



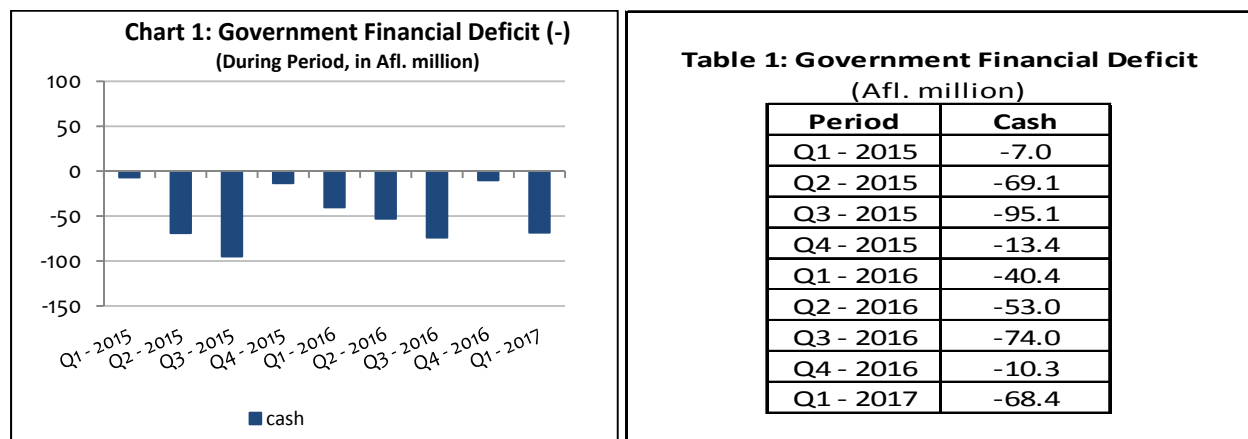
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: December 27, 2017

The government’s financial deficit increased in the first quarter of 2017

In the quarter under review, the government’s financial deficit, as compiled by the CBA¹, expanded by Afl. 28.0 million to Afl. 68.4 million, when compared to the first quarter of 2016 (Chart 1 and Table 1). The government recorded Afl. 4,090.6 million in outstanding debt at the end of March 2017, i.e., Afl. 138.6 million higher than end-March 2016.



Source: Department of Finance; Tax Collector’s Office; CBA.

Financial operations

The government’s total revenue decreased by Afl. 14.1 million to Afl. 266.0 million in the first quarter of 2017, compared to the same quarter of the previous year (Chart 2 and Table 2). This contraction resulted from an Afl. 20.4 million reduction in tax revenue, which was partly counterbalanced by an Afl. 6.2 million growth in nontax revenue. The shortfall in tax revenue stemmed mainly from lower profit tax (-Afl. 41.4 million), income tax (-Afl. 3.6 million), and land tax (-Afl. 1.4 million). In contrast, receipts from excises on tobacco (+Afl. 6.9 million), excises on gasoline (+Afl. 5.3 million), wage tax (+Afl. 4.0 million), transfer tax (+Afl. 3.0 million), motor vehicle fees (+Afl. 2.3 million), turnover tax (B.B.O.) (+Afl. 2.2 million), and import duties (+Afl. 1.1 million), registered growth of more than Afl. 1.0 million each. The expansion in nontax revenue was primarily attributed to an Afl. 6.7 million growth in grants.

Total government expenditure rose by Afl. 14.5 million to Afl. 332.1 million in the quarter under review, compared to the first quarter of 2016. This increase resulted from higher spending on transfers and subsidies (Afl. 16.6 million), development fund spending (+Afl. 6.1 million), transfer to General Health Insurance (AZV) (+Afl. 4.8 million), wages (+Afl. 2.1 million), and interest (+Afl. 0.2 million), which were mitigated in part by lower

¹ The financial deficit is calculated according to the compilation method of the CBA, and may differ from third-party publications. See also Annual Statistical Digest 2015.

spending on wage subsidies (-Afl. 8.8 million), goods and services (-Afl. 4.4 million), employer's contribution (-Afl. 1.4 million), and investment (-Afl. 0.4 million).

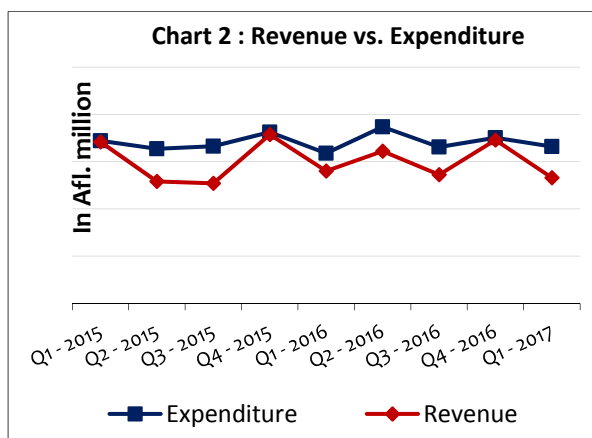


Table 2: Revenue vs. Expenditure
(in Afl. million)

Period	Revenue	Expenditure
Q1 - 2015	341.9	344.1
Q2 - 2015	258.1	327.4
Q3 - 2015	254.0	332.6
Q4 - 2015	357.4	362.3
Q1 - 2016	280.1	317.6
Q2 - 2016	322.0	373.5
Q3 - 2016	272.4	331.0
Q4 - 2016	345.8	350.5
Q1 - 2017	266.0	332.1

Source: Department of Finance; Tax Collector's Office; CBA.

The government's wage-related expenditure registered a downturn of Afl. 8.1 million to Afl. 149.0 million during the first quarter of 2017, compared to the first quarter of 2016. This was attributed to lower spending on wage subsidies (-Afl. 8.8 million) and employer's contribution (-Afl. 1.4 million), which was slightly offset by an Afl. 2.1 million growth in wages. In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted an increase of 2.0 percentage points to 64.5 percent, up from 62.5 percent in the first quarter of 2016 (Chart 3 and Table 3).

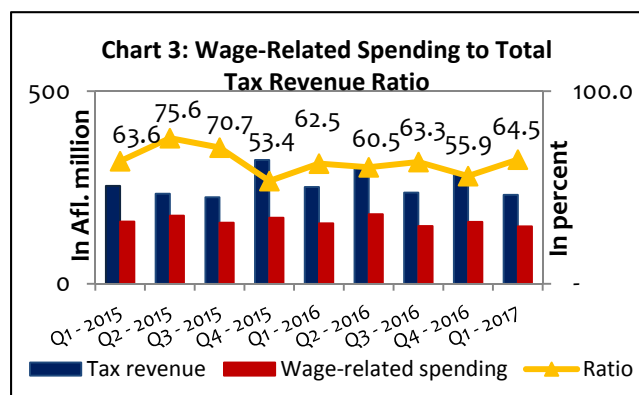


Table 3: Wage-Related Spending (WRS) to Total Tax Revenue (TTR) Ratio
(in Afl. million)

Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2015	254.1	161.7	63.6
Q2 - 2015	234.0	177.0	75.6
Q3 - 2015	224.7	158.9	70.7
Q4 - 2015	321.4	171.5	53.4
Q1 - 2016	251.5	157.1	62.5
Q2 - 2016	299.1	180.9	60.5
Q3 - 2016	236.8	149.9	63.3
Q4 - 2016	287.5	160.8	55.9
Q1 - 2017	231.1	149.0	64.5

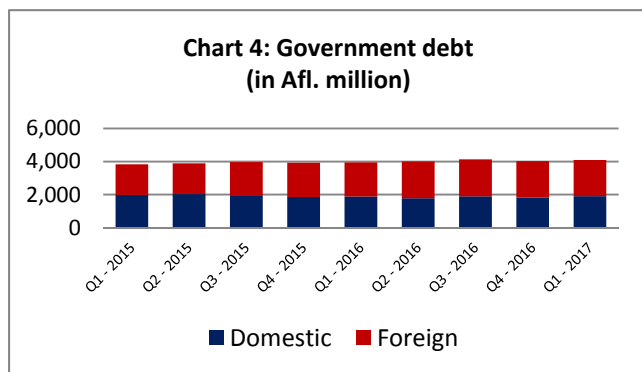
Source: Department of Finance; Tax Collector's Office; CBA.

Outstanding debt

The government's total outstanding debt recorded an upturn of Afl. 138.6 million or 3.5 percent to Afl. 4,090.6 million at end-March 2017, compared to the end of March 2016 (Chart 4 and Table 4). This expansion resulted from an Afl. 123.4 million surge in foreign debt, further complemented by an Afl. 15.2 million rise in domestic debt.

The rise in foreign debt resulted from higher net claims of the United States (+Afl. 151.5 million), which was partly offset by lower claims of the Netherlands (-Afl. 11.7 million) and other countries (-Afl. 15.4 million). The growth in domestic debt is mostly owing to a rise in claims of Afl. 113.8 million related to government bonds, short-term claims of the civil servants pension fund APFA (+Afl. 4.0 million), and suppliers' credit (+Afl. 1.8 million), partly mitigated by reductions in other short-term negotiable debt (-Afl. 54.9 million), long-term claims of the civil

servants pension fund APFA (-Afl. 37.8 million), and long-term claims of the Social Security Bank (SVB) (-Afl. 3.7 million).



**Table 4: Government Debt
(Afl. million)**

End-period	Domestic	Foreign	Total
Q1 - 2015	1,984.5	1,853.4	3,837.9
Q2 - 2015	2,029.0	1,865.2	3,894.3
Q3 - 2015	1,964.0	2,000.7	3,964.7
Q4 - 2015	1,862.2	2,068.8	3,931.0
Q1 - 2016	1,892.5	2,059.5	3,952.0
Q2 - 2016	1,778.2	2,234.1	4,012.3
Q3 - 2016	1,899.9	2,229.2	4,129.1
Q4 - 2016	1,816.2	2,209.1	4,025.3
Q1 - 2017	1,907.7	2,182.9	4,090.6

Source: Department of Finance; APFA; CBA.