



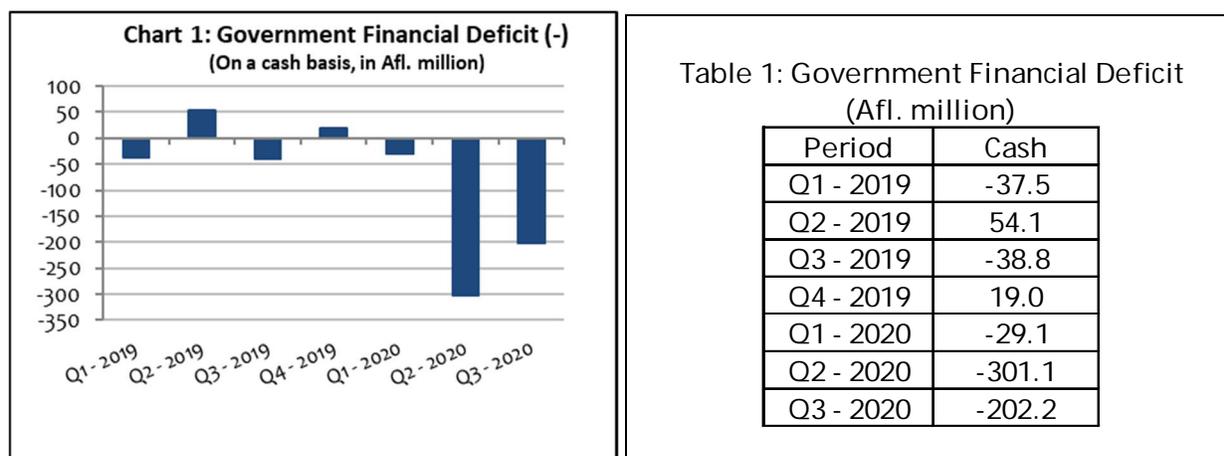
CENTRALE BANK VAN ARUBA

Statistical News Release

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Government expenditures surged to Afl. 423 million in the third quarter of 2020

In the third quarter of 2020, the government's financial deficit¹ widened to Afl. 202 million in comparison to Afl. 38.8 million in the third quarter of 2019 (see Chart 1 and Table 1). The government recorded Afl. 4,979.1 million in outstanding debt at the end of September 2020, i.e., Afl. 660.5 million more than at the end-September 2019.



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

Financial operations

The government's total revenue fell significantly by Afl. 104.1 million to Afl. 230.4 million in the third quarter of 2020, compared to the third quarter of 2019 (see Chart 2 and Table 2). This decline resulted from decreases in both tax revenue and nontax revenue of Afl. 86.4 million and Afl. 17.8 million, respectively. The fall in tax revenue was mainly due to lower income from turnover tax (-Afl. 22.3 million), import duties (-Afl. 16.6 million), transfer tax (-Afl. 11.1 million), wage tax (-Afl. 9.4 million), profit tax (-Afl. 6.5 million), and foreign exchange tax (-Afl. 5.6 million). In contrast, income from land and tax increased by Afl. 7.2 million.

Total government expenditure rose by Afl. 60.3 million to Afl. 423.1 million in the third quarter of 2020, compared to the same quarter of 2019. The upturn resulted from higher spending on transfers and subsidies (+Afl. 76.9 million) and Transfer to General Health Insurance (AZV) (+Afl. 4.0 million), and lower spending on wages (-Afl. 8.7 million), goods and services (-Afl. 7.3 million), investment (-Afl. 5.5 million) and wage subsidies (-Afl. 3.3 million).

¹ The financial deficit is calculated according to the cash-adjusted compilation method of the CBA and may differ from third-party publications using an accrual method of compilation.

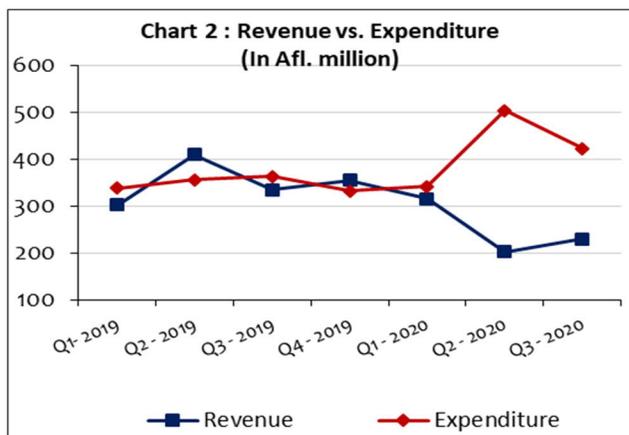


Table 2: Revenue vs. Expenditure (in Afl. million)

Period	Revenue	Expenditure
Q1-2019	302.8	338.8
Q2-2019	410.0	355.7
Q3-2019	334.5	362.8
Q4-2019	355.1	332.2
Q1-2020	315.6	342.4
Q2-2020	202.4	504.1
Q3-2020	230.4	423.1

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

The government's wage-related spending fell by Afl. 14.4 million to Afl. 131.6 million in the quarter under review. This resulted from decreases in wages (-Afl. 8.7 million), wages subsidies (-Afl. 3.3 million), and employer's contribution (-Afl. 2.4 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted an increase of 15.9 percentage points to 68.1 percent up from 52.2 percent in the third quarter of the previous year (see Chart 3 and Table 3).

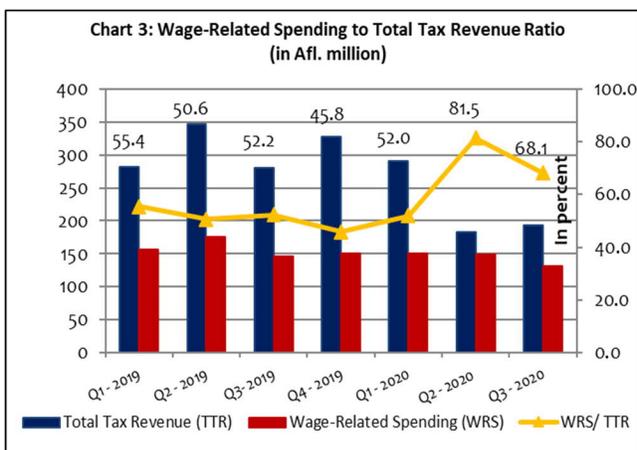


Table 3: Wage-Related Spending (WRS) to Total Tax Revenue (TTR) Ratio (in Afl. million)

Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1-2019	282.3	156.4	55.4
Q2-2019	346.3	175.2	50.6
Q3-2019	279.6	146.0	52.2
Q4-2019	328.0	150.3	45.8
Q1-2020	290.4	150.9	52.0
Q2-2020	182.5	148.7	81.5
Q3-2020	193.2	131.6	68.1

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

Outstanding debt

The government's total outstanding debt increased substantially by Afl. 660.5 million or 15.3 percent to Afl. 4,979.1 million at end-September 2020, compared to the end of September 2019 (see Chart 4 and Table 4). This increase resulted from higher foreign debt (+Afl. 390.8 million) and domestic debt (+Afl. 269.7 million).

The growth in domestic debt resulted from increases in both negotiable debt and non-negotiable debt of Afl. 185.3 million and Afl. 84.4 million, respectively. The expansion in negotiable debt is attributed to a rise in treasury bills (+Afl. 125.0 million) and government bonds (+Afl. 55.3 million). The increase in non-negotiable debt resulted from growth in both non-negotiable long-term debt and short-term debt of Afl. 51.5 million and Afl. 32.8 million, respectively. Non-negotiable long-term debt expanded due to an increase in private loans (+Afl. 56.3 million). Meanwhile, non-negotiable short-term debt grew due to higher other non-negotiable debt (+Afl. 18.8 million) and short-term liabilities to APFA (+Afl. 11.3 million). The growth in foreign debt resulted from higher net claims of the

Netherlands (+Afl. 200.6 million), related to loans granted because of the COVID-19 situation, and other countries (+Afl. 156.7 million).

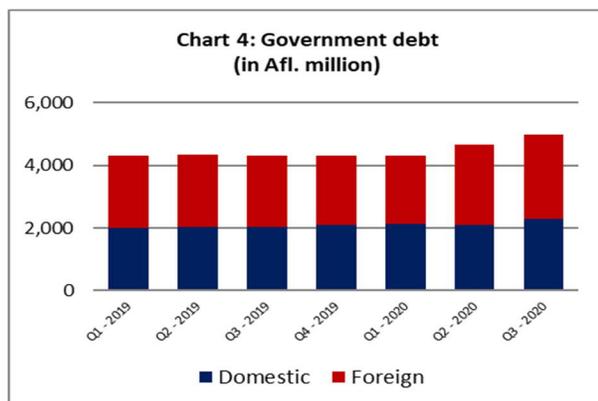


Table 4: Government Debt (Afl. million)

End-period	Domestic	Foreign	Total
Q1 - 2019	2,010.3	2,307.7	4,318.0
Q2 - 2019	2,033.2	2,305.2	4,338.4
Q3 - 2019	2,018.4	2,300.2	4,318.6
Q4 - 2019	2,108.2	2,210.7	4,318.9
Q1 - 2020	2,136.9	2,174.7	4,311.6
Q2 - 2020	2,084.3	2,581.9	4,666.3
Q3 - 2020	2,288.1	2,691.0	4,979.1

Source: Department of Finance; APFA; CBA.