

Klaas Knot: Step by step towards a sustainable future

Speech by Mr Klaas Knot, President of the Netherlands Bank, at a lunch of the Curaçao Business Association on the importance of sustainable green finance, Curaçao, 15 February 2024.

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"Fall in love with the pearly white sandy beaches, breathtaking diving locations and the colorful street scene of Curaçao. Choose a holiday in Curaçao and do what the residents have been doing for generations: relax!"

That is the text on the website of a large travel organization. It could almost make you think that life on this island is all about relaxing. But you know better than anyone that nothing could be further from the truth. Because entrepreneurs like you work hard every day. To keep Curaçao's economy running and its residents at work. To ensure that the people here are secure in their livelihoods. To ensure that all those tourists get the holiday they dream of.

All that would not be possible without entrepreneurs. Without entrepreneurs who are not afraid to think out of the box, who dare to be innovative and decide to be sustainable. Entrepreneurs who don't believe in standing still but in moving forward, towards a sustainable economy and a sustainable future.

A future in which we choose the long term instead of the short term, in which we choose prosperity and well-being, economic development and quality of life.

That will not happen without choices and challenges, opportunities and threats, risks and investments.

As your chairman Zeno Circkens said last year in his speech about the future of business in Curaçao: "We stand at a crossroads." I can assure you: you are not standing there alone. Working on a sustainable future, on sustainable economic growth, is first and foremost a question of teamwork. The driving force behind that team is the government. A government that takes responsibility for creating the right preconditions to enable, encourage and support sustainable choices.

A government that is a reliable partner for citizens and businesses in the transition to sustainable economic growth. A government that ensures a reliable financial system.

Of course, a reliable financial system cannot exist without financial stability.

And that is where that other team members enter: the central banks.

Because financial stability is their – our – responsibility. But we can only fulfill that role with a clear and unambiguous mandate. Independent of political whims.

In all confidence. It is only when we have the trust of our governments and are independent from politics that we can do what we have to do: ensure financial stability and confidence in the financial system.

To play our part in building and managing a reliable financial system that ensures a stable and responsible provision of credit to the real economy, that ensures that citizens and companies can build their future, in the knowledge and confidence that their money is safe. In the knowledge, in the confidence, that they can pay their bills without any problems and that they can get credit to buy a house or start a business. That is our role in the team.

To play that role best, it is important that we work together with the other team members. Not only with the government, but also with other central banks, the financial sector and with the business community.

I am therefore happy to be here now to further strengthen our ties with the Central Bank of Curaçao and St. Maarten and with your business communities.

I am also happy to be your guest today, because I know that you can and want to play an important role in the transition to a sustainable economy here on Curaçao.

Your actions make that clear.

For instance, in the financial sector. I start there, because it is the sector I know best.

But also because the financial sector is the hub for bringing savings and investments together. The hub that ensures that entrepreneurs can do business.

The financial sector can only be a sustainable sector if it focuses on more than just large companies. It is a sustainable sector if and when it also finances small and medium-sized enterprises. The CBCS is working hard to make this possible.

Why is this important? Because this is how the financial sector can become more diverse and more inclusive, and therefore more sustainable. Another way to make this happen is by providing basic payment accounts to people who currently do not have access to banking services. And by empowering those who are less experienced with financial matters to understand how the system works..

And, if necessary, by promoting digital skills. The CBCS is involved in all of this.

A sustainable financial sector is also a sector that combats money laundering.

It is very promising that a National Risk Assessment has been carried out in Curaçao. And that Sint Maarten is working hard to make this happen too. This assessment makes clear what the remaining vulnerabilities are. I hope and expect that these will be sufficiently addressed before the next review by the Caribbean Financial Action Task Force later this year.

A sustainable financial sector is also a sector that can withstand setbacks.

For instance by making sure that savings are protected in the event of a bank failure.

We learned from the global financial crisis how important that is for ensuring and safeguarding trust in the financial system. We learned that without trust there is no

financial system. So it is good news that your Deposit Guarantee System is almost in place.

But to make real progress towards a sustainable economy, towards a sustainable future, we have to look at what entrepreneurs can do.

"Soñ'e, dese'e, logr'e (Dream it, wish it, achieve it)"

I am impressed by how quickly the tourism industry in Sint Maarten and Curaçao has recovered after the pandemic. For Sint Maarten this came in the wake of hurricanes Irma and Maria in 2017. The speed of the recovery from this devastation has exceeded expectations.

The tourists are back in force. That is good news, but the success of the tourism sector also leads to new challenges, of course. Challenges for the environment, because tourists not only use energy and produce waste, they can also be a threat to biodiversity. And naturally you want those beaches to stay pearly white and your flora and fauna breathtaking. Not only because they are a source of revenue, but because they are your heritage and your home, and because they are too beautiful to neglect.

A good reason to look for diversification. To look for other business opportunities outside the tourism sector.

Another reason, of course, is that diversification makes your economy less vulnerable. A vulnerability you experienced during the pandemic.

And diversification can be found in investments in the energy transition, a double step towards a sustainable future. Curaçao is currently heavily dependent on fossil fuels, which produce high levels of greenhouse gas emissions. To reduce these emissions, it is necessary to switch to renewable energy sources such as solar and wind energy, and energy storage technologies. This transition takes time, money and manpower. It requires investments and efforts, it requires entrepreneurs with vision and courage.

And the willingness to work together. Because a lightly populated island like Curaçao cannot make this transition on its own. You need to attract foreign investments and engage in international collaboration. And that is what you are doing.

A good example of such a collaboration is the memorandum of understanding for the development of a wind farm in Curaçao that our Climate Minister Rob Jetten signed here last May. May much more collaboration follow!

Because the path towards a sustainable future goes '*Paso pa paso, dia pa dia*' (step by step, day by day), as you say here.

Central banks can help you take these steps. We can help to shape the transition to sustainable economic development. We can help ensure that sustainable choices are not only made, but also successfully encouraged and implemented. As supervisors, for example, we help the financial sector to identify sustainability risks and encourage institutions to take action where necessary. We are committed to making payment transactions more sustainable, including when it comes to the paper and printing

process for the money we issue. And we have an important role and position as an advisor to politicians and the government, for instance in the debate about a sustainable economy and the energy transition.

In short: we are part of the team that will bring about a sustainable future.

As are you. Let's take this opportunity to share thoughts and ideas about the way forward. I know you have a proverb that would be a nice motto for our team:

'Soñ'e, dese'e, logr'e' (Dream it, wish it, achieve it)