimates of the Bank, the deficit on the current account of the balance of payments widened in 2017 compared to 2016 as a result of a drop in the net export of goods and services and a worsening of the income balance. In contrast, the current transfers balance improved. The decline in net exports was caused by a drop in exports combined with higher imports. Exports contracted because of a decline in foreign exchange earnings from tourism activities caused largely by the poor performance of both stay-over and cruise tourism in Sint Maarten after it was hit by Hurricane Irma. Foreign exchange earnings from the sectors that cater the tourism sector in Sint Maarten contracted also. Furthermore, foreign exchange receipts from stay-over tourism dropped also in Curaçao due to the situation in Venezuela, the discontinuation of several flights by the local airline, InselAir, and the temporary closure of the Marriott hotel for renovation and expansion. The situation in Venezuela resulted also in a decline in the foreign exchange earnings from air transportation services and the re-exports by the free-zone companies in Curaçao. On the other hand, foreign exchange revenues from bunkering activities increased, supported by the higher international oil prices. The higher import bill can largely be attributed to higher oil imports as a result of the increase in international oil prices. In addition, imports of construction material increased in Curaçao, driven by several investment projects such as the second megapier, the hospital, Aqualectra, Kooyman, and Marriott. However, merchandise imports by the wholesale & retail trade sector dropped in Sint Maarten, reflecting lower tourism and consumer spending. Merchandise imports by the free-zone companies in Curaçao contracted as well, reflecting lower re-exports.The income balance worsened because the increase in interest income paid to abroad was more pronounced than the rise in interest income received from abroad. By contrast, the current transfers balance improved as current transfers received from abroad increased, while current transfers paid dropped. In line with the development on the current account, external financing into the monetary union is projected to rise. The increase in external financing reflects a worsening of the portfolio investment, direct investment, and loans & credits balances. The worsening of the portfolio investment balance can be explained by, among other things, matured foreign debt securities held by institutional investors that were not entirely reinvested abroad during 2017. Furthermore, the issuance of bonds by the governments of Curaçao and Sint Maarten that were purchased entirely by the Dutch State contributed to the worsening of the portfolio investment balance. Meanwhile, the direct investment balance deteriorated mainly because of increased claims of foreign direct investors on their subsidiaries in the monetary union. The loans & credits balance worsened as a result of, among other things, a decline in foreign deposits of residents of Curaçao and Sint Maarten. Also, the net trade credits balance deteriorated as a result of the net repayment of trade credit extended to foreign customers, mitigated by the repayment of trade credit received in the past on imports. As the external financing was not sufficient to cover the current account deficit, the gross official reserves of the Bank decreased in 2017 by an estimated NAf.51.5 million, a turnaround compared to the NAf.187.7 million increased in 2016. As depicted in Figure 5, the current account



1.9%

In Curaçao, private credit extension increased by 1.9%, resulting in an increase in business loans and consumer loans.



deficit as a percentage of GDP of the monetary union rose from 13.8% in 2016 to 17.6% in 2017. An increase in the current account deficit caused primarily by a decline in exports points to competitiveness problems, which needs to be addressed in both Curaçao and Sint Maarten. Meanwhile, the external financing as a percentage of GDP dropped from 15.5% in 2016 to 15.0% in 2017.

As shown in Figure 6, the import coverage dropped from 4.9 months in December 2016 to 4.7 months in October 2017 because of a decline in official reserves combined with higher imports. If corrected for the inflow of funds related to the bond issuances by the governments of Curaçao and Sint Maarten, the import coverage would have been 3.6 months in December 2016 and 3.4 months in October 2017. The bank aimed only at the refinancing of maturing CDs at the bi-weekly auctions. Consequently, the amount of outstanding CDs remained unchanged. Meanwhile, the percentage of the reserve requirement remained unchanged at 18.00%. Nevertheless, the amount of required reserves rose as a result of the higher base amount upon which they are calculated.

However, as of August 2017 the Bank has aimed at reducing the amount of outstanding CDs, while keeping the reserve requirement percentage at 18.00%. Consequently, the amount of outstanding CDs dropped. Meanwhile, the amount of required reserves continued to increase because of an increase in the base upon which they are calculated.

Furthermore, the Bank increased its official interest rate, the pledging rate, by 0.50 percentage point to 1.50% on March 20, 2017. After being kept at the historically low level of 1.00% since December 2008, the Bank took this step following the upward adjustments in the federal funds rate and its impact on international interest rates and, hence, domestic money market rates.

Up to October 2017, loans extended to the private sector rose by 1.4% on an annual basis in the monetary union. In Curaçao, private credit extension increased by 1.9%, resulting from an increase in business loans (5.2%) and consumer loans (4.0%), mitigated by declines in mortgages (-1.4%) and "other loans" (-9.2%). Meanwhile in Sint Maarten, the amount of private loans outstanding dropped marginally by 0.1% due to declines in business loans (-3.2%) and "other loans" (-23.7%), moderated by increases in consumer loans (1.1%) and mortgages (1.4%).

Outlook 2018

The deficit on the current account of the balance of payments will widen further in 2018, primarily as a result of a decline in the net export of goods and services. In addition, the income balance will worsen, while the current transfers balance will improve. The net export of goods and services is projected to decline because of a drop in exports combined with an increase in imports. The drop in exports can be ascribed to lower foreign exchange earnings from bunkering activities due to the lower projected international oil prices. Furthermore, the foreign exchange earnings from re-exports by the free-zone companies and from refining activities in Curaçao are projected to drop. The refining activities will drop as the Isla refinery might gradually reduce its operations and investments in light of the expiration of the lease contract in 2019. In addition, foreign exchange earnings from tourism activities will contract in Sint Maarten because much of the hotel room capacity was destroyed by Hurricane Irma. However, foreign exchange revenues from tourism activities in Curaçao will increase in line with the projected real GDP expansion in the main tourism markets, particularly the United States and the Netherlands. Also, more cruise ships will visit Curaçao due to the second megapier. Imports will increase as a result of more construction material and services for the reconstruction of Sint Maarten. However, the merchandise imports by the wholesale & retail trade sector in Sint Maarten will drop due to lower tourism and consumer spending. Furthermore, the merchandise imports by the free-zone companies in Curaçao will contract in line with the decline in re-exports. In addition, the imports by the utilities sector will drop due to less investments in the sector. Oil imports in Curaçao and Sint Maarten will shrink as well, reflecting the projected lower international oil prices. As the construction of the mega pier was completed and the hospital in Curaçao is nearly finalized, there will be less imports of construction services from abroad. The external financing is projected to be insufficient to cover the deficit on the current account in 2018. Hence, gross official reserves will drop further but the import coverage will remain well above the 3 months target. ▪

Source: Centrale Bank van Curacao en Sint Maarten

TAX HOLIDAY

BY GERT BERGMAN
Partner at BZSE Attorneys at Law/Tax lawyers
February, 2018

The Sint Maarten tax legislation provides for some tax holidays, the aim of which is to encourage investments in order to enhance economic development.

Tax holiday incentives can be applied for on the basis of three (3) separate national ordinances:

a. National Ordinance for the Promotion of Land Development
b. National Ordinance for the Promotion of Hotels and Businesses
c. National Ordinance for Renovation of Hotels

Each ordinance holds specific requirements and incentives that are somewhat different from each other, but, in general, a tax holiday is granted to a Sint Maarten company if the following is met:

- The activities of the company contribute to the improvement of the economy of Sint Maarten casu quo it must be expected that the activities of the company will contribute significantly to the expansion of the economic basis of Sint Maarten.
- The company has to provide employment to a certain number of persons with the Dutch nationality and born in Sint Maarten.
- The activities require a minimum investment of ANG. 1,000,000 (approx. USD 562,000) for the hotel and business and ANG. 2,000,000 (approx. USD 1,124,000) for land development.

Exemption is granted, under the tax holiday ordinances, **for import duties** on materials that are needed for construction and development.

An exemption is also granted **for land tax**. For hotels and businesses, the exemption is granted for a period of up to eleven (11) years, for land development, the exemption is granted for a period up to fifteen (15) years.

The tax holiday may reduce the profit tax rate to 2% for a period of minimal one (1) year and up to eleven (11) years in case of hotels and businesses. The magnitude of the investments determines the reduction of the profit tax rate. For land development business, the profit tax rate reduction can even run up to 15 years.

The tax holidays further provide for an exemption of **income tax** on dividends distributed to individual shareholders within two years after the end of the financial year.


MICHAEL KORS

2018 Outlook

Brighter Prospects, Optimistic Markets, Challenges Ahead

Here's some good news – global economic activity continues to firm up. Global output is estimated to have grown by 3.7 percent in 2017, which is 0.1 percentage point faster than projected in the fall and percentage point higher than in 2016.

The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 percent. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes.

The U.S. tax policy changes are expected to stimulate activity, with the short-term impact in the United States mostly driven by the investment response to the corporate income tax cuts. The effect on U.S. growth is estimated to be positive through 2020, cumulating to 1.2 percent through that year, with a range of uncertainty around this central scenario. Due to the temporary nature of some of its provisions, the tax policy package is projected to lower growth for a few years from 2022 onwards. The effects of the package on output in the United States and its trading partners contribute about half of the cumulative revision to global growth over 2018–19.

Risks to the global growth forecast appear broadly balanced in the near term, but remain skewed to the downside over the medium term. On the upside, the cyclical rebound could prove stronger in the near term as the pickup in activity and easier financial conditions reinforce each other. On the downside, rich asset valuations and very compressed term premiums raise the possibility of a financial market correction, which could dampen growth and confidence. A possible trigger is a faster-than-expected increase in advanced economy core inflation and interest rates as demand accelerates. If global sentiment remains strong and inflation muted, then financial conditions could remain loose into the medium term, leading to a buildup of financial vulnerabilities in advanced and emerging market economies alike. Inward-looking policies, geopolitical tensions, and political uncertainty in some countries also pose downside risks.

The current cyclical upswing provides an ideal opportunity for reforms. Shared priorities across all economies include implementing structural reforms to boost potential output and making growth more inclusive. In an environment of financial market optimism, ensuring financial resilience is imperative. Weak inflation suggests that slack remains in many advanced economies and monetary policy should continue to remain accommodative. However, the improved growth momentum means that fiscal policy should increasingly be designed with an eye on medium-term goals—ensuring fiscal sustainability and bolstering potential output. Multilateral cooperation remains vital for securing the global recovery.

The Global Recovery has Strengthened

The cyclical upswing underway since mid-2016 has continued to strengthen. Some 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010. Among advanced economies, growth in the third quarter of 2017 was higher than projected in the fall, notably in Germany, Japan, Korea, and the United States. Key emerging market and developing economies, including Brazil, China, and South Africa, also posted third-quarter growth stronger than the fall forecasts. High-frequency hard data and sentiment indicators point to a continuation of strong momentum in the fourth quarter. World trade has grown strongly in recent months, supported by a pickup in investment, particularly among advanced economies, and increased manufacturing output in Asia in the run up to the launch of new smartphone models. Purchasing managers' indices indicate firm manufacturing activity ahead, consistent with strong consumer confidence pointing to healthy final demand.

In an environment of financial market optimism, ensuring financial resilience is imperative.

Commodities and inflation. An improving global growth outlook, weather events in the United States, the extension of the OPEC+ agreement to limit oil production, and geopolitical tensions in the Middle East have supported crude oil prices. These have risen by about 20 percent between August 2017 (the reference period for the October 2017 WEO) and mid-December 2017 (the reference period for the January 2018 WEO Update), to over $60 per barrel, with some further increase as of early January 2018. Markets expect prices to gradually decline over the next 4–5 years—as of mid-December, medium-term price futures stood at about $54 per barrel, modestly higher than in August. The increase in fuel prices raised headline inflation in advanced economies, but wage and core-price inflation remain weak. Among emerging market economies, headline and core inflation have ticked up slightly in recent months after declining earlier in 2017.

Bond and equity markets. Market expectations of the path of U.S. Federal Reserve policy rates have shifted up since August, reflecting the well-anticipated December rate hike, but they continue to price in a gradual increase over 2018 and 2019. The Bank of England raised its policy rate for the first time since 2008 in view of diminishing slack in the economy and above-target inflation driven by the past sterling depreciation; the European Central Bank announced that it will taper its net asset purchases starting in January. The ECB intends, however, to maintain policy rates at current historically low levels until after quantitative easing ends and, should inflation underperform, extend the asset purchase program in amount and duration. Bond market reaction to these shifts has been muted, with yield curves tending to flatten as short-term rates have risen more than longer-term rates (e.g., in the United States, United Kingdom, and Canada), consistent with still-subdued market expectations of sustained upside surprises on inflation. Equity prices in advanced economies continued to rally, buoyed by generally favorable sentiment regarding earnings prospects, expectations of a very gradual normalization path for monetary policy in a weak inflation environment, and low expected volatility in underlying fundamentals. Emerging market equity indices have risen further since August, lifted by the improved near-term outlook for commodity exporters. In some cases, long-term yields have inched up in recent months, but they generally remain low, and interest rate spreads remain compressed.

Exchange rates and capital flows. As of early January 2018, the U.S. dollar and the euro remain close to their August 2017 level in real effective terms. The Japanese yen has depreciated by 5 percent on widening interest differentials, while the sterling has appreciated by close to 4 percent as the Bank of England raised interest rates in November and as expectations of a Brexit deal rose. Across emerging market currencies, the renminbi has appreciated by around 2 percent, the Malaysian ringgit has rebounded by about 7 percent on an improved growth outlook and stronger commodity prices, and the South African rand by close to 6 percent on perceptions of reduced political uncertainty. In contrast, the Mexican peso has depreciated by 7 percent owing to renewed uncertainty associated with the ongoing NAFTA negotiations and the Turkish lira by 4.5 percent on higher inflation readings. Capital flows to emerging economies have remained resilient through the third quarter of 2017, with continued strength in non-resident portfolio inflows.

Global Growth Forecast to Rise Further in 2018 and 2019

Global growth for 2017 is now estimated at 3.7 percent, 0.1 percentage point higher than projected in the fall. Upside growth surprises were particularly pronounced in Europe and Asia but broad based, with outturns for both the advanced and the emerging market and developing economy groups exceeding the fall forecasts by 0.1 percentage point.

The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised up to 3.9 percent for both years (0.2 percentage point higher relative to the fall forecasts).

For the two-year forecast horizon, the upward revisions to the global outlook result mainly from advanced economies, where growth is now expected to exceed 2 percent in 2018 and 2019. This forecast reflects the expectation that favorable global financial conditions and strong sentiment will help maintain the recent acceleration in demand, especially in investment, with a noticeable impact on growth in economies with large exports. In addition, the U.S. tax reform and associated fiscal stimulus are expected to temporarily raise U.S. growth, with favorable demand spillovers for U.S. trading partners—especially Canada and Mexico—during this period. The expected global macroeconomic effects account for around one-half of the cumulative upward revision to the global growth forecast for 2018 and 2019, with a range of uncertainty around this baseline projection.

The growth forecast for the United States has been revised up given stronger than expected activity in 2017, higher projected external demand,

and the expected macroeconomic impact of the tax reform, in particular the reduction in corporate tax rates and the temporary allowance for full expensing of investment. The forecast assumes that the decline in tax revenues will not be offset by spending cuts in the near term. The tax reform is therefore anticipated to stimulate near-term activity in the United States. As a by-product, stronger domestic demand is projected to increase imports and widen the current account deficit. Overall, the policy changes are projected to add to growth through 2020, so that U.S. real GDP is 1.2 percent higher by 2020 than in a projection without the tax policy changes. The U.S. growth forecast has been raised from 2.3 percent to 2.7 percent in 2018, and from 1.9 percent to 2.5 percent in 2019. In light of the increased fiscal deficit, which will require fiscal adjustment down the road, and the temporary nature of some provisions, growth is expected to be lower than in previous forecasts for a few years from 2022 onward, offsetting some of the earlier growth gains. The inflation response to higher domestic demand is expected to be muted given the low sensitivity of core price pressures to changes in slack in recent years and a somewhat faster projected pace of U.S. Federal Reserve policy rate hikes than in the fall, with a modest decompression of term premiums and no sizable U.S. dollar appreciation. According to the U.S. Congressional Joint Committee on Taxation, the tax code overhaul is projected to reduce the average tax rate on upper income U.S. households relative to those in the middle and lower segments, especially over the medium term (when some provisions benefiting lower- and middle-income taxpayers expire).

Growth rates for many of the euro area economies have been marked up, especially for Germany, Italy, and the Netherlands, reflecting the stronger momentum in domestic demand and higher external demand. Growth in Spain, which has been well above potential, has been marked down slightly for 2018, reflecting the effects of increased political uncertainty on confidence and demand.

The growth forecast for 2018 and 2019 has also been revised up for other advanced economies, reflecting in particular stronger growth in advanced Asian economies, which are especially sensitive to the outlook for global trade and investment. The growth forecast for Japan has been revised up for 2018 and 2019, reflecting upward revisions to external demand, the supplementary budget for 2018, and carryover from stronger-than-expected recent activity.

The aggregate growth forecast for the emerging markets and developing economies for 2018 and 2019 is unchanged, with marked differences in the outlook across regions. Emerging and developing Asia will grow at around 6.5 percent over 2018–19, broadly the same pace as in 2017. The region continues to account for over half of world growth. Growth is expected to moderate gradually in China (though with a slight upward revision to the forecast for 2018 and 2019 relative to the fall forecasts, reflecting stronger external demand), pick up in India, and remain broadly stable in the ASEAN-5 region. In emerging and developing Europe, where growth in 2017 is now estimated to have exceeded 5 percent, activity in 2018 and 2019 is projected to remain stronger than previously anticipated, lifted by a higher growth forecast for Poland and especially Turkey. These revisions reflect a favorable external environment, with easy financial conditions and stronger export demand from the euro area, and, for Turkey, an accommodative policy stance.

Growth rates for many of the euro area economies have been marked up, especially for Germany, Italy and the Netherlands, reflecting the stronger momentum in domestic demand and higher external demand.

In Latin America, the recovery is expected to strengthen, with growth of 1.9 percent in 2018 (as projected in the fall) and 2.6 percent in 2019 (a 0.2 percentage point upward revision). This change primarily reflects an improved outlook for Mexico, benefiting from stronger U.S. demand, a firmer recovery in Brazil, and favorable effects of stronger commodity prices and easier financing conditions on some commodity-exporting countries. These upward revisions more than offset further downward revisions for Venezuela.

Growth in the Middle East, North Africa, Afghanistan, and Pakistan region is also expected to pick up in 2018 and 2019, but remains subdued at around 3 percent. While stronger oil prices are helping a recovery in domestic demand in oil exporters, including Saudi Arabia, the fiscal adjustment that is still needed is projected to weigh on growth prospects.

The growth pickup in Sub-Saharan Africa (from 2.7 percent in 2017 to 3.3 percent in 2018 and 3.5 percent in 2019) is broadly as anticipated in the fall, with a modest upgrade to the growth forecast for Nigeria but more subdued growth prospects in South

Africa, where growth is now expected to remain below 1 percent in 2018–19, as increased political uncertainty weighs on confidence and investment.

Growth this year and next is projected to remain above 2 percent in the Commonwealth of Independent States, supported by a slight upward revision to growth prospects for Russia in 2018.

Risks

Risks to the outlook are broadly balanced in the near term, but—as in the October 2017 WEO—remain skewed to the downside over the medium term. One notable threat to growth is a tightening of global financing terms from their current easy settings, either in the near term or later.

In the near term, the global economy is likely to maintain its momentum absent a correction in financial markets—which have seen a sustained run-up in asset prices and very low volatility, seemingly unperturbed by policy or political uncertainty in recent months. Such momentum could even surprise on the upside in the near term if confidence in the global outlook and easy financial conditions continue to reinforce each other.

The reaction of longer-term bond yields and the U.S. dollar to the change in U.S. tax policy appears to have been limited so far, and markets currently anticipate a more gradual pace of monetary policy tightening than incorporated into the WEO baseline. A financial market correction could be triggered, for example, by signs of firmer inflation in the United States, where the boost to demand will exert downward pressure on the already very low unemployment rate. Higher inflation pressure, together with faster Fed policy rate tightening than anticipated in the baseline, could contribute to a larger decompression of term premiums in the United States, a stronger U.S. dollar, and lower equity prices. The tightening of global financial conditions would have implications for global asset prices and capital flows, leaving economies with high gross debt refinancing needs and unhedged dollar liabilities particularly exposed to financial distress.

Also on the downside, the response of U.S. investment to tax policy changes could be more modest than envisaged in the baseline, with attendant repercussions on the strength of external demand for the main U.S. trading partners.

Over the medium term, a potential buildup of vulnerabilities if financial conditions remain easy, the possible adoption of inward-looking policies, and noneconomic factors pose notable downside risks.

Buildup of financial vulnerabilities. If financial conditions remain easy into the medium term, with a protracted period of very low interest rates and low expected volatility in asset prices, vulnerabilities could accumulate as yield-seeking investors increase exposure to lower-rated corporate and sovereign borrowers and less credit-worthy households. As noted in the October 2017 Global Financial Stability Report, the share of companies with low investment-grade ratings in advanced economy bond indices has increased significantly in recent years. Non-financial corporate debt has grown rapidly in some emerging markets, calling for a policy response. The Chinese authorities have made a welcome start by recently tightening the regulation of non-bank intermediation. Credit risks on these exposures may be hidden while near-term global growth momentum is maintained and refinancing needs remain low. The absence of near-term warning flags, in turn, may reinforce yield-seeking behavior and amplify the buildup of financial vulnerabilities that come to the fore over the medium term.

Inward-looking policies. Important long-standing commercial agreements, such as NAFTA and the economic arrangements between the United Kingdom and rest of the European Union, are under renegotiation. An increase in trade barriers and regulatory realignments, in the context of these negotiations or elsewhere, would weigh on global investment and reduce production efficiency, exerting a drag on potential growth in advanced, emerging market, and developing economies. A failure to make growth more inclusive and the widening of external imbalances in some countries, including the United States, could increase pressures for inward-looking policies.

Noneconomic factors. The medium-term global outlook is also clouded by geopolitical tensions, notably in East Asia and the Middle East. Political uncertainty also gives rise to reform implementation risks or the possibility of reoriented policy agendas, including in the context of upcoming elections in several countries (such as Brazil, Colombia, Italy, and Mexico). Recent extreme weather developments—hurricanes in the Atlantic, drought in sub-Saharan Africa and Australia—point to the risk of recurrent, potent climate events that impose devastating humanitarian costs and economic losses on the affected regions. They may also add to migration flows that could further destabilize already fragile recipient countries.

Policies

Two common policy objectives tie advanced, emerging, and developing economies together. First, the need to raise potential output growth—through structural reforms to lift productivity and, especially in advanced economies with aging populations, enhance labor force participation rates—while making sure that the gains from growth are shared widely. Second, the imperative to increase resilience, including through proactive financial regulation and, where needed, balance sheet repair and strengthening fiscal buffers. Action is particularly important in a low-interest-rate, low-volatility environment with potential for disruptive portfolio adjustments and capital flow reversals. The current cyclical upswing provides a unique opportunity for structural and governance reforms.

Against a backdrop of common priorities, the optimal policy mix differs across countries depending on cyclical considerations and available policy space.

In advanced economies where output is close to potential, still-muted wage and price pressures call for a cautious and data-dependent monetary policy normalization path. However, where unemployment is low and projected to decline further, such as in the United States, a faster pace of policy normalization may be required if inflation were to pick up more than

Cooperative multilateral effort remains vital to safeguard recent momentum in global activity...

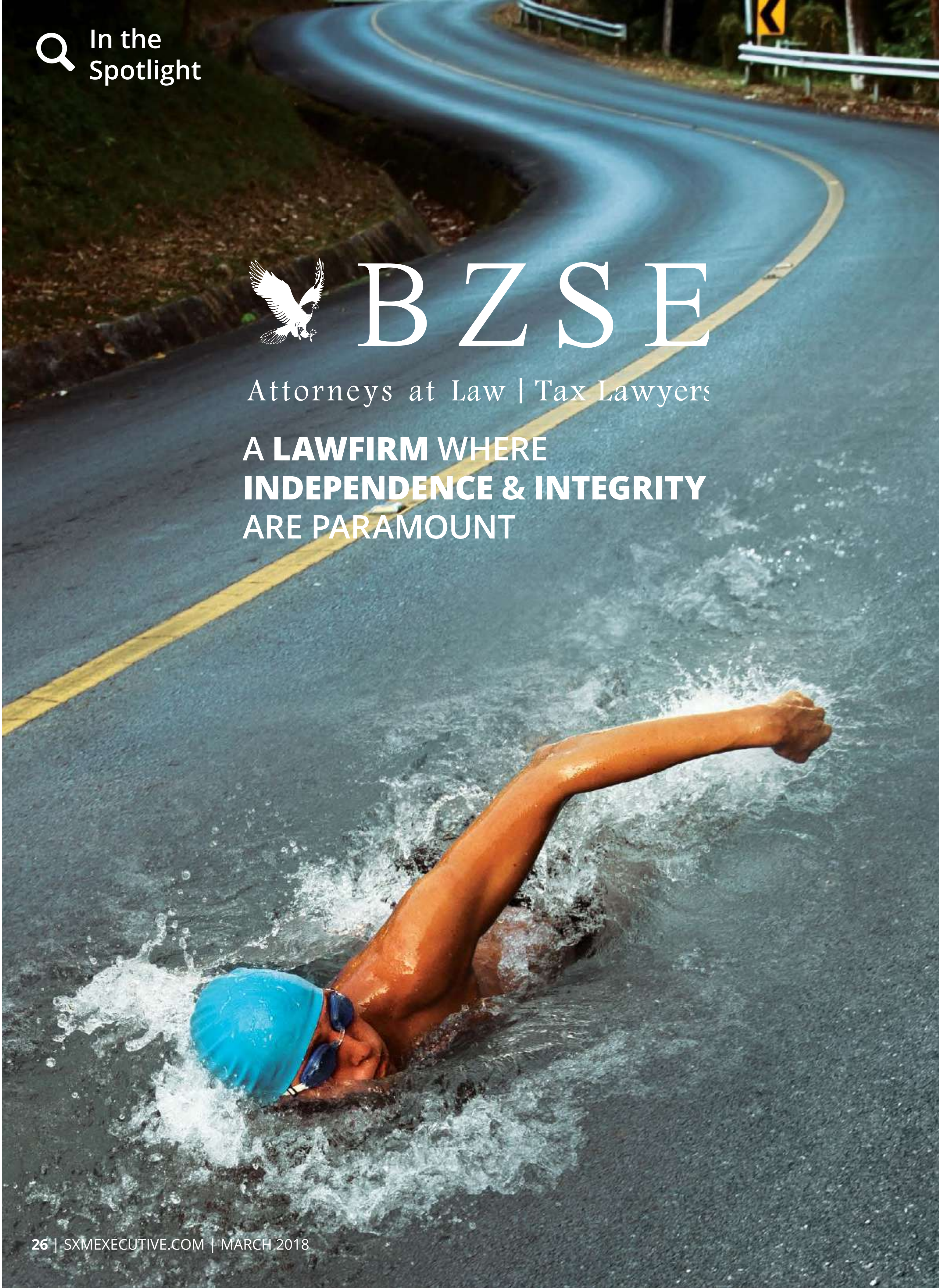
currently anticipated. In advanced economies where output gaps persist and inflation remains below the central bank target, continued monetary accommodation is desirable. Fiscal policy in both cases should focus on medium-term objectives —including public investment to boost potential output and initiatives to raise labor force participation rates where gaps exist—while ensuring that public debt dynamics are sustainable and excessive external imbalances are reduced. Where fiscal consolidation is needed, its pace should be calibrated to avoid sharp drags on growth, while orienting policy toward boosting the quality of public health and education, and protecting the vulnerable, including those that may be adversely affected by structural transformation.

In emerging market economies, improved monetary policy frameworks have helped lower core inflation, which provides scope for using monetary policy to support demand should activity weaken. Fiscal policy is generally more constrained by the need to gradually rebuild buffers, especially in commodity-dependent emerging market and developing economies. With the recent respite provided by the cyclical rebound in commodity prices, policymakers should guard against the temptation to defer reforms and budgetary adjustments for later. Exchange rate flexibility can complement domestic policy settings by preventing sustained misalignments in relative prices, facilitating adjustment to shocks, and curtailing the buildup of financial and external imbalances.

The policy challenges for low-income countries are particularly complex, as they involve multiple, sometimes conflicting goals. These include supporting near-term activity; diversifying their economies and lifting potential output to maintain progress toward their Sustainable Development Goals; building buffers to enhance resilience, especially in commodity-dependent economies grappling with a subdued outlook for commodity prices; and tackling high and rising debt levels in many cases. Policy initiatives should continue to focus on broadening the tax base, mobilizing revenue, improving debt management, reducing poorly targeted subsidies, and channeling spending into areas that lift potential growth and improve the livelihoods of all (infrastructure, health, and education). Efforts to strengthen macro prudential frameworks and greater exchange rate flexibility would improve resource allocation, reduce vulnerabilities, and boost resilience.

Cooperative multilateral effort remains vital to safeguard recent momentum in global activity, strengthen medium-term prospects, and ensure the benefits from technological progress and global economic integration are shared more widely. Priority areas include continuing the financial regulatory reform agenda; avoiding competitive races to the bottom in taxes, labor, and environmental standards; modernizing the rules-based multilateral trade framework; strengthening the global financial safety net; preserving correspondent banking relationships; curbing cross-border money laundering, organized crime, and terrorism; and mitigating and adapting to climate change. ▪

Source: www.imf.org



BZSE

Attorneys at Law | Tax Lawyers

A **LAWFIRM** WHERE **INDEPENDENCE & INTEGRITY** ARE PARAMOUNT

BZSE's full range of expertise comprises the following fields:

Civil Law
Tax Law
Mediation
Banking & Finance
Employment Law
Corporate Law

Get to know a little about BZSE

Independence and integrity are paramount to all lawyers of BZSE. We operate, advise and litigate in an open, transparent and independent manner to represent the best interests of our clients. This gained us a formidable reputation. Among our clients are banks and other financial institutions, local and foreign investors, the local utility company, as well as local and international (corporate) clients with business interests on the islands.

Our Sint Maarten office is known for its expertise in litigation (in the field of civil law, labor law and administrative law) and our Curacao office has a corporate and finance advisory practice as its main pillar. Our Sint Maarten office is also renowned for its services in the fields of tax law and mediation.

Quality, continuity, and stability are the foundations of BZSE's personalized approach of clients. In both the civil law and in the tax practice the attorneys and tax lawyers have many years of outstanding service in Sint Maarten and Curacao. As longtime and committed residents of their respective communities, all partners have acquired extensive networks on the respective islands.

At BZSE we take pride in achieving the best results through teamwork. More complex issues are dealt with in dedicated teams to yield best results, both in the advice practice as well as in litigation. BZSE has been able to put together the perfect mix of professionals. Our approach and team spirit did not go unnoticed. BZSE has grown into the largest law firm in Sint Maarten and our Curacao office has succeeded in making a clear footprint in Curaçao.

Although our lawyers are based in Sint Maarten and Curacao, they are also qualified to practice in Aruba, and on the other islands of the Dutch Caribbean (Bonaire, St. Eustatius and Saba).

We look forward to working together in developing straightforward solutions for your needs! ▪

BZSE Attorneys at Law/Tax Lawyers has offices in Sint Maarten and Curaçao.

FIVE ODD LAWS

FROM AROUND THE WORLD

ONE

It's illegal to import gum into **Singapore**.

TWO

Drivers can be fined for driving a dirty car in **Russia**.

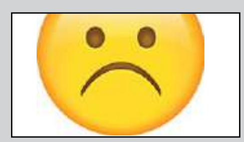
THREE

Headlights must be used at all times in **Scandinavia**.

FOUR

Tree climbing is prohibited in **Toronto** parks and squares.

FIVE



In **Milan**, citizens can be fined for frowning in public. Keep smiling!

Meet the **BZSE** Team

Roeland Zwanikken
Managing Partner

Roeland Zwanikken studied both at the University of Amsterdam and the Metropolitan University of Manchester (United Kingdom) and graduated in 1993. He started his career in 1994 in Sint Maarten, where he worked for five years and became a partner at another law firm on Sint Maarten. In 1999 he repatriated to the Netherlands, where he worked for two years at one of the bigger law firms in Amsterdam. In 2001 Roeland returned to Sint Maarten and one year later at the age of 33, he started his own law firm (first under the name Zwanikken Law Office, then, since February 2003, under the name Zwanikken & Snow). In November 2006 he formed a partnership with Joeri Essed and formed ZwanikkenSnowEssed ("ZSE"). In January 1, 2009 ZSE joined forces with the Bergman brothers, resulting in BZSE Attorneys at Law / Tax Lawyers ("BZSE"). Roeland oversees the day to day management of BZSE.

Roeland is an expert in the fields of Banking and Finance, Civil Litigation and Real Estate and Property Law. Furthermore, Roeland is an enthusiastic, renowned and if necessary an aggressive litigator. He always takes a very pro-active approach, whenever he represents a party in litigation.

Roeland advises local and international (corporate) clients with business interest on Sint Maarten. Among Roeland's clients are banks, project developers, international (corporate) clients and local businesses. As a rule, Roeland never represents government, but he has a lot of experience litigating against government and government owned companies.

In 2004 and 2005 Roeland was Dean of the Sint Maarten Bar Association. Since August 1, 2008, Roeland is also a member of the Supervisory Board of Attorneys. Roeland is also an active and critical follower of Sint Maarten politics and a proponent of good corporate governance and proper administration. Roeland strongly believes attorneys do have a task as watchdog in society; abuse of power or improper administrative behavior should be identified, criticized and spelled out to the public at large in newspaper articles or on social media.

Karel Frielink
Managing Partner, Curaçao

Karel Frielink has been an attorney from 1989. He commenced his career with Russell Advocaten in Amsterdam, the Netherlands, and subsequently worked with Loeff Claeys Verbeke. He has been working in the Dutch Caribbean from 1997. He was the Managing Partner of Spigt Dutch Caribbean and became Managing Partner of BZSE Attorneys at Law Curaçao from January 2015. Karel specializes in Finance Law, Corporate Law, Corporate Governance and Litigation. He is the representative of ICC's FraudNet for the Dutch and a Full Member of STEP (Society of Trust and Estate Practitioners). He has co-authored over 160 books and articles on various aspects of Dutch and Dutch Caribbean law. He is the author of the leading textbook on Dutch Caribbean law: Kort begrip van het Nederlands Caribisch Rechtspersonenrecht (A concise understanding of Dutch Caribbean corporate law; 1st edition 2017) and of Karel's Legal Blog. He is the author of 'Toezicht trustkantoren in Nederland', together with Michiel van Eersel (Supervision on trust offices in the Netherlands; 2nd edition 2010), 'Geschillen in het effectenverkeer ', together with Jerry Hoff (Disputes concerning securities transactions; 1st edition 1995)) and Rechtspersonen en personenvennootschappen naar Nederlands Antilliaans en Arubaans recht (Corporations and partnerships under Netherlands Antilles and Aruban law; 1st edition 2003; 2nd edition 2006). Karel Frielink is a core editor and frequent commentator of 'Jurisprudentie Onderneming en Recht (JOR)', the Netherlands leading publication of jurisprudence in corporate and commercial matters, a core editor of 'Financieel Recht in de Praktijk (FRP) ' (a leading publication on Dutch Finance Law), a core editor of the 'Caribisch Juristenblad ' (the leading publication in Dutch Caribbean law matters) as well as a core editor and commentator of 'Commentaar Financieel Recht ' (a leading Dutch publication in financial law matters).

Camiel Koster
Managing Partner

Camiel Koster is a 2003 graduate from the University of Utrecht, in the Netherlands. He pursued studies in Civil and European Law. He worked as an Attorney for a law firm in Utrecht for seven years where he practiced Employment Law, Real Estate Law and General Civil Law. He then moved to Sint Maarten in 2010 where he commenced employment with BZSE. On January 1, 2017 he became a Partner. His focus has been mainly on Employment, Real Estate, Timeshare and General Contract Law. He has been successful working on a number of high profile cases against Government, Reconstructions and Take-overs. One of his more sensitive cases is the so-called Counterpart policy and 1% license fee.

Gert Berman
Partner (Fiscal Expert)

Gert Bergman is a Tax Partner at BZSE. He studied General law and Tax Law at the Universities of Utrecht (1986) and Amsterdam (UvA) (1988). Gert has worked as a Tax lawyer and an Attorney at Law for over 30 years in the Netherlands, Curacao and Sint Maarten. His main focus has been on tax advice and tax litigation, but also on related areas such as tax civil procedures, tax penalties and tax criminal procedures. He has been appointed as Trustee in several moratorium cases on Sint Maarten. Gert is a board member of Foundation Sint Maarten Tax Committee and a member of Tax Professional Organizations. He is a regular speaker and lecturer on topics related to tax litigation and tax civil procedures.

BZSE Office, Sint Maarten

Rik Bergman
Partner

Rik (Gerrit Roland) Bergman was born in Utrecht, the Netherlands. He studied law at the State University of Utrecht and graduated in 1991. He started his career in Curacao and was admitted to the Bar in 1992. In 1997 Rik migrated to Sint Maarten and started the law firm, which was later on known as Bergman Bloem & Bergman. In 2009 they merged with the law office of ZwanikkenSnowEssed and formed "BZSE."
Rik is active in the field of General Civil Law. In 1995 Rik was one of the founding members and first chairman of the Junior Bar Association (in Dutch : Jonge Balie) of Curacao. He was later appointed to the board of the Foundation for Professional Training for Lawyers (in Dutch : Stichting Beroepsopleiding Advocatuur) in Curacao and was a founding member and chairman of a similar Foundation in Sint Maarten. Rik is member of the board of the University of Sint Maarten (USM) and a former dean of the Bar Association (in Dutch : Deken van de Orde van Advocaten) of Sint Maarten. As of 2006 - he is member of the Disciplinary Board of Lawyers (Raad van Toezicht op de Advocatuur).

Joeri Essed
Partner

Joeri Essed was born in Paramaribo, Suriname. He graduated from Amsterdam University (VrijeUniversiteit) in 1998, and in the latter part of that year he moved to Sint Maarten with his family, where he was admitted to the Bar in February 1999. Having worked at a local law firm for six years, he started his own in 2005. In 2006 he joined forces with Roeland Zwanikken and Jelmer Snow to form ZwanikkenSnowEssed Attorneys at Law. Joeri has served on the board of several foundations and associations and was the President of the Sint Maarten Tennis Club for ten years (2006-2016). He is a co-founder and the President of the soccer club R.I.S.C. Takers F.C. Joeri's main practice areas are General Corporate Law, Project Development and Commercial Contracts and Transactions, Corporate Financing, and Collective Labor Law.

Jaap Maris
Partner, Curaçao

Jaap Maris studied law at Leiden University and at The Radboud University in Nijmegen. He graduated from the Radboud University in 1999 and was admitted to the Amsterdam bar in 2000. Jaap started his career at Stibbe in Amsterdam; one of the leading law firms in the Netherlands. From 2006 he worked as a Senior Associate for the law firm Houthoff Buruma in Rotterdam. In 2010, he joined SNS REAAL, a large Bank / Insurer in Utrecht, as a Senior in-house Counsel. In 2015 he moved to Curaçao where he joined BZSE Attorneys at Law, as a Partner. Jaap specializes in Mergers and Acquisitions (including distressed M&A), Joint Ventures, General Corporate Law, Restructuring, Contract Law, Commercial Contracts, as well as Banking and Finance. He has extensive experience in the Banking, Insurance, Telecom and Energy sector.

Jelmer Snow
Partner

Jelmer Gerard Snow, one of the founding partners of the law firm, was born in the city of Utrecht in the Netherlands. After moving to Curacao and graduating from the former Peter Stuyvesant College (High School) in 1983, he joined the University of Leiden in the Netherlands where he received his law degree in 1989. Jelmer was admitted to the Bar in Sint Maarten shortly after and has been practicing law there ever since, with an interruption of one year when he worked for a renowned law firm in Curacao. During his time in Sint Maarten, Jelmer was a Partner of the oldest law firm there and both Dean and Treasurer of the Sint Maarten Bar Association. His areas of expertise are Labor Law and Property Law.

Pieter Soons
Partner

Pieter Soons was born in Curacao and grew up in Sint Maarten. He graduated in 2010 in Civil Law at the University of Amsterdam. Pieter Soons has been working for BZSE since 2011 and became Partner in 2017. Pieter specializes in litigation in the fields of Civil and Administrative Law, and advises corporate clients in finance, project development and commercial transactions. His main specialty is advising and litigating in cases against Government. Outside of work Pieter is a passionate sailor and swimmer. His other hobbies include ocean kayaking, traveling and hiking.

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TRANSFORMERS, ROBOTS IN DISGUISE

Businesses are in the midst of a dramatic transformation with increased spending on digital transformation. The financial institutions and airline companies have taken the lead in this process as they have recognized the importance from a productivity and business perspective… but with that there is an alarming trend which needs to be addressed. *'Will there be fewer and fewer jobs as human intervention declines and job automation increases?'*

When last have you gone into a bank and stood in the line for hours? Remember the days you would leave work at noon in order to go into the bank to cash your paycheck? Not forgetting the number of identification pieces which were required and the number of friends you had to make behind the counter in order to cut the line to get out sooner. There was also the issue of saving your money "under the mattress" as you just couldn't stand to take that long line! Well, these are all things of the past, "standing in line banking" has now been replaced with "online banking."

If ever there was an industry where mobile is not just first, but full-steam ahead, it is the financial services industry, where FinTech — a.k.a. financial services technology — is finding new ways to make spending, managing, and investing money even easier than ever before. We are seeing more and more consumers moving to digital currency — digital deposits — even digital investing and it's forcing the entire industry to rethink its concept of "brick-and-mortar stores," and everything that goes along with them. If it feels like this change is fast and furious, you're right.

In November 2012, Scotiabank acquired Tangerine Bank in Canada, which is simply an Internet application with no physical structure; all processes are done online.

The Big Question:

Will there be fewer and fewer jobs as human intervention declines and job automation increases?

This move was strategic to ensure that they were not left behind and all in keeping with a focus on the industry trend of "digital transformation."

Clearly, the rise of FinTech has huge implications for the financial services industry, and all of us who use any form of money. Reports show that there has been a steady decline in customers entering the doors of banks within the last few years.

On the surface, that might seem like good news with so many users going online, using ATMs or transacting via mobile phones or pcs to do their banking. Banks will no longer have to foot the bill for physical space. However, the question remains, *what happens to the staff who once served the purposes of those machines?*

This has truly become a double edged sword as the incursion from disruptive "FinTechs," are adding increased pressure which institutions must quickly adapt to in order to remain relevant. The industry is being pushed to provide modern and innovative services whilst keeping in compliance with regulations, preventing financial losses and managing cost reduction pressures. Generally speaking, the more your occupation is involved in highly routinized functions, the more likely it is that you are at risk of your job being automated or migrated online.

While we could all agree that no machine can replicate the human side of your job, "a slow, creeping byproduct of automation has people shifting into roles that are complementary to technology rather than in direct competition with it."

A computer wouldn't be very convincing standing up and arguing on your behalf in court but it can pour over thousands of digital documents, flag potentially relevant ones and organize the results — automating a lot of legal legwork.

An overlooked aspect of this trend, is the advent of artificial intelligence and machine learning. Increasingly complex tasks are being automated, which require super abnormal research and programming to achieve those. As such not only is it only a matter of time before all jobs become relatively automated but it would push persons to move from traditional careers to more creative studies to be part of that change.

The reality is, there will be less traditional work to go around and the consequences of that may not be what we expect. In some cases, that will mean doing different types of work, in some cases that will mean doing less work, and still in other cases that will mean your work will no longer exist in that field and you may need to retrain or face the 'bread line.'

In St. Maarten the trend has quickly been adopted as Financial Institutions have created products, which allows customers easy access to their banking records via their "virtual bank" 24 hours a day. Considering these changes in the banking industry, have we seen bank teller jobs disappearing? Not really, but they have declined, and their duties have radically changed.

Greater focus has therefore shifted towards a sales role. They are starting to think about, *if we have these folks on staff, and we don't need them to do these fairly routine functions, can we get them involved more on the sales side and on the customer service side?* If you look at the technological changes from a bank's perspective, the trend towards high-pressure selling makes some intuitive sense.

This should also direct young persons who are deciding on career choices to consider other jobs where they could become professionals, with little reliance on the private and public sectors to create employment for them. Instead the focus is now on 'creating your own sunshine,' where they seek to become self employed professionals and credits to themselves, not having rely on the job market and senior executives who can ultimately decide their future.

This market trend into digital transformation and automation is not all bad. Instead this could create an overall positive impact on the St. Maarten economy, as we will be seeing the development and greater sophistication in careers of professional Accountants, Lawyers, Engineers, Doctors and certainly the development of more Entrepreneurs. We would see a greater sense of direction for the younger generations, as they would be pursuing careers in areas where jobs can be created to be in line with the market trends.

In reality, *"We are in the midst of a dramatic transformation in a number of different sectors with banking being just one of them,"* what are you doing to prepare yourself? The ultimate power really lies in your hands! ▪


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Time to **Manage your Employees Paycheck!**

Financial stress can decrease employees productivity and affect the quality of work and productivity levels. A little help goes a long way.

Historically the financial relationship between companies and their employees used to be very simple and straight forward, '…employee works, company pays!'

The employee's check is processed, and whatever happened to those funds is really none of the employer's business! In reality some employers have been quite clear that they don't care what you do with your money! It is their contractual responsibility to pay you for the work that you have performed!

Recently, this sentiment is slowly changing. Employers are realising the benefits of taking more active interest in the financial affairs of their employees. As a matter of fact they have developed a number of "additional perks" in order to assist employees with their spending patterns.

The lines between business and personal have become less formal as employers now step in as financial advisors to the employees. This shift ensued, as employees are increasingly concerned about their future, retirement, as well as finding ways to educate themselves for upward mobility and becoming more marketable.

Employers used to take a "hands off" approach to employee health, beyond the standard employee insurance plan and basic minimum health and safety regulations, but as the connection between the workforce productivity and health of individual employees became clearer, employers are now getting involved with a range of health and wellness options such as subsidized gym memberships, nutrition campaigns, and anti-stress workshops.

Jim Harter Ph.D., a chief scientist at Gallup Research explained why engaged employees work more efficaciously in an email interview: "Engaged employees are more attentive and vigilant. They look out for the needs of their coworkers and the overall enterprise, because they personally 'own' the result of their work and that of the organization."

Just as poor health came to be recognized as an immense impediment on productivity and creativity, employers are now cognizant to the fact that financial stress among employees is taking a toll on the company's profitability and returns on investment!

"Engaged employees are more attentive and vigilant. They look out for the needs of their coworkers and the overall enterprise, because they personally 'own' the result of their work and that of the organization."
– Jim Harter Ph.D.

When your team is 25% financially distressed and another 40% are mentally stressed, they are spending hours in a day dealing with these stresses; time that should be spent on productivity. Employers have come to the realization that through modest cost in providing training, counseling and even financial aid to employees, they optimize employee engagement and thus maximize productivity.

Employees continue to be bombarded with retirement planning through pension payments throughout their tenure with an organization, only to come to the realization usually at the 'eleventh hour' that upon retirement their monthly retirement check is nowhere close to being able to meet their monthly commitments.

Younger employees are increasingly struggling with huge student loans while their older colleagues feel unprepared to deal with the major cost of life changing events such as being married and having children. Then, there is the ever burdensome household debt as this is increasingly more grueling across all demographics.

With this major burden of financial stress, retirement is not any way close for consideration. It is no longer "65 and out" instead what one finds is "retired and on the job!" Employees who show up for work but really cannot perform as they are already in retirement mode.

As such, helping those workers get their finances together isn't just about being a "nice employer." It is about strategically preparing them to have a better means to an end. From adjusting compensation packages to offering workshops on personal finances, in house credit counseling and offering share option plans are all solutions to mending those stresses!

These are ranges of possibilities for employers who want to tackle the issue, as the bottom line is that greater productivity is achieved by employees who feel financially secure. Whether you choose to do that through compensation or just some free advice, it will likely pay dividends in the long run, as they say… 'a stitch in time saves nine!' ▪

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HORRIBLE BOSSES

Traits of a poor leader

Given the success of the 2011 comedy "Horrible Bosses" turned sequel, a number of issues were highlighted, albeit in comedy but as a senior executive, these are truly visible and if not caught they can easily be manifested into a real life sequel.

Many times young professionals are thrown into management positions and inadvertently end up managing people. Those times, with little leadership and people management training, you would see the development of forced leadership ills, which, unfortunately, is the only thing that they would know.

The struggle continues as they take time to learn how to deal with people and knowing the importance of their role as a people manager. Unfortunately, these people develop into poor communicators, probably from bad mentors and "sink or swim" type experiences, which could easily be reflected in the manner in which they become ineffective leaders.

Regardless of your past experiences and or situations, recognizing your vital role as a leader and identifying the weaknesses are the initial steps towards making changes. Whatever the case, recognizing that your leadership skills need some serious work is the first step toward making changes and improving.

Here are 7 signs that you are probably a horrible boss, as well as some steps you can take to change.

7 TRAITS OF A POOR LEADER

1. Are you a poor communicator?
2. Do you lack Confidence?
3. Are you over confident?
4. Am I willing to accept change?
5. Do I steal your thunder?
6. Thanks for telling me what I want to hear!
7. Do you focus on the ants while the elephant walks away?

1 Are you a poor communicator?

Communication is the most important skill any **leader** can possess. Until your employee becomes a mind reader, you will need to figure out a way to communicate what's in your head. Your success as a leader is paramount on the success of your direct reports and not being able to get your point across to your employees and other stakeholders is the beginning to an unsuccessful end. How do your reports know the bigger picture? Their contribution must fit into the puzzle, but it becomes more effective when they are aware of the final outcome of all the pieces. The ability to express yourself effectively is essential for a good leader. More so, being able to get employee "buy in" is critical for success. Developing excellent communication skills is absolutely essential to effective leadership.

2 Do you lack confidence?

Being confident and understanding having confidence are two concepts, which appears as one in the same, but clearly, there is a grey line which separates the two. Are you able to be confident enough to show a level of confidence simply by your "swag?" This is the first step in displaying you are in the "who's who" A team! Having confidence or lack thereof is not being able to instill your confidence in your employees. You are a like a Shepherd with your employees being the sheep "A leader is able to create 'followership' by having a clear vision, showing empathy and being a strong coach." How often do you speak to your employees? Can you relate to what they are saying? Can you genuinely communicate at their level? Do you think that showing compassion towards them makes you look weak? Depending on your responses, you would need to take a look in the mirror. *"He can inspire a group only if he himself is filled with **confidence** and hope of success."- Floyd V. Filson*

3 Are you over confident?

Contrary to being confident, there's the element of taking too much confidence pills and now you are overdosed with confidence. You aren't perfect. If you make a mistake, you need to admit you "messed up," and by the way, yes, others do have some valid ideas and suggestions which just "may be" different to yours! Don't confuse humility with being hesitant or unassertive.

Strong leaders understand that being humble and unpretentious will go a long way toward making them approachable and relatable. It will make others more comfortable with sharing their ideas and opinions. A little humility shows respect for others and indicates that you can acknowledge your own flaws. So don't be afraid to laugh at yourself once in a while, you are human.

4 Am I willing to accept change?

The only thing constant in life is change and the quicker you, as a leader, are able to accept this notion the easier it will be to be an effective leader. Change is scary. It is disruptive and most times inevitable, but the one thing you can always count on is that change is going to happen whether you like it or not! Strong leaders accept change with open arms as no one operates in a vacuum. Learn to embrace it. Harness the power of change and ride that wave of disruption to the advancement of your company and your career. Shying away from change will only limit the opportunities, which could arise from that uneasiness. Use this as an opportunity to stand out. Anxiety and panic attacks will not help the situation.

5 Do I steal your thunder?

How often does your boss compliment you on a great job, which your department or an employee in your department did, but instead you take that compliment and keep it to your self? Yes you are smart, super smart, but when was the last time you highlighted an employee for a job well done?

Do you acknowledge their ideas and give them credit when they go above and beyond? That's the difference between a horrible boss and a great leader, "the way they treat their staff!" inspiring them to grow by having a clear plan for their development. Being able to be selfless and allow them to be promoted because they deserve it, as they are good enough, instead of holding them back because you are worried that their replacement will not be as effective and your department performance will drop! Give each employee their sunshine!

6 Thanks for telling me what I want to hear!

Are you the type of leader who is all talk and no follow-through? If you are, rest assure that doubt and mistrust will cling to you like the scent of a rotten egg. All you ever have is your word, so make good on your promises and carry through on your commitments. If you agree to something or pledge to a course of action, do everything in your power to see it through. If you can't, you need to communicate this quickly...This will establish trust and integrity with those around you. Otherwise you will quickly lose ground with your staff and your clients. Remember, 'your bark should not be bigger than your bite!'.

Good leaders set their sights on a goal and keep moving toward it. They may be flexible in how they get there, but they realize their company's ultimate success is riding on their ability to be decisive when pressing forward

7 Do you focus on the ants while the elephant walks away?

Are you the annoying leader who thinks it is necessary that you double-check every cent without considering its "materiality in the scheme of the big picture?" Good managers know that they must trust their staff to carry out their responsibilities. If you constantly second-guess everyone around you, or nitpick, then you probably aren't spending time focusing on big-picture issues.

Getting involved in the minutiae of everyday activities will weigh you down and take away valuable time you should be spending on broader issues. As a great leader, your focus should be at the higher level, thinking on the strategic goals of the organization, reviewing reports and variances and determining steps to eliminate variances. Focus should be on the macro-economic issues impacting your organization.

Creating a "win-win" culture within your organization would not only generate greater results through high motivation and production levels but also create a better atmosphere to operate in, making the "life work balance culture" an easy philosophy to adopt. ▪

44%

of employees say their boss is the primary reason that they have left a job.

(based on a survery done by bamboohr.com of 1,000 US-based employees in various roles)

Unique Workspaces

Inside Google's Amsterdam office
Image credits: officeinsight.com

Selgas Cano Architecture Office
Image credits: iwan.com

OLD BUSINESS MOTIVATION TACTICS SOON OBSOLETE

"Traditional rewards aren't as effective as we may think" *–Dan Pink (career analyst)*

The old model for motivation in businesses over the past 50 years was 'if you want people to work better then reward them with bonuses and commissions'. The reward scheme is a classic misconception on motivation from the 90's business model. Research into motivation has shown us that there are two types; extrinsically motivated persons are driven by an expected reward for their efforts, such as a bonus at the end of the year. Whereas intrinsically motivated people are driven by the satisfaction gained from what they are doing, such as being good at what they do and the enjoyment derived from mastery.

The general belief in the 20th century is that incentives sharpens thinking and accelerates performance. However, social science has found that incentives dull thinking and blocks creativity because it is a contingent motivator. For example, if I do this then I get that, but the reward and punishment approach only works in some circumstances and for many tasks it does not work at all.

What's dangerous for the 21st century is that our business operation systems continue to run under the ineffective approach of treating their employees as machines. A mechanical approach towards people in the 21st century only works where the tasks are simple and there are set rules on a straightforward path to accomplishing the goal. It is extremely dangerous for both employees and employers in this modern age to continue running their businesses as though automation is not going to take over such establishments. For example, many restaurants have replaced their workers with an iPad to take orders and a conveyor built that brings the order to the client, ultimately cutting the company's cost on human labor to less than half.

Although the mechanical approach worked for many years, it was never meant to last forever. It seems that major businesses all over the world have taken stock that the change of time has arrived. Some ignore the obvious, while others are aware that change is inevitable and they must evolve and adapt or become obsolete. Working a 9-5 shift for a company is now being replaced by 'flexible working hours', 'flexible working spaces' and an ' as long as the job gets done' type of attitude. Progressive business owners recognize the need for innovation and engagement in the workforce as opposed to compliance and subservience to the traditional organizational structure.

Furthermore the Baby Boomers are retiring and employers are aware that the new entrants into the workplace are the much talked about Millennials. Also known as the non-conformists, better known as the progressive generation or the digital civilization. Millennials hold little regard to the hierarchy of any firm or corporation. Contrastingly different to the new generation of workers, the former generations believed and respected the powerful and orderly fashion of establishments. However, the scheme of power and having a manager secure the compliance of the employee continues to be questioned by the young work force. They boldly ask the question of 'why must we do what the manager says'? While most of their seniors happily respond with 'this is the way things get done around here', such responses are simply not enough to inspire allegiance in Generation Y. The point of the matter is that Millennials require more than just money to remain motivated. If any business wishes to escape the economic mess of demotivated employees then the solution is to broaden their minds on the concept of motivation. Also to accept that human beings require more than just money on the table to be motivated on their jobs.

The solution may lie in these three building blocks toward intrinsic motivation – Autonomy, Mastery and Purpose (AMP). Employees need to feel that they have a degree of self-governing (Autonomy), the flexibility to get better at something that matters (Mastery) and a yearning to do their work in the service of something larger than themselves (Purpose).

The solution may lie in these three building blocks toward intrinsic motivation – Autonomy, Mastery and Purpose (AMP). In other words employees need to feel that they have a degree of self-governing (Autonomy), the flexibility to get better at something that matters (Mastery) and a yearning to do their work in the service of something larger than themselves (Purpose). ▪

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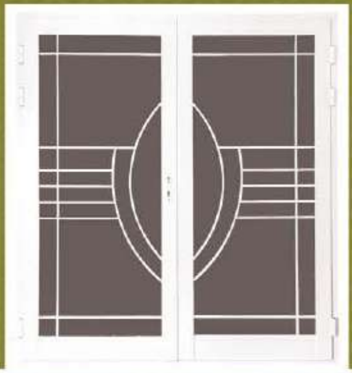

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36" x 80"	

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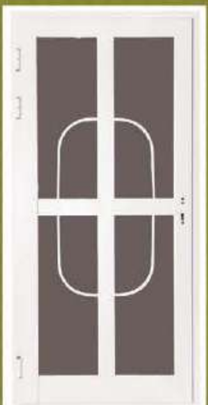

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Did You Know?

Amazon employees spend two days every two years working at the customer service desk. Even the CEO does that! This is to help all workers understand the customer service process.

Amazon is an American electronic commerce and cloud computing company that was founded on July 5, 1994, by Jeff Bezos and is based in Seattle, Washington. It is the largest Internet-based retailer in the world by total sales and market capitalization.

Amazon employs a multi-level e-commerce strategy. Amazon started by focusing on business-to-consumer relationships between itself and its customers and business-to-business relationships between itself and its suppliers. As a result of those successful ventures, they subsequently moved to facilitate customer-to-customer relationships with the Amazon marketplace, which acts as an intermediary to facilitate transactions.

Quality customer service entails having thorough knowledge of the company's product and services, and having the ability to help customers make the best choices for themselves. Amazon understands the significance of customer service in correlation with the longevity of their business. Reason being, the customer service desk is often the only contact a customer has with a company. Customers that spend hundreds of dollars per year with a company, expect a company's customer service department to resolve their issues or answer any inquiries if necessary in a timely and appropriate fashion. As a result, top executives need to be as privy to the ground work of the business as customer service representatives.

Quality customer service is therefore an essential tool for business growth as it builds customer confidence and loyalty. Investment in building strong customer service from as high as the executive level all the way to the line staff is therefore a critical key to an organization's success! ▪

Quality customer service is an essential tool for business growth.

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CASHFLOWTIPS

You have more control over your cash flow than you think!

When it seems like your income and expenses are out of sync—bills racing in, invoice payments lagging—you actually do have options. Seasonal swings in income, unexpected expenses and sluggish payments from customers can leave businesses strapped for cash.

Here are 7 Ways to Control your Cash Flow

It's amazing how a few simple changes to the way you run your business, can keep your cash flow healthy and problem-free. Take a look and try them out.

1|GET PAID SOONER

Bill on time. (Seems obvious, but not always easy...) Better yet, bill every two weeks, instead of monthly. And consider using what's called 2% 10/30 terms. This gives your customer a 2% discount for paying within 10 days.

2|HIRE CONTRACTORS

In this age of the 'gig economy', finding temporary workers is easier than ever. In so doing you eliminate the associated cost of having full time employees.

3|DELAY MAJOR EXPENDITURES

Hold off hiring until peak season. Put off investing in costly equipment as long as possible. The more cash you keep available, the better prepared you'll be for those inevitable surprise expenses.

4|MAKE PAYMENT EASY

The easier it is to pay you, the sooner you'll get paid. If accepting checks, make sure customers have everything they need – who to write the check to, amount of check. Self addressed and stamped envelopes and a clear "Thank You" are always appreciated. Online payment options – one or two clicks and they're done – is a great way to get customers to pay faster. Some banks have their own online payment systems, take advantage of those.

5|KEEP COSTS TRANSPARENT

Nothing slows down the payment process faster than a bill that's higher than expected. Make sure your customer knows up front exactly what the costs are—and what may have changed over the scope of the project.

6|EXPLORE INVOICE FINANCING

You can be highly profitable and still have serious cash flow issues—especially when you have multiple outstanding invoices for big projects. Some lenders will finance you for what you're owed to get you through cash strapped situations.

7|CONSIDER A LINE OF CREDIT

Sometimes your money's just not there but payroll still is, so are your bills! When this happens, many small businesses bridge the gap with a line of credit. Contact your local Bank and ask about a permanent or even temporary line of credit to breach you until the season recommences

Managing cash flow is a big part of every small business. We hope these tips will help make yours as healthy and stress-free as possible.

Red Flags in Investments

Country St. Maarten can still be referred to as "untouched" with numerous aptitudes and qualities, which makes it admirably suited for investment opportunities.

The Sint Maarten Executive.com will feature investment opportunities in both the public and private sectors. In turn, these opportunities will be highlighted worldwide through the web site www.sxmexecutives.com, along with hard copies for our readers and a mobile application, which would give access to the "who's who," Sint Maarten executives!

With our introductory edition, the aim is to assist investors and business executives in identifying warning signs and "financial shenanigans!"

Financial shenanigans are actions or omission (tricks) intended to hide or distort the real financial performance or financial condition of an entity. These range from minor deceptions to more serious misapplications of accounting principles.

There are two basic strategies underlying accounting shenanigans:

Inflating current reported income – A company inflates its current income by inflating revenues and gains, or deflating current expenses.

Deflating current reported income – A company can deflate current income by reducing current revenues or gains or by increasing expenses.

As an investor, it is critical to be able to assess those "trickeries" and ensure that the proper mechanisms are in place in order to be spot on with investment decisions. Unfortunately, shenanigans take a variety of forms and inventive minds could present ingenious ways to present them. However, by simply asking some appropriate and appurtenant questions could go a long way in protecting your investments.

Shenanigans aimed at inflating current reported income are considered more serious, because they make the company desirable. On the other hand, deflating current reported income will only serve as income-smoothing mechanisms with the main aim of cheating the government through tax evasion techniques. In reality though, there are several legitimate methods, which could be utilized to minimize your tax liability through many investment vehicles.

We have put together a list *(see list at the end of article)* of several warning signs that investors should be cognizant of in assessing the situation in the absence of a professional Financial Analyst. Bearing in mind, that the presence of one or more warning signs does not necessarily indicate fraud or even manipulation of earnings. However, in each case the presence of one or more of these signs, requires additional analysis in order to determine whether there is a real business reason for the transaction, or whether manipulation or fraud is driving the business decisions and results.

In each case it is necessary to carry out further analysis before investing. Of course, if there is an element of doubt the preferred recommendation is to walk away.

These are only a few warning signals, which should be used as guards to verify the information being provided.

On the other hand, companies may be in a deteriorating mode, but with the right resources they have the potential to become extremely successful. Your discussions and negotiations will be quite different if you choose to invest in those companies.

Focus should be on three main financial areas, these are:

Profitability – ensure Gross Profit margins are improving year over year or at least remaining consistent, shrinking gross profit margins is a sign that the company is running higher cost of production or declining sales margins, which would impact the level of cash flow.

Liquidity – look at the level of working capital available in the company for the day-to-day operations. Increasing receivables collection days and low inventory turnover, are critical measures of liquidity. In most cases a company's inability to pay their accounts payables are also signs of cash flow crunches. All these are liquidity alerts, which should be further investigated.

Financial Leverage – too much debt on the balance sheet and inability to cover basic finance charges and principal loan payments is a sign of high leverage. Debt to Equity ratios at alarming levels with companies increasing debt year over year are all bad signs. Companies seeking long-term borrowings to finance short-term investments, (such as working capital) is also a critical sign of poor financial management and is considered a mismatch in the financial world.

> the presence of one or more of these signs, requires additional analysis

While the above are two separate issues they are both signs you would want to monitor before investing. Welcome to Sint Maarten and happy investing! ▪

INVESTORS SHOULD NOT IGNORE THESE RED FLAGS

- Recognizing revenues for goods which are not yet shipped
- Recognizing 100% of revenue for a service which has not been completed
- Recognizing revenue for goods or services, which the client has not accepted.
- Use of barter transaction – exchanging services for goods or services with no cash exchanging hands
- Recording revenues made to an affiliated company for no reason
- Companies would finance accounts payables and record an interest expense for financing those payables but keep the actual payables on their books
- Use of rebate programs that require estimation of the impact of rebates on net revenue.
- Lack of transparency with regard to how the various components of a customer order are recorded.
- Revenue growth out of line with similar companies
- Declining inventory turn over ratios
- Companies capitalizing costs that are not typically capitalized by firms in their industry.
- Manipulation of depreciation methods to reduce or increase net income
- Fourth quarter earnings outside of the previous quarters performance
- The company has significant transactions with related parties, which becomes convoluted and difficult to understand.
- Gross profit margins higher than their peers with no logical explanation
- High inventory holdings at the end of the financial year and goods returned in the subsequent period with no adjustment to year-end statements.
- Management provides very minimal financial reporting information and disclosures

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ALTAVISTA

Imagine waking up to Steve Jobs Venus or the stunning 83.5 metre Feadship Savannah cruising in the Bay, as some of the most exquisite yachts sail in through the lift bridge – this is the life!

Located in the heart of Simpson Bay with a panoramic view of the Simpson Bay lagoon, Unity Bridge and Airport are some of the many simplicities you would enjoy. Imagine waking up to Steve Jobs Venus or the stunning 83.5 metre Feadship Savannah cruising in the Bay, as some of the most exquisite yachts sail in through the lift bridge…ahhhh this is the life!

Altavista Residences consist of two towers with nine condominium units in each making a total of eighteen units. All perfectly situated on two acres of land. Each condo has a unique view from every vantage point within. The units are being constructed with exquisite finishes with each one having their own personalized swimming pool.

Altavista Residences is a two-minute walk to Kimsha beach, home of the Heineken Regatta and is nestled in the heart of the Simpson Bay activities. Here, you truly get a taste of Sint Maarten and European cuisine.

Altavista Residences promises to be a once in a lifetime investment opportunity, which will not remain on the market for long. Take full advantage to earn a piece of the rock!

Altavista Residences will be developed over two phases, with the first phase being nine units scheduled to be completed by end of year 2018. The units are in combinations of one, two and three bedrooms. Prices range from US$550,000 to US$1,200,000. Enjoy the benefits of 24-hour security in a gated luxurious community. ▪

Don't miss out and make contact with our sales agents at sales@perennialsxm.com for all your enquiries.

View of Simpson Bay Lagoon

Each condo has a unique view from every vantage point within. The units are being constructed with exquisite finishes with each one having their own personalized swimming pool.

See following pages for sample blueprint

ALTAVISTA

LEVEL 0

ALTAVISTA

LEVEL 3

Directors' Liability

A topic with sex appeal!

BY ROELAND ZWANIKKEN
Partner at BZSE Attorneys at Law/Tax lawyers

Yes director's liability has sex appeal, because the possibility to hold a managing director of a limited liability company (normally an N.V. or a B.V.) personally liable, have and always will trigger great interest from players in the corporate field. This is particularly true for managing directors and creditors with unpaid claims that desire to pierce the corporate veil of an N.V. or an B.V. Litigation, in which a creditor tries to hold a managing director personally liable for the company's debts. This can easily take on a 'personal' dimension, and in most cases will be a highly emotional undertaking for both parties involved.

This article gives a practical overview of the current state of Supreme Court case law in cases about personal directors' liability.

In the well-known 2006 Supreme Court case ruling Ontvanger/Roelofsen[I], the Supreme Court clearly differentiated between two types of personal liability of a managing director:

1. The first type (the so-called 'Beklamel'-type): a managing director can be held personally liable if, on the moment he entered into an agreement, he knew or should have known, that the company would not be able to fulfill its obligations towards the creditor and would not be able to offer any redress. As an illustrative example, a managing director buys a brand new car "on credit" on behalf of the company, even though he knows it is very likely that the company will file for bankruptcy within soon. If the company is subsequently declared bankrupt, the creditor can hold the managing director personally liable. It is important to note that the 'Beklamel'-type of personal liability concerns situations where the managing director lightheartedly decided to enter into agreements. In other words, it focuses on actions before and until the closing of an agreement;

2. The second type (in Dutch: "verhaalsfrustratie") are situations wherein the managing director is responsible for the fact that the creditors will not be able to find any options for debt-recovery. In these type of situations, the managing director, through his actions or omissions as administrator of the company, ensures creditors are no longer able to find any assets, against which they could take enforcement measures. Please note that the courts

will not easily assume this type of personal liability; it is required that there are 'additional' wrongful circumstances. For example in a case that it can be proven, that through his actions the managing director also personally enriched himself. This second type of personal liability focuses on the actions and omissions of the managing director that take place after the company entered into an agreement;

For both types of personal liability, it is required to establish that the managing director can be severely blamed for his actions or omissions as managing director of the company. In other words, it is not sufficient that the managing director can just be blamed for the situation, in which creditors of the company end up with unpaid debts. This raises the question, what are the reasons to put the threshold for personal liability rather high in these kinds of cases? Justification can be found in the following arguments:

(i) The party that deals with the managing director directly primarily deals with the company and not with the person of the managing director;

(ii) If the bar for personal liability would not be put high, a managing director could easily be held personally liable and that is not desirable, because it would make them rather 'defensive' as entrepreneurs in business operations;

(iii) Only in exceptional circumstances should it be allowed to infringe upon the principle of 'paritas creditorum' (all creditors have equal rights to take enforcement measures against the asset of a debtor).

In 2012 many authors thought that with the handing down of the so-called 'Spanish villa' Supreme Court decision [2], the Supreme Court had identified a third type of directors' (personal) liability. In this case, Van de Riet was the managing director of Van de Riet B.V. (a broker's firm). Van de Riet gave some advice to a couple (hereinafter referred to as: "Hoffman") who desired to buy a vacation villa in Spain. After Hoffman bought the villa, he found out that the villa was illegally built on land, where building activities were forbidden. Hoffman subsequently held Van de Riet personally liable for damages suffered. Van de Riet defended himself by saying that he had advised Hoffman 'as a friend,' and therefore had not entered into a brokerage-agreement with him and had not earned anything from the entire transaction or advice.

The Supreme Court ruled that Van de Riet could be held personally liable, even though it was not established that Van de Riet could be severely blamed for his actions. Based on the circumstances, Van de Riet B.V. could also be held liable, but this is beside the point here.

In a ruling from September 5, 2014[3] the Supreme Court provided clarity on the questions of how the Spanish Villa ruling should be interpreted and whether there are two or three categories of directors' liability identified by the Supreme Court.

The Supreme Court explained that in the Spanish Villa ruling the liability claim was primarily directed against Van de Riet personally (and not against Van de Riet, in his capacity of managing director of Van de Riet B.V.). Because it was directed against him personally, a lower threshold was applicable (it was sufficient that Van de Riet could be blamed for his acts and it was not required that it was established that he could be severely blamed).

With this ruling, the Supreme Court made it clear that there are still only two categories of directors' liability identified by the Supreme Court.

It has to be noted that the doctrine of directors' liability is a field of the law that is very casuistic. The relevant facts and circumstance always play an important role and this renders these kinds of cases to be unpredictable to some extent.

In addition, it has to be noted, that it is important that a correct strategy is developed and proper choices are made as to the category/type of personal liability on which the claim will be based. Besides that, it has to be assessed whether, based on the relevant facts, it is possible to hold a person (who is also an administrator of a company) directly personally liable. ▪

THE "SICK LEAVE" LAW IN ST. MAARTEN

Employers often ask *"How long should I pay my employee while (s)he is on sick leave?"* or *"can I not pay?"*. Unfortunately for the employer and fortunately for the employee, the law of St. Maarten protects employees to a certain extent when it comes to being ill.

The labor law of St. Maarten indicates that employees are entitled to receipt of wages in case of illness or accident. The article states "if the employee is unable to perform his work due to sickness or accident, he will have to receive for a relatively short period (a couple of weeks) his full salary".

The employer may diverge from the payment of wages during sick leave to the employee by including such in the Collective Labor Agreement. However, if this is not the case, the duration of employment and the age of the employee determines the length of time that the employer should be paying the employee's salary.

Employees covered under SZV have a slightly different guideline. With those employees, the employer is entitled to pay 80% of the salary while SZV pays the balance of 20%. In the event that the employer does not pay the 80% salary to the individual, it runs the risks of a fine of ANG10,000 or imprisonment of maximum one year. Furthermore, if the employer does not pay, SZV must pay the employee.

It is also noted that after one year of continued illness, the Labor Office indicates that the Secretary-General of the Labor Department will grant a dismissal permit, unless the employee can prove that (s)he will recover and may recommence work within three months.

In the case of an employee being sick for a longer period of time, it probably makes more sense and also is more feasible for the employer to terminate the contract between both parties and hire a new employee. However, St. Maarten has mandatory rules and regulations regarding this.

There are four possibilities for an employer to terminate an employment agreement pursuant to St. Maarten law.

→→See highlighted column→→

In cases where the agreement has terminated by giving notice after obtaining the required approval or in the event of dissolution of the agreement by the Court of First instance, it may be the case that the employer will have to grant the employee with a termination compensation.

Employers should exercise caution before making a decision in regards to employees being on sick leave on a short or long term period. While it might seem as an easier way to terminate the employee, the laws of St. Maarten say otherwise. ▪

FOUR POSSIBILITIES FOR EMPLOYMENT AGREEMENT TERMINATION

1. Immediate dismissal, which is only allowed if there is an urgent reason, justifying an immediate termination. Such urgent reason has to be informed to the employee;
2. Termination of contract by providing notice, in which case the employer requires prior approval from the Director of the Ministry of Public Health, Social Development and Labor. Any termination without such consent will be considered null and void.;
3. Dissolution by the Court of First Instance of St. Maarten; and
4. Termination by mutual agreement between the employer and employee.


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2018 TRENDS *IN* INTERIOR DESIGN

What's trending in 2018?

Each new-year brings changes to the design scene and 2018 is no different. We're seeing old aesthetics come back into favor and complete new looks taking shape. The trends below are the ones we've seen and heard about time and time again. Keep your eyes peeled, we assure you that they are already popping up in spaces.

BOLD COLORS

This year is anything but neutral tones. Things are moving in a bold direction, bright reds, strong blues, vibrant oranges, sunshine yellows and avocado greens are all making a statement, as opposed to neutrals and sometimes boring palettes.

This is officially your motivation to push the boundaries of patterns and color. While neutral shades should still make up a portion of your design, it seems that we'll see them take much more of a background position. You can either go big with statement furniture or use these shades throughout your accessories. A rug, some throw pillows, blankets and ornamental pieces are all great ways to get in on the trend without feeling overly committed.

VINTAGE ACCESSORIES

From old office desks to porcelain decorative plates, curating old and vintage accessories and art tell a story. Mixing found items, books and art into your space creates a unique and personal experience. One-of-a-kind items are easily accessible these days, from social media channels through to eBay, and antique shops. Design should be anything but boring. The idea of vintage accessories trending is great because it allows you to give your designs a little something special, a showpiece or a focal point.

INSPIRATIONAL VERSUS ASPIRATIONAL SPACES

People are moving toward designing spaces based on how they want to feel in their homes, rather than feeling pressured to create rooms to impress. Folks aren't seeking cookie cutter homes that look like magazines. They are ready to get clear cut on how they want to feel at home and thus making design decisions from there. Whether the space is relaxed, energized, intimate or professional, spaces have the ability to help us feel the way we want to feel.

With this trend, we're seeing even more emphasis on design freedoms. Instead of relying on conventional sets of rules for a particular aesthetic, you have the ability to create a unique space that attunes to who you are and what you want the room to accomplish. Now isn't that something ▪

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