



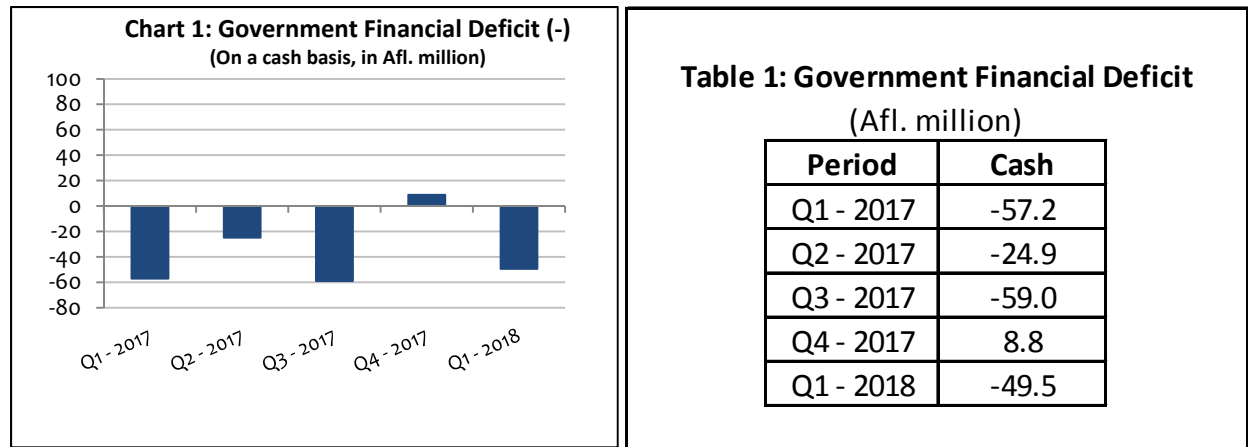
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: July 4, 2018

The government’s financial deficit contracted in the first quarter of 2018

In the first quarter of 2018, the government’s financial deficit decreased by Afl. 7.7 million to Afl. 49.5 million, when compared to the first quarter of 2017 (Chart 1 and Table 1). The government recorded Afl. 4,167.6 million in outstanding debt at the end of March 2018, i.e., Afl. 89.8 million more than end-March 2017.

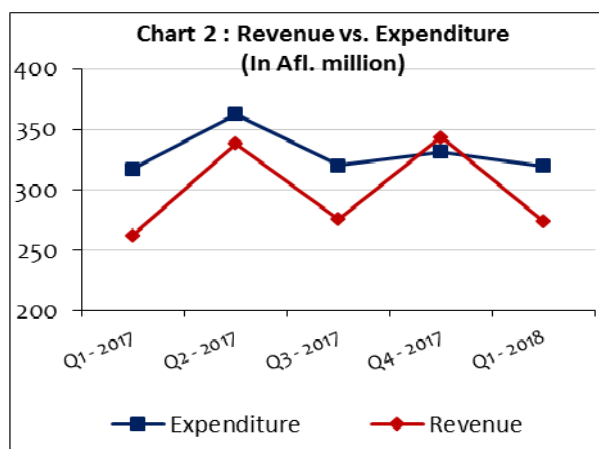


Source: Department of Finance; Tax Collector’s Office; CBA.

Financial operations

The government’s total revenue grew by Afl. 11.3 million to Afl. 273.8 million in the quarter under review, compared to the first quarter of the previous year (Chart 2 and Table 2). This growth resulted from an Afl. 14.4 million rise in tax revenue, which was slightly mitigated by an Afl. 3.1 million reduction in nontax revenue. The expansion in tax revenue resulted mainly from higher receipts from income tax (+Afl. 6.4 million), import duties (+Afl. 5.5 million), turnover tax (B.B.O.) (+Afl. 4.3 million), wage tax (+Afl. 2.2 million), land tax (+Afl. 1.8 million), transfer tax (+Afl. 1.5 million), and excises on beer (+Afl. 1.0 million). On the other hand, other revenue items declined, in particular excises on gasoline (-Afl. 4.6 million), excises on tobacco (-Afl. 2.6 million), motor vehicle fees (-Afl. 1.5 million), and receipt from profit tax (-Afl. 1.0 million). The downturn in nontax revenue was because no grant was received in the quarter under review, compared to Afl. 6.7 million in the first quarter of 2017. In contrast, other nontax revenue increased by Afl. 3.5 million.

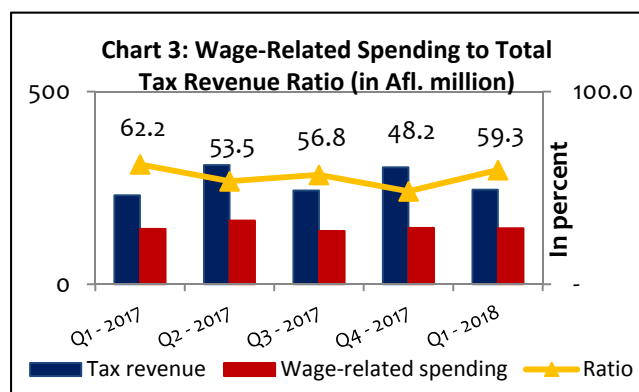
Total government expenditure expanded by Afl. 2.4 million to Afl. 319.8 million in the first quarter of 2018, compared to the first quarter of 2017. The upturn resulted from higher spending on goods and services (+Afl. 14.7 million), interest (+Afl. 3.4 million), investment (+Afl. 1.9 million), and wage subsidies (+Afl. 1.1 million), which was in part counterbalanced by lower transfer and subsidies (-Afl. 4.2 million), transfer to General Health Insurance (AZV) (-Afl. 3.2 million), and no development fund spending (-Afl. 12.0 million) in the quarter under review.



Period	Revenue	Expenditure
Q1 - 2017	262.5	317.4
Q2 - 2017	338.2	362.7
Q3 - 2017	275.6	320.3
Q4 - 2017	343.8	331.3
Q1 - 2018	273.8	319.8

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

The government's wage-related expenditure increased by Afl. 1.8 million to Afl. 145.6 million in the first quarter of 2018, compared to the first quarter of 2017. This was attributed to higher spending on employer's contribution (+Afl. 1.1 million), wages (+Afl. 0.5 million), and wage subsidies (+Afl. 0.2 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a reduction of 2.9 percentage points to 59.3 percent, down from 62.2 percent in the first quarter of the previous year (Chart 3 and Table 3).



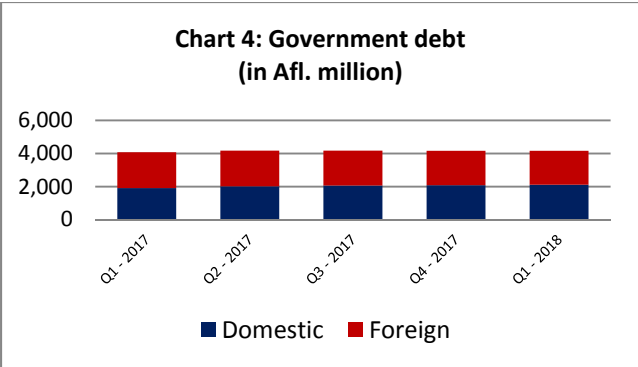
Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2017	231.1	143.8	62.2
Q2 - 2017	309.6	165.5	53.5
Q3 - 2017	243.3	138.2	56.8
Q4 - 2017	303.5	146.4	48.2
Q1 - 2018	245.5	145.6	59.3

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

Outstanding debt

The government's total outstanding debt expanded by Afl. 89.8 million or 2.2 percent to Afl. 4,167.6 million at end-March 2018, compared to the end of March 2017 (Chart 4 and Table 4). This increase resulted from an Afl. 204.1 million growth in domestic debt, partly mitigated by an Afl. 114.3 million decline in foreign debt.

The upturn in domestic debt was mostly due to a rise in government bonds (+Afl. 148.2 million), treasury bills (+Afl. 80.0 million), and non-negotiable short-term debt (+Afl. 38.8 million). The increase in non-negotiable short-term debt resulted from other non-negotiable short-term debt (+Afl. 33.0 million), suppliers credit (+Afl. 3.7 million), APFA (+Afl. 2.1 million), and cash loan certificates (+Afl. 8.0 million). In contrast, non-negotiable long-term debt decreased (-Afl. 70.8 million) due to lower liabilities to APFA (-Afl. 37.1 million), SVB (-Afl. 4.7 million), and the private sector (-Afl. 2.9 million). The decrease in foreign debt resulted mostly from lower net claims of other countries (-Afl. 72.6 million), the United States (-Afl. 36.3 million), and the Netherlands (-Afl. 6.0 million).



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

End-period	Domestic	Foreign	Total
Q1 - 2017	1,907.7	2,170.0	4,077.8
Q2 - 2017	2,017.4	2,158.3	4,175.8
Q3 - 2017	2,061.7	2,108.0	4,169.7
Q4 - 2017	2,080.0	2,078.9	4,158.9
Q1 - 2018	2,111.8	2,055.7	4,167.6

Source: Department of Finance; APFA; CBA.