

SHTA Analysis & Recommendations Regarding Economic Fallout Covid19 Pandemic March 31st, 2020

Introduction:

This document is meant as additional information to the views and ideas presented in the Covid19 economic task force as established by the Prime Minister and its subsequent document of recommendations. The SHTA was asked to participate and tasked with preparing various researches and comments. Private sector representatives strongly believe that any plan that doesn't include what we have put forward although well intended will fall way short of what is needed.

The last part is the plan the private sector submitted over 10 Days ago to the Prime Minister, with copy to the Council of Ministers, the Governor, the Chairperson of Parliament and each faction leader on March 19th, 2020.

Current state of the economy:

1. Sint Maarten is a small island development state (SIDS), challenges pertaining to these are documented.
2. 90% of St. Maarten's GDP is tourism dependent. 90% of income is tourism dependent.
3. The global air travel market has come to a standstill.
4. The cruise industry is also at a stand still and now has an image problem as well.
5. Yachts are restricted from entering the harbor, if not already in port. Movement of crew is prohibited.
6. Right now travel to the island is prohibited, and this is the state for the foreseeable future.
7. Tourism income is currently at zero

Previous large shocks to the economy of St Maarten, have been in the form of nature-related events, in this case hurricanes. These cause damage to the infrastructure (productive capacity) and thus can be gathered under the heading "supply-disruption" (i.e. once hotels, (air-)ports,

roads and buildings have been restored, a restoration of the inflow of visitors can be initiated because demand (visitors) remained intact.

Risk Assessment:

A World Tourism and Travel report on Aruba, (http://www.caribbeanhotelandtourism.com/wp-content/uploads/data_center/destinations/Aruba-WTTC-EconomicImpact2015.pdf)

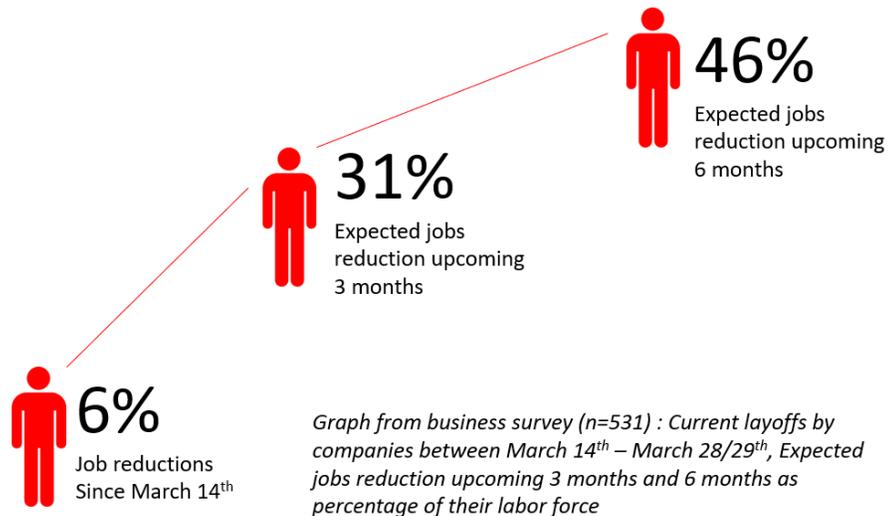
Forms the basis for the risk assessment (RPTAUA). Numbers rounded for ease. General data scarcity on Sint Maarten and the total risk exposure combined with time constraints makes any attempt at further definition irrelevant (see Sint Maarten SER advice: Data Matters : <http://ser.sx/publications/letter-of-advice-data-matters-the-value-of-data-to-sustainably-transform-our-society/>). There is no valid reason as to why SXM has a substantially different risk profile than Aruba.

Income at risk:

The RPTAUA indicates that 30% of GDP (or domestic income) and 30% of employment is directly dependent on tourism. This number indicates only the primarily-related sectors, hotels, restaurants, tours etc. Combined sectors, direct and indirectly-related to tourism, account for 90% of GDP and 90% of employment is dependent on tourism. That is 62.5 million guilders monthly, 21000 jobs and 15000 households, at 90% risk. 2800 businesses for 90% at risk

As such, in a situation where zero tourists arrive over a period of 1 year a total of 90% of your economy (& income) will have disappeared. 90% of income is gone and 90% of your jobs are gone. With zero tourism you can immediately see the start of a downward slide. Some businesses may be able to hold on longer, some may start laying people off right away, its a very fluid situation with each player facing its own and the collective risk. One thing is clear, every single employer on SXM is scared for the future. Private Sector survey results indicate an intention to contract employment by 45% over the next 6 months. The actual number will depend on relief-measures moving forward.

March 31, 2020



Timeline:

The above risks and effects accumulate over time. i.e. if every single day the chance of worst-case scenario is 1%, over a week it is 7% over a month 30%. (numbers used to illustrate cumulative effect over time, not indicative of current situation, the longer this takes, without intervention, the worse the outcome. The situation is comparable to playing Russian Roulette by yourself, there is 1 outcome that is guaranteed unless there is an intervention. In the case for COVID-19's impact on the global economy & subsequently the restoration of global economies back to some sort of level where household's disposable income allows for luxury spending (tourism = luxury spending) combined with the impact on healthcare (& subsequently on personal safety) being brought to a level where everyone cannot only afford to travel (financially) but is also comfortable enough to do so (public's perception of safety / no more fear) in both cruise and air-travel as well as the perception of a safe environment in healthcare (see evacuation of hospitalized COVID-19 positive US patient to Miami because of perceived substandard care in St Maarten, which was actually Aruba, but same perception) leaves the time-line in the very dark and obscure mists of the future.

Considering the above, so that actually various chips need to fall in fairly specific places in order to expect any type of restoration in cruise and air travel to the island, the conclusion can fairly safely be drawn that this could take quite a long time. In fact, it is clear that NONE of the individual, globally alluded to, timeline's for any sort of recovery, can be applied on an individual basis. i.e. if WHO suggests healthcare pandemic may be over in 6 months, then this period – in the very best case scenario – only applies to the healthcare part (but not the fear part) of St Maarten's restoration timeline, but in no way can be taken as the complete timeline for any sort of recovery to pre-Covid-19 levels let alone pre-Irma levels.

This is the context of the present situation: the clock is running, without tourists the entire private sector is feeling the squeeze. You could say that the construction sector is OK, but only as long as they net income and with 90% income at risk it is just a matter of time before construction

dries up and property values also recede. There is no sector that will be unaffected by this, including the public sector. Consider what tax receipts are going to look like in April, or May or June. There is no concrete end date, other countries are extending lock down periods, so even if St. Maarten would lift its restrictions and open its borders, the rest of the world will not.

LACK OF DEMAND

This is a health shock, but it is also a Demand shock. There is no demand for a Caribbean vacation pent up in the world. When will we see an increase in demand for St Maarten vacations? When will the income return? Even if we perceive demand, such as from our loyal Timeshare guests, they will not have means to do so. We are faced with a situation where our normal measures, ie what we do after a hurricane, may not be the way to get back on track. This principle should be considered in relation to the SXM Trust Fund as well. Some strategies may prove more effective than others in the current situation.

This is an unprecedented worldwide economic crisis. We all need to learn as we go. Internationally ideas are being developed, and scholars internationally are calling for internationally coordinated policy responses. What is becoming clear is that with demand low, supply increasing stimulus is not the way to go, and will only lead to supply-glut which in turn only lead to (even more) dwindling income because market mechanisms force down pricing.

Ineffective strategies

1. Credit extension. While a temporary deferment of payments is essential in granting time to formulate a plan, longer term benefits will not materialize. There will be no need for credit as long as demand is down, with income down drastically additional lending is done at very high risk. Collateral asset valuations are down.
2. Fiscal Strategies. Structural reforms need to be implemented but will only be effective when our economy comes back to life. With income down 90%, tax revenue will be down 90%. Adjustments need to be made to the fiscal structure, and while they may alleviate any drawn-out recovery (i.e. compare post-Luis recovery to post-Irma recovery and absence/presence of TOT factor in these) and have sorely needed for decades, but that will not lead to any significant revenue for the government in the short term.

Effective Strategy

1. Cost saving methods. With a 90% reduction in income, cost cutting will happen. It needs to happen quickly and fairly across all sectors (both public and private) in order to preserve scarce resources. This is where a reduction on interest rates are very effective.
2. Income security, with a 90% reduction in income, employment/household earnings cannot be supported for long. A mechanism for fair income distribution needs to be enacted.

3. Acting quickly and decisively, can save households, do not plan solely for the period after the layoffs happen, rather act to stave them off, in order to safeguard the economic base when the economy eventually restarts. Starting sooner, rather than later also gives businesses and households time to plan AND adjust.

Cost saving will find its way into the economy

1. With falling demand, income/spending will drop
2. Fixed costs will drop along with income. Rental expenditure will go down. Demand for utilities will go down. Demand for goods and services will go down. People will become unemployed. This is happening already, and the expectation polled through the survey shows that within a very short time (6 months) layoffs could be massive (45%) if there are no alleviating measures in place prior to these layoffs happening.

Income security.

1. Some sort of income support will need to be provided for what looks to be an extended period of time As shown, this timeline extends well past the private sector being allowed to reopen. How long that needs to be depends on the combination of the various factors discussed. (see "Timeline" pg 2).
2. Consideration needs to be made on how to provide income support.

The following relates to income support within the context of low labor demand. Community safety and solidarity are paramount considerations.

Demand for labor has decreased, there is hardly any social safety net. Reduction of your labor force can only be done through the labor office and is a long and arbitrary process. As a business with 90% less income you cannot make payroll indefinitely. Borrowing to make payroll is not a prudent business decision and is unlikely to be supported by banks.

There are 2 ways to provide income support to employed persons.

1. Through the employer, or
2. Through a governmental agency tasked with such.

An important question is, what happens to the labor agreement? It can be argued that businesses have an economic reason for layoffs. This is a long and arbitrary process. Employers cannot afford to wait before starting this process. The amount of employed will go down drastically and the amount of unemployed will go up by the same amount.

If the government is going to provide income support to all individuals, employers must be able to annul contracts quickly without additional burden.



March 31, 2020

This route will damage Sint Maarten productive capacity significantly. If businesses lay-off staff, a restart will be that much harder and time-consuming to do. A business that has been shut down completely will wait for solid demand before considering re-opening. The result is that much will remain closed even when reopening could have happened in the case the business had been supported throughout. If nothing is done to support business, future investment will be discouraged.

By providing flexible income support and labor legislation, through all employers, employment can be maintained, and a level of preparedness for re-opening can be maintained. The ability to start generating income again, can be maintained, 14000+ households would be supported, 20000+ jobs will be maintained.

Whatever the package chosen, filling in the package detail requires a balanced approach through stakeholder dialogue in order to attain a broad measure of support.

Considerations and next steps.

Doing Nothing is not an option (that includes just waiting for help)

We can't do anything about our \$0 in tourism income. That is, at this point, completely out of our hands. Even if we opened up for business now, you would have to wonder if (healthy) people would bother travelling, even if they could as no cruise ships, yachts or planes are currently arriving at our ports of entry.

The timeline we can do something about. Please review this link for a concept.

https://www.theatlantic.com/ideas/archive/2020/03/denmark-has-a-message-for-america-do-more-fast/608629/?utm_term=2020-03-24T10%3A30%3A29&utm_source=facebook&utm_campaign=the-atlantic&utm_medium=social&utm_content=edit-promo

We need to stretch our timeline

Not comparing us to Denmark, but our economy has gone into hibernation, zero activity for months, we didn't get to fatten up beforehand so we are going to get hungry and cranky very soon.

Hibernation is a state of slow metabolism, breathing slows, heart rate slows, body temperature goes down. Our economy needs to go into hibernation in order to survive, it needs to slow to achieve maximum survival timeline, we do not control the timeline, it controls us, what we can control is how long we can last on any given trajectory. You can compare it to a flame on your stove-top, the flame is turned all the way down, a very low flame, not out (yet) but very low. The flame will keep on burning as long as a little bit of gas keeps getting supplied to do so; until such



March 31, 2020

time as the knob is ready to be turned to the other side again, and the flame can burn bigger and brighter again almost instantaneously. Conversely letting the flame die out, would require relighting it, and in the case of starting up solid business activity is not the same as lighting a match, but rather rubbing two sticks together in order to get a fire going.

Scenarios:

Consider 2 scenarios:

1. Best case: there's a magic pill tomorrow and the world breaks out into a huge party and everybody comes to St Maarten on vacation
2. Worst case: Mass dismissals next week. Travel shuts down for years. Rioting and looting in the streets, huge local virus outbreaks, the healthcare system breaks and then a cat 5 hurricane hits us in early July.

Both very extreme, the reality will fall somewhere in the middle and we control that to a certain extent.

A way forward

The economy has been forced to slow down for us. We need to adjust to this. Everybody needs to stay calm and things need a chance to wind down.

This is done by avoiding panic by:

- 1. Guiding the slowdown and avoiding large disruptions**
- 2. Planning and adjusting**
- 3. Growing for the way out**

This is the short-medium-long term.

Short term guiding the slowdown

We need to wind down productivity. This will by definition mean loss of jobs. Income security will need to be provided, so people don't panic and the social order is maintained, it will provide businesses with a period for making adjustments. Some will close completely. Some will manage to hang on longer.

Our unwieldy antiquated labor law is going to be a burden for all at this time. NOT accepting a dismissal request will only postpone the inevitable. All the internationally successful programs show flexibility in a gradual and orderly procedure of unwinding. Income security front loaded into this unwinding will make it quicker, fairer and more efficient.

What we don't want is businesses closing, not paying employees, loans, utilities or other obligations and 2500 businesses in bankruptcy court by July (right after that cat 5 hurricane) This is much closer to the worst case scenario than we want to be. But more likely if no action is taken.

Everybody will have to take a hit in income. Businesses, employees, service providers, landlords, banks you name it. Government also needs to take a hit. Front-loading income security is going to provide some time for everybody to get their things in order and prepare for hibernation.

The private sector proposal for broad employment/income support provides this space.

Planning and adjusting in the medium term

Having created space for an orderly economic wind-down, you will have a little time to adjust, make some structural reforms in order to adjust to the new reality and start planning for the future. This needs to be an iterative process. This is better done when people are calm and collected.

Growing the way out

The final stage is growing your way out, the new reality has set in, structural adjustments have been made on a personal, national and international level, and with a peaceful, healthy and well-adjusted society we can move into the future.

We are at stage 1. How we handle stage one will define how we make it to stage 3. No sense worrying about stage 3 if stage 1 is not properly executed.

At the core of the private sector plan is the need for the orderly wind-down, facilitated through income security. There are other ways to do this like cutting all residents a check or giving vouchers, but those do not address the underlying employment issues. Deferring payments helps those in debt more than those that are frugal and save. Breaks on things like utilities may induce wasteful behavior, all things that don't fit the hibernation stage. That is not to say that after the wind-down phase, a universal income type of thing may not be required for phase 2 but we need to progress to that stage through an orderly stage 1. As we move through stage 1, time will also allow for more informed decisions, we will learn new things that will allow us a better way to cope with the new reality.

The private sector plan is ambitious. The figure sets 90% of payroll for 6 months (roughly 45% of GDP) this is technically a needs assessment, as we progress through stage 1 we may find that

figure adjusting to the slowdown and providing a longer timeline. At this stage, how quickly and how orderly we get it done will be key. This plan will not make anybody rich. It supports all employees as reported in the different surveys. **We can always discuss numbers but the need for an orderly unwind is the key to survival.**

Financing Economic Stimulus

1. Using Reserves. This is the first resort and in the case of St Maarten, rather limited in scope. The banking sector and the CBCS have made some room in the financial market. But this room will not trigger productive spending.
2. Making room in the government budget. As it stands, we have no approved budget, so the last approved budget is the norm. Public sector income and expenditure can be addressed within that framework, while an adjusted 2020 budget is being worked on considering a 90% drop in income.
3. International grants and loans, these can and should be pursued. Experience has taught us that these come with conditions and may not be able to provide in the most urgent needs. These funds are usually geared to supply side issues as in providing infrastructure improvements. Not the first priority if there is no demand.
4. SXM Trust Fund, established post Irma for the recovery of Sint Maarten. The Dutch standpoint on the fund is clear, but at this point it should be given consideration in the near term. There will be little of an economy left if there is no intervention. Additionally, the same Trust Fund was used to organize financing for emergency supplies for the SMMC response against the COVID-19 pandemic. <https://www.worldbank.org/en/news/press-release/2020/03/22/sint-maarten-trust-fund-steering-committee-approves-us36-million-for-rapid-covid-19-response>
5. Financing a recovery through increasing national debt. This is what most countries in the world are doing, financing through money creation to fund a varying package of measures. The source is the same every time. Whether St Maarten borrows from the Dutch Kingdom or whether rules will be put in place to allow the monetary union to emit debt would enable St Maarten to provide room for structural adjustments. If properly made the adjustments will provide an opportunity for growth when demand starts to come back. In addition, it would go some ways towards the previously mentioned calls for internationally coordinated policy response.



March 31, 2020

All forms of stimulus financing or income support require a flexible system for disbursement, there needs to be “rechtszekerheid” and a clear route to a quantified result. That way maximum benefit of the measures can be achieved.

RISK ASSESSMENT Official Figures	Totals		30% at risk	90% at risk	10% not at risk	Total at risk	Survey on timeframe 3 months 6 months Survey from 500+ reponses			
							Job reductions since mar 14	6% Next 3 months	31% Next 6 Months	45%
Total Population	40000				4000					
Total Employed	25000	7500	22500	2500	2500	-22500	23500	17250	13750	-9750
Total Businesses	2800	840	2520	280	280	-2520	2632	1932	1540	-1092
Total Households	14800	4440	13320	1480	1480	-13320	13912	10212	8140	-5772
Avg Income per employed NAfl/Mos	2500	750	2250	250	250	-2250	2350	1725	1375	-975
Avg Household expenditure NAfl/Mos	6700	2010	6030	670	670	-6030	6298	4623	3685	-2613
Publicbudget (2019 Budget) In millions NAfl	Projected YOY losses based 0 income									
Wage Tax	150	45	135	15	15	-135	141	103.5	82.5	-58.5
TOT	120	36	108	12	12	-108	112.8	82.8	66	-46.8
License fee	26	7.8	23.4	2.6	2.6	-23.4	24.44	17.94	14.3	-10.14
Profit Tax	25	7.5	22.5	2.5	2.5	-22.5	23.5	17.25	13.75	-9.75
Road Tax	9	2.7	8.1	0.9	0.9	-8.1	8.46	6.21	4.95	-3.51
Transfer Tax	8	2.4	7.2	0.8	0.8	-7.2	7.52	5.52	4.4	-3.12
Social Funds ZV/OV AOV/AWW (SZV'17)	Loss in Millions NAFL									
AOV/AWW	105	31.5	94.5	10.5	10.5	-94.5	98.7	72.45	57.75	-40.95
ZV/OV	85	25.5	76.5	8.5	8.5	-76.5	79.9	58.65	46.75	-33.15
AVBZ	20	6	18	2	2	-18	18.8	13.8	11	-7.8
FZOG	6	1.8	5.4	0.6	0.6	-5.4	5.64	4.14	3.3	-2.34

THE SHTA / PRIVATE SECTOR SUPPORTED PLAN

Introduction:

On March 20th at 2 pm The SHTA was one of the participating parties in the “Covid-19 Stakeholder meeting”. SHTA is hopeful that the stakeholder group will be morphed into a mandated, well balanced task force that will have access to information and resources in order that important decisions can be made in a quick and decisive manner.

Whatever is proposed here, stands on its own and does not take away from possibly adjusting or presenting other measures. The key to success in the process will be a flexible iterative design of measures that easily adapt to an ever-changing situation

SHTA submitted a 1-page proposal on March 19th, SHTA has been requesting a meeting with TEATT for a week before presenting the proposal. SHTA requested a meeting with TEATT, to which it received no response, a week before submitting a 1-page proposal on 19th March 2020.

The SHTA along with its partner associations IMA, SMMTA and SMTA are the internationally recognized Employers’ representatives for Sint Maarten. Collectively we represent over 70% of the employed in Sint Maarten.

The SHTA represents employers. We are not medical experts; we are not organizations that provide aid or assistance. We are not security specialists. In this predicament we would rather not focus on issues such as the identification of medical or social needs. There are associations better suited for that. We are focused on the economic effects and solutions. We are cognizant of the fact that there are many aspects to this dilemma. We are focused on the economic survival of businesses and their employees as well as being concerned for the large groups of SMEs and independent operators like Taxi Drivers etc. These are all our partners in what makes St Maarten a great destination.

The SHTA is often unfairly maligned. This proposal will not be the final solution. It is a start and buys time in a rapidly deteriorating situation. It is about providing security for 23000 currently employed taxpayers for the next 6 months. And possibly offering a lifeline to 2800 businesses.

Summary

SHTA was asked to provide information on the economic measures proposed in the Netherlands and by extension Europe. This summary briefly sets this out, the rest of the report will focus on method and available data. Additional source documents will be found in the annexes or provided links.

Dutch measure of private sector support.

Below info-graph sets out the Dutch measures in a nutshell

Corona-maatregelen



1. Shorter working hours, government will take over 90% of the salary payments
2. ZZPer's (Self-Employed without employees) can request funds for livelihood support
3. In consultation with municipalities a temporary halt on tourism taxes
4. 3-month postponement of tax payments
5. 6 months postponement of principal payments on small business loans
6. Emergency window where the worst hit businesses can access 4000 euros immediately

SHTA is requesting 90% Payroll support over 6 months and TOT set to 0%. We propose the government adopt the other measures as well.

All stakeholders expressed concern about the social aspects of the economic downturn. Increased unemployment, decreased income, increased crime. SHTA agrees that these need to be prevented.

Guaranteeing income through payroll support, lessens the burden on all compliant businesses and supports employee income. As per the Labor Force survey 2018 and the business census 2018. It would support roughly 23000 employees and, as per the Business Census 2018, at 2800 establishments.

Asking for international aid will probably take too long to prevent immediate negative effects. From the Labor Force survey 2018 it can be concluded that the average monthly wage-bill for the country is 62.5 million guilders. At 90% that amounts to 340 Million guilders over a 6-month period or US\$180 Million.



March 31, 2020

Right now, the SXM Reconstruction Trust Fund contains roughly US\$325 Million.

The SHTA recommends that these funds be allocated to relief measures or at least used as a guarantee fund in the very short term. This way jobs and income can be preserved.

Note that this payroll support applies to the Public sector as well. The labor force survey includes all civil servants or employee's dependent on government subsidies. Supporting Private sector employees ensure tax revenues to Government do not completely cease.

There is concern expressed by stakeholders about possible leakage of stimulus measures. SHTA requests the TOT be set to 0% in order to stimulate local economic activity for longer on island circulation of funds. TOT has always been a negative to the local economy, reducing it will increase local economic activity.

There was concern expressed for the Grey economy and the allocation of relief funds, stress testing businesses etc. In this setting, nobody is allowed to pick winners, everyone will require assistance and under no circumstances should compliant businesses be bypassed while non-compliant businesses receive aid.

End of summary.

Payroll support as a measure to safeguard employment and income.

Payroll expenses are by far the largest single business expense on Sint Maarten across all sectors. Payroll liabilities when they cannot be met, they have the single biggest socio-economic impact. Requirements for capital expense liabilities like rents and interest are a lot easier to stall (especially when those due the capital liabilities have access to their own payroll expense support)

Any space, like The Windward Islands Bank did, that can be provided will be most helpful, but paying your loan or rent will not have the same socio-economic effect as providing income and safeguarding jobs.

A 2015 report by the world travel and Tourism council on Aruba's economy (as a comparable economy) shows that 90% of GDP and 88% of employment is directly or indirectly dependent on tourism. This number is supported by International Development Bank reports.

Clearly, the Netherlands has seen this, hence the focus on their package. They have a very well-organized labor market. The mechanism is in place, like requesting dismissals, shorter working hours or support. When a very short time these mechanisms became overwhelmed by requests the process was short-circuited in order to provide relief.

The public sector insistence on data and applications stress and means tests for arbitrary allocation of funds goes against what The Netherlands currently deems as best practice; and will cause unnecessary delays.

As such payroll support to compliant businesses based on their tax filings and payments stands alone as a fair and effective way of distributing measures. Other channels of help may well be required to meet different needs, these can be provided in addition too, not in lieu of. This is a fair and equitable distribution that is relatively easy to implement because the information already exists, as do the funds.

TOT tariff to 0%

The Banker's association and the Minister of Finance have issued a request for the use of Guilders instead of dollars. It became clear in the meeting that this was in order to stimulate local spending vs. going to the French Side. The essence is understood and accepted. We need to stimulate local activity.

We also need to keep in mind that there is a lot of local cross border business being conducted, we do not the French Side to stop shopping on the Dutch Side.



March 31, 2020

The real issue is not Dollar or Guilder in our local economy, but rather the constraints placed on our FX reserve position (intrinsically linked to that of Curacao). If we are to enjoy some semblance of normality, we will only be able to do so as long as we have the funds to support primary imports for food and healthcare.

A reduction of TOT will stimulate increased local economic activity. The importance of local wholesale / retail trade for the preservation of jobs and income should not be underestimated and the 5% discount on direct imports has a more detrimental effect on our local economy than Sint Maarten / Saint Martin cross border trade.

The Numbers

As the basis for calculations we have used.

The 2018 Labor Force Survey (LFS)

The 2018 Business Census

The 2019 World Bank Trust Fund Report (WBTF)

	Average	Min	Max	
Total Monthly wage bill according to LFS 2018	62.5	56.4	68.1	In millions of NAfls
(Employed x monthly wage)				
(From the 2019 WBTF financial report)	US\$ Millions		NAfl Millions	
IN the TF Undisbursed and Unallocated	404			
Post reporting Airport allocation	75			
Balance	325		591.5	
Cost of 6 months Payroll at 90%	185		337	

The cost of the 5% TOT reduction, Figures on the total turnover tax receipt are not readily available. But whatever that was in 2019, going forward Turnover will likely be reduced by approximately 90%. Setting the 5% to 0% will not create a substantial loss.

Additional Benefits.

The SHTA's proposed employment subsidy includes the civil service payroll; and ensures the payment of private sector wage taxes. This would entail substantial budgetary relief for the Government.

Payroll taxes and social charges will keep being paid, affording some budgetary room for government and income for healthcare.

Data Driven Decision Making

We have too little data, going back years, several economic plans, including post Irma NRRP, have gotten stuck in the data vacuum. Decisions still need to be made. There are methods for making proper decisions without data. That will be infinitely more effective than generating data. An NDP, EDP, NRRP clearly show that we can't get on with data collection in a timely manner. The other way to make decisions is by using a SWOT approach with little room for arbitrary filling in of allocations. This means blanket measures.

Implementation

SHTA suggested using the SXMTF as a temporary guarantee fund, it can be placed at the Central Bank who could then provide Sint Maarten with drawing rights to finance the payroll subsidy.

Implementing this immediately will not significantly harm the SXMTF, while greatly alleviating our socioeconomic issues. It will immediately create the room required for making additional adjustments and taking additional measures.

If Kingdom partners provide funds the guarantee fund can go back to the trust fund, if not well these funds were intended for economic recovery and that applies to the destruction of Irma as well as COVID19.

Provision for the subsidy should be based on some sort of Tax filing. SHTA is suggested based on February's at least initially because this is pre-crisis real payroll. In consultation this can be fine-tuned if necessary.

If there are any questions or concerns, please revert immediately. It is essential that this be done swiftly, there is absolutely no reason to wait.

A number of resources were consulted in this drafting, amongst others:

<https://voxeu.org/article/covid-19-economic-policy-response>

https://blogs.lse.ac.uk/businessreview/2020/03/20/economic-policy-under-the-coronavirus-an-unconventional-challenge/?utm_source=sfmc&utm_medium=email&utm_term=&utm_content=41946&utm_id=50180981-ce02-45c4-9b2c-2c4934dc3ff8&sfmc_id=358155234&sfmc_activityid=57d1845f-0d93-4a4e-91a6-6ff6137fc1df&utm_source=sfmc&utm_medium=email&utm_campaign=2714837_StrategicIntelligenceWeekly&utm_term=&emailType=Strategic%20Intelligence%20Newsletter

<https://voxeu.org/article/economics-time-covid-19-new-eboo>

https://blogs.lse.ac.uk/europpblog/2020/03/19/coronavirus-crisis-there-is-no-way-back-to-business-as-usual-in-the-eu/?utm_source=sfmc&utm_medium=email&utm_term=&utm_content=41946&utm_id=50180981-ce02-45c4-9b2c-2c4934dc3ff8&sfmc_id=358155234&sfmc_activityid=57d1845f-0d93-4a4e-91a6-6ff6137fc1df&utm_source=sfmc&utm_medium=email&utm_campaign=2714837_StrategicIntelligenceWeekly&utm_term=&emailType=Strategic%20Intelligence%20Newsletter

<https://voxeu.org/article/economic-impact-coronavirus-uk-businesses>

<https://blogs.lse.ac.uk/politicsandpolicy/covid-19-as-the-ultimate-leadership-challenge/>

<https://www.unisg.ch/en/wissen/newsroom/aktuell/rssnews/meinung/2020/maerz/corona-auswirkungen-luftfahrtindustrie-27maerz2020>