



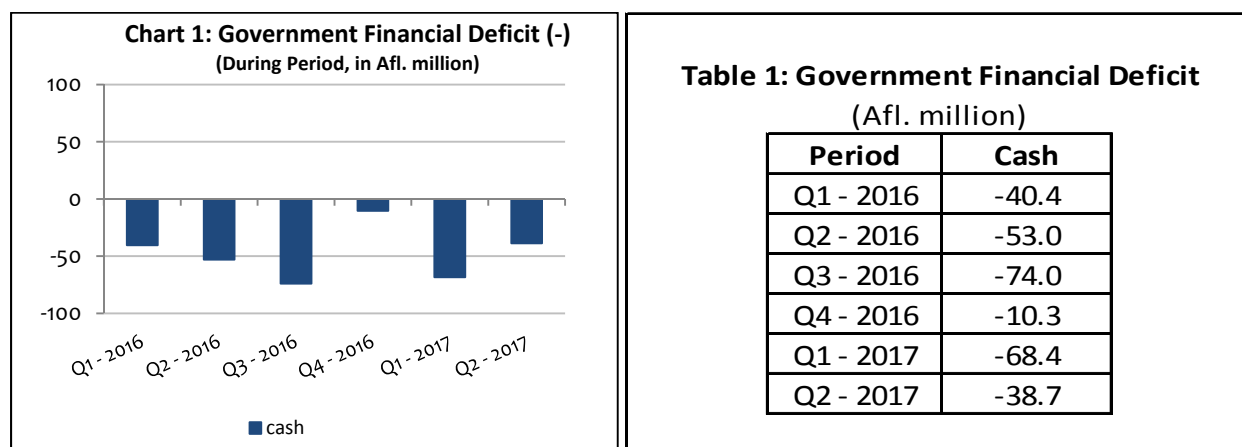
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: January 10, 2018

The government’s financial deficit contracted in the second quarter of 2017

In the quarter under review, the government’s financial deficit, as compiled by the CBA¹, decreased by Afl. 14.3 million to Afl. 38.7 million, when compared to the second quarter of 2016 (Chart 1 and Table 1). The government recorded Afl. 4,188.6 million in outstanding debt at the end of June 2017, i.e., Afl. 176.3 million higher than end-June 2016.



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

Financial operations

The government’s total revenue expanded by Afl. 19.4 million to Afl. 341.4 million in the second quarter of 2017, compared to the same quarter of the previous year (Chart 2 and Table 2). This growth resulted from an Afl. 10.5 million increase in tax revenue, which was further complemented by an Afl. 8.9 million rise in nontax revenue. The upturn in tax revenue stemmed mainly from higher land tax (+Afl. 4.8 million), wage tax (+Afl. 3.5 million), turnover tax (B.B.O.) (+Afl. 3.5 million), import duties (+Afl. 3.1 million), excises on beer (+Afl. 2.1 million), and income tax (+Afl. 1.7 million). In contrast, receipts from excises on gasoline (-Afl. 5.1 million), transfer tax (-Afl. 2.2 million), and excises on tobacco (-Afl. 1.4 million) registered declines of more than Afl. 1.0 million each.

Total government expenditure grew by Afl. 6.2 million to Afl. 379.7 million in the quarter under review, compared to the second quarter of 2016. The increase resulted from higher spending on transfers and subsidies (Afl. 13.4 million), goods and services (+Afl. 9.1 million), investment (+Afl. 2.9 million), development fund spending (+Afl. 2.5 million), wages (+Afl. 1.3 million), and interest (+Afl. 1.3 million), which were counterbalanced by lower spending on transfer to General Health Insurance (AZV) (-Afl. 13.7 million), wage subsidies (-Afl. 8.8 million), and employer’s contribution (-Afl. 1.8 million).

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.

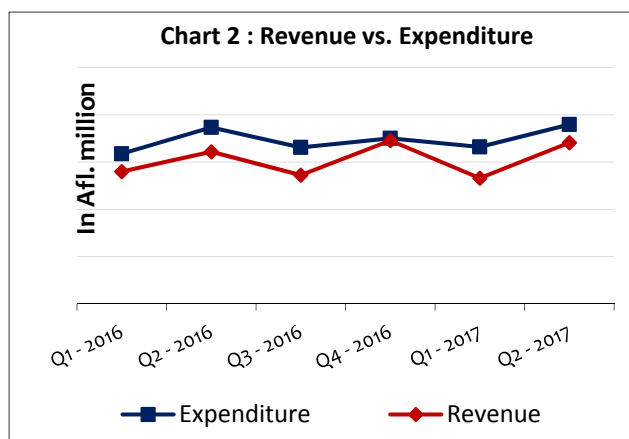


Table 2: Revenue vs. Expenditure
(in Afl. million)

Period	Revenue	Expenditure
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
Q2 - 2017	341.4	379.7

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

The government's wage-related expenditure noted a downturn of Afl. 9.3 million to Afl. 171.6 million during the second quarter of 2017, compared to the second quarter of 2016. This was attributed to lower spending on wage subsidies (-Afl. 8.8 million) and employer's contribution (-Afl. 1.8 million), which was slightly offset by an Afl. 1.3 million growth in wages. In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a contraction of 5.1 percentage points to 55.4 percent, down from 60.5 percent in the second quarter of 2016 (Chart 3 and Table 3).

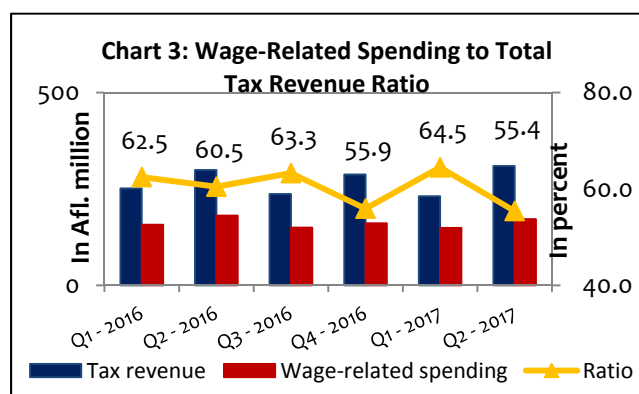


Table 3: Wage-Related Spending (WRS) to Total Tax Revenue (TTR) Ratio
(in Afl. million)

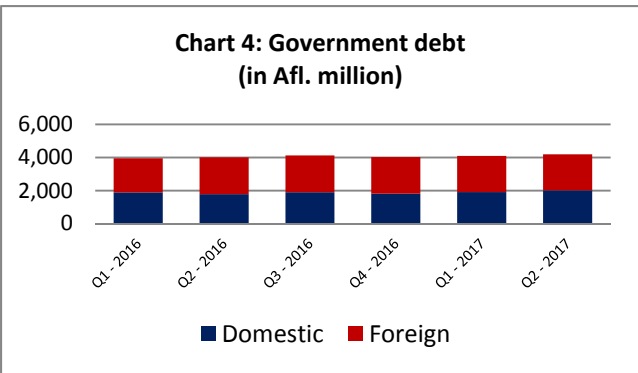
Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2016	251.5	157.1	62.5
Q2 - 2016	299.1	180.9	60.5
Q3 - 2016	236.8	149.9	63.3
Q4 - 2016	287.5	160.8	55.9
Q1 - 2017	231.1	149.0	64.5
Q2 - 2017	309.6	171.6	55.4

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

Outstanding debt

The government's total outstanding debt registered an upturn of Afl. 176.3 million or 4.4 percent to Afl. 4,188.6 million at end-June 2017, compared to the end of June 2016 (Chart 4 and Table 4). This rise resulted from an Afl. 239.2 million surge in domestic debt, partly mitigated by an Afl. 62.9 million decrease in foreign debt.

The growth in domestic debt is mostly due to an increase in claims of Afl. 321.3 million related to government bonds, which was partly offset by reductions in long-term claims of the civil servants pension fund APFA (-Afl. 37.6 million), other short-term negotiable debt (-Afl. 34.0 million), suppliers' credit (-Afl. 3.9 million), long-term claims of the Social Security Bank (SVB), and (-Afl. 3.7 million) short-term claims of the civil servants pension fund APFA (-Afl. 2.9 million). The contraction in foreign debt resulted mostly from lower net claims of the Netherlands (-Afl. 9.0 million), and other countries (-Afl. 295.5 million), which was partly counterbalanced by higher net claims of the United States (+Afl. 241.9 million).



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

End-period	Domestic	Foreign	Total
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
Q2 - 2017	2,017.4	2,171.2	4,188.6

Source: Department of Finance; APFA; CBA.