



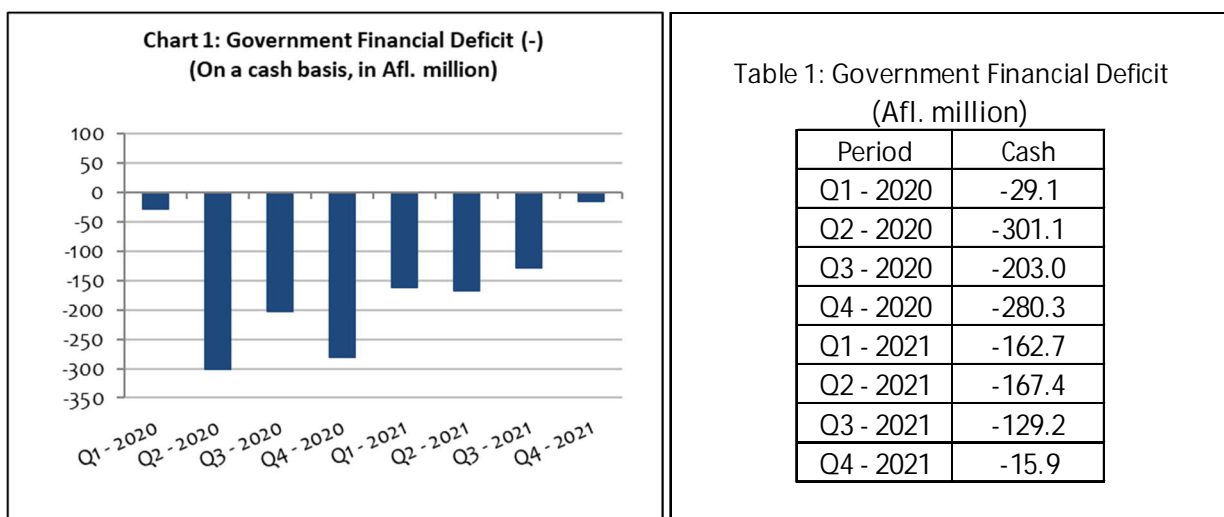
CENTRALE BANK VAN ARUBA

Statistical News Release

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Government's financial deficit decreased in the fourth quarter of 2021

The government's financial deficit¹ of Afl. 280.3 in the fourth quarter of 2020 shrank to Afl. 15.9 million in the quarter under review (see Chart 1 and Table 1). The government recorded Afl. 5,652.5 million in outstanding debt at the end of December 2021, i.e., Afl. 506.9 million more than at the end-December 2020.



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

Financial operations

The government's total revenue expanded slightly by Afl. 4.9 million to Afl. 320.9 million in the fourth quarter of 2021, compared to the fourth quarter of 2020 (see Chart 2 and Table 2). This marginal growth resulted from an increase in nontax revenue of Afl. 12.6 million, and a decrease of Afl. 7.7 million in tax revenue. The decline in tax revenue was mainly due to lower income from profit tax (-Afl. 59.8 million). In contrast, income from turnover tax (+Afl. 13.8 million), import duties (+Afl. 12.4 million), wage tax (+Afl. 6.0 million), excises on liquor (+Afl. 6.0 million), and transfer tax (+Afl. 3.3 million) increased.

Total government expenditure dropped by Afl. 258.1 million to Afl. 334.6 million in the fourth quarter of 2021, compared to the same quarter of 2020. The downturn resulted primarily from lower spending on transfers and subsidies (-Afl. 143.6 million), General Health Insurance (AZV) (-Afl. 92.5 million), goods and services (-Afl. 15.9 million), and investments (-Afl. 6.7 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.

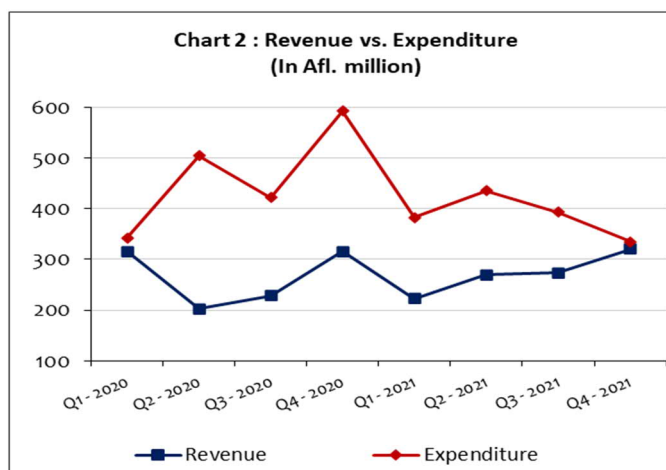


Table 2: Revenue vs. Expenditure (in Afl. million)

Period	Revenue	Expenditure
Q1 - 2020	315.6	342.4
Q2 - 2020	202.4	504.1
Q3 - 2020	228.2	421.7
Q4 - 2020	316.0	592.7
Q1 - 2021	223.0	383.2
Q2 - 2021	269.4	435.8
Q3 - 2021	273.5	392.9
Q4 - 2021	320.9	334.6

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

The government's wage-related spending grew slightly by Afl. 0.7 million to Afl. 133.0 million in the quarter under review. This resulted from increases in wages subsidies (+Afl. 0.4 million) and wages (+Afl. 0.4 million), while employer's contributions decreased (-Afl. 0.1 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a rise of 1.7 percentage points to 50.5 percent, up from 48.8 percent in the fourth quarter of the previous year (see Chart 3 and Table 3).

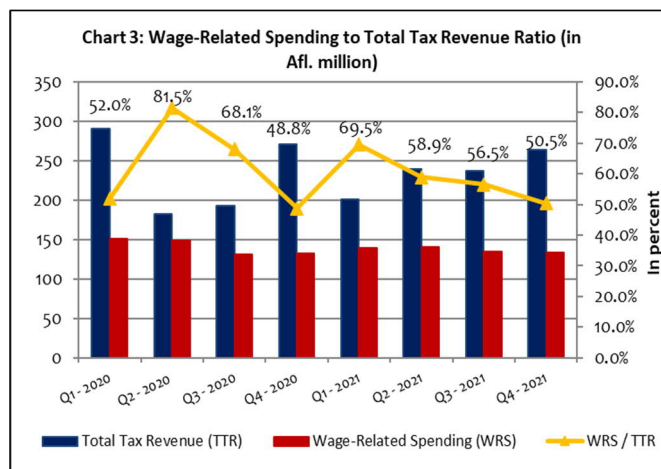


Table 3: Wage-Related Spending (WRS) to Total Tax Revenue (TTR) Ratio (in Afl. million)

Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2020	290.4	150.9	52.0%
Q2 - 2020	182.5	148.7	81.5%
Q3 - 2020	193.3	131.6	68.1%
Q4 - 2020	271.3	132.3	48.8%
Q1 - 2021	200.8	139.6	69.5%
Q2 - 2021	239.2	140.8	58.9%
Q3 - 2021	237.5	134.3	56.5%
Q4 - 2021	263.6	133.0	50.5%

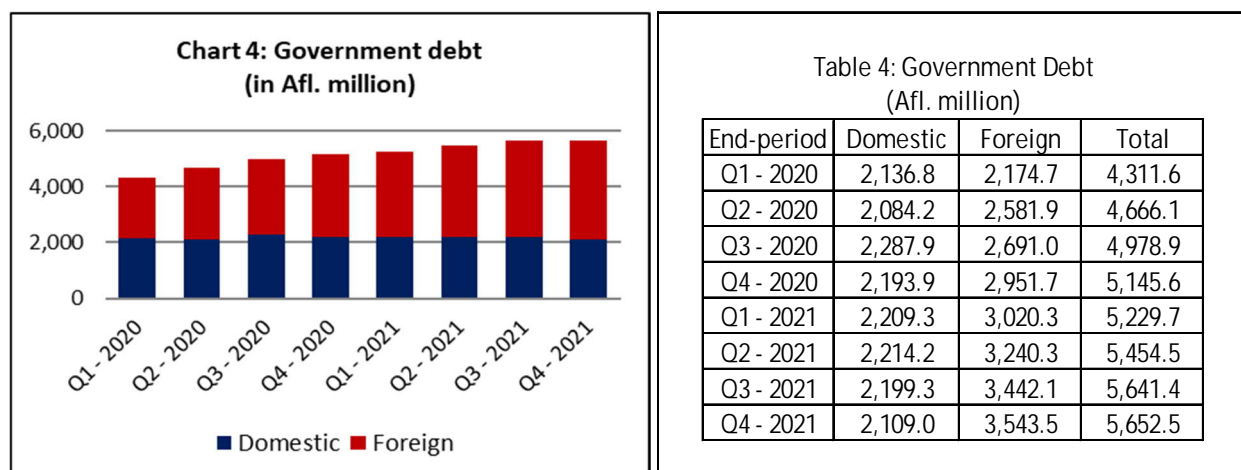
Source: Department of Finance; Tax Collector's Office; CBA.

Outstanding debt

The government's total outstanding debt increased by Afl. 506.9 million or 9.9 percent to Afl. 5,652.5 million at end-December 2021, compared to the end of December 2020 (see Chart 4 and Table 4). This increase resulted from higher foreign debt (+Afl. 591.8 million), and lower domestic debt (-Afl. 84.9 million).

The growth in foreign debt resulted from higher net claims of the Netherlands (+Afl. 661.1 million), mostly related to loans granted because of the COVID-19 situation. In addition, other foreign debt surged by Afl. 83.4 million. In contrast, net claims of the United States decreased by Afl. 151.8 million. The decrease in domestic debt resulted from a reduction in negotiable debt of Afl. 151.2 million, and an increase in non-negotiable debt of Afl. 66.3 million. The decline in negotiable debt is attributed to a drop in both government bonds and treasury bills of Afl. 111.2 million and Afl. 40.0 million, respectively. The upsurge in non-negotiable debt resulted from an increase in non-negotiable short-term debt of Afl. 73.8 million, and a decrease in non-negotiable long-term debt of Afl. 7.6

million. Non-negotiable short-term debt grew due to higher other non-negotiable short-term debt (+Afl. 56.4 million), suppliers' credit (+Afl. 13.4 million), and liabilities to APFA (+Afl. 4.0 million). Non-negotiable long-term debt shrank due to decreases private loans (-Afl. 12.2 million) and liabilities to APFA (-Afl. 4.8 million), in contrast, other non-negotiable debt increased by Afl. 9.4 million.



Source: Department of Finance; APFA; CBA.