



CENTRALE BANK VAN ARUBA

Statistical News Release

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The government’s financial deficit registered an upturn in the fourth quarter of 2018

The government’s financial deficit amounted to Afl. 4.5 million in the fourth quarter of 2018, compared to an Afl. 8.8 million surplus in the fourth quarter of 2017 (Chart 1 and Table 1). The government recorded Afl. 4,299.1 million in outstanding debt at the end of December 2018, i.e., Afl. 101.8 million more than end-December 2017.

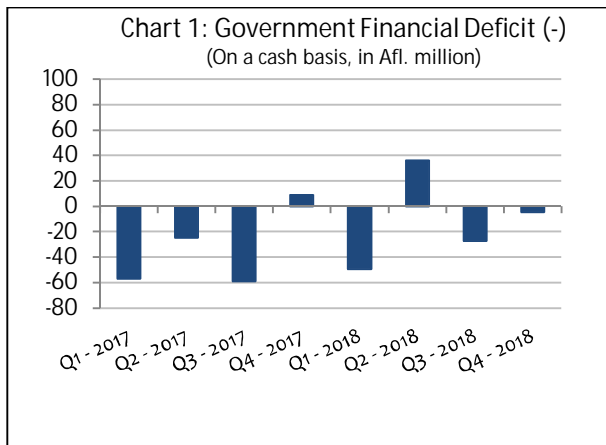


Table 1: Government Financial Deficit
(Afl. million)

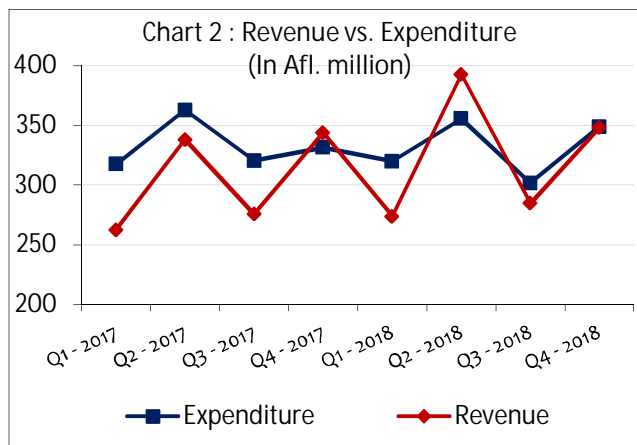
| Period | Cash |
|-----------|-------|
| Q1 - 2017 | -57.2 |
| Q2 - 2017 | -24.9 |
| Q3 - 2017 | -59.0 |
| Q4 - 2017 | 8.8 |
| Q1 - 2018 | -49.4 |
| Q2 - 2018 | 35.9 |
| Q3 - 2018 | -27.3 |
| Q4 - 2018 | -4.5 |

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

Financial operations

The government’s total revenue grew by Afl. 4.4 million to Afl. 348.1 million in the last quarter of 2018, compared to the fourth quarter of 2017 (Chart 2 and Table 2). The growth resulted from an Afl. 13.2 million rise in tax revenue, which was largely offset by an Afl. 8.7 million contraction in nontax revenue. The increase in tax revenue was mainly due to higher income from turnover tax (B.B.O./B.A.V.P.) (+Afl. 22.9 million) stemming from the introduction of the B.A.V.P. in July 2018 and profit tax (+Afl. 7.0 million), which were partly counterbalanced by lower income from land tax (-Afl. 7.0 million), income tax (-Afl. 2.7 million), wage tax (-Afl. 2.0 million), transfer tax (-Afl. 1.9 million), and excises on beer (-Afl. 1.4 million). The downturn in nontax revenue resulted from an Afl. 8.7 million decline in other nontax revenue.

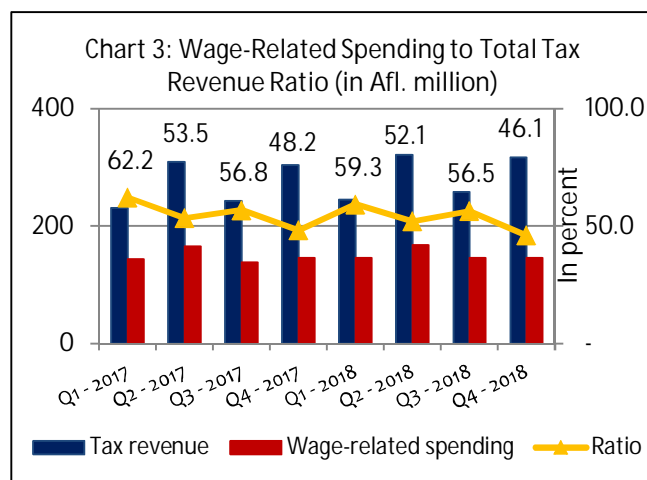
Total government expenditure increased by Afl. 17.4 million to Afl. 348.7 million in the fourth quarter of 2018, compared to the same quarter of 2017. The expansion was mostly attributed to a growth in spending on goods and services (+Afl. 29.4 million) and investment (+Afl. 5.1 million), which were partially mitigated because there were no transfers to the General Health Insurance (AZV) compared to Afl. 13.3 million in the fourth quarter of 2017 and lower interest payments (-Afl. 3.8 million).



| Period | Revenue | Expenditure |
|-----------|---------|-------------|
| Q1 - 2017 | 262.4 | 317.4 |
| Q2 - 2017 | 338.2 | 362.7 |
| Q3 - 2017 | 275.6 | 320.3 |
| Q4 - 2017 | 343.7 | 331.3 |
| Q1 - 2018 | 273.9 | 319.8 |
| Q2 - 2018 | 392.6 | 355.5 |
| Q3 - 2018 | 284.8 | 301.6 |
| Q4 - 2018 | 348.1 | 348.7 |

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

The government's wage-related spending decreased by Afl. 0.4 million to Afl. 146.0 million in the quarter under review, compared to the fourth quarter of 2017. This reduction resulted from lower spending on wages (-Afl. 0.3 million) and wage subsidies (-Afl. 0.3 million), while spending on employer's contribution edged up by Afl. 0.2 million. In the fourth quarter of 2018, the wage-related spending to total-tax-revenue ratio went down by 2.1 percentage points to 46.1 percent, from 48.2 percent in the last quarter of 2017 (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 |
| Q2 - 2018 | 321.2 | 167.5 | 52.1 |
| Q3 - 2018 | 258.1 | 145.8 | 56.5 |
| Q4 - 2018 | 316.7 | 146.0 | 46.1 |

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

Outstanding debt

The government's total outstanding debt grew by Afl. 101.8 million or 2.4 percent to Afl. 4,299.1 million at end-December 2018, compared to the end of December 2017 (Chart 4 and Table 4). This growth was the consequence of an Afl. 126.1 million rise in foreign debt, which was partly counterbalanced by an Afl. 24.1 million decrease in domestic debt.

The upturn in foreign debt resulted from higher net claims of the United States (+Afl. 111.5 million), other countries (+Afl. 25.0 million), and lower net claims of the Netherlands (-Afl. 9.5 million). The drop in domestic debt is attributed to declines in non-negotiable short-term debt (-Afl. 87.7 million) and non-negotiable long-term debt (-Afl. 39.4 million). Non-negotiable short-term debt decreased as other non-negotiable short-term debt (-Afl. 54.5 million), liabilities to APFA (-Afl. 24.7 million) and suppliers' credit (-Afl. 8.5 million) registered downturns. The lower level of non-negotiable long-term debt followed reductions in long-term liabilities to APFA and private loans of Afl. 36.6 million and Afl. 2.8 million, respectively. The expansion in negotiable debt is attributed to an increase in

treasury bills (+Afl. 50.0 million) and government bonds (+Afl. 60.9 million), while cash loan certificates contracted by Afl. 8.0 million.

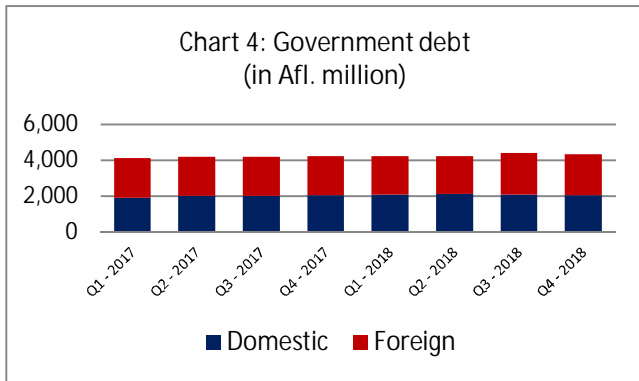


Table 4: Government Debt
(Afl. million)

| End-period | Domestic | Foreign | Total |
|------------|----------|---------|---------|
| Q1 - 2017 | 1,900.7 | 2,190.2 | 4,090.9 |
| Q2 - 2017 | 2,012.6 | 2,178.3 | 4,190.9 |
| Q3 - 2017 | 2,017.6 | 2,171.4 | 4,189.0 |
| Q4 - 2017 | 2,054.9 | 2,142.3 | 4,197.3 |
| Q1 - 2018 | 2,086.2 | 2,119.2 | 4,205.4 |
| Q2 - 2018 | 2,118.0 | 2,089.9 | 4,208.0 |
| Q3 - 2018 | 2,088.7 | 2,313.5 | 4,402.2 |
| Q4 - 2018 | 2,030.8 | 2,268.4 | 4,299.1 |

Source: Department of Finance; APFA; CBA.