

Economic growth in 2022 largely depends on a sustained positive performance of the tourism sector

Press release

June 14, 2022

Today, the Centrale Bank van Aruba (CBA) published an update of the Economic Outlook for 2022. In addition, a revised estimate for 2021 is provided.

The strong recovery in the tourism sector led to a significant renewed expansion in economic activity in 2021. In that year, Gross Domestic Product (GDP) is estimated to have grown by 17.2 percent in real terms (19.8 percent in nominal terms), compared to a real decline of 18.6 percent in 2020 (22.5 percent in nominal terms). Despite that gain, 2021 real output is 95.4 percent of that in 2019. The availability of the financial assistance programs, i.e., wage subsidy and FASE, provided by the Government of Aruba (GoA) also contributed positively to the resurgence in GDP, which supported private consumption. Furthermore, improved (private) investment activities (although to a lesser extent) added to the rebound in GDP.

For 2022, the estimated economic growth – a baseline growth of 2.1 percent in real terms and 8.3 percent in nominal terms —largely depends on a continued buoyant performance of the tourism sector. Current projections are that stay-over visitors' expansion will vary between 12.4 percent (in a pessimistic scenario) and 40.1 percent (in an optimistic scenario), with a baseline growth of 30.4 percent compared to the previous year. However, due to an anticipated gradual normalization of daily tourist spending back to 2019-levels, nominal tourism credits are likely to record a smaller growth in 2022, i.e., 14.3 percent, down from 65.5 percent in 2021. Depending on which scenario plays out in 2022, private investment activities may further push up economic output. On the other hand, real private consumption is anticipated to remain fairly flat in 2022 due to relatively higher inflation, i.e., 7.1 percent.

Table 1: Growth of real GDP and its components 2020-2022 (in percent)

Indicator	2020 e	2021 e	2022 p f	2022 b f	2022 o f
Current Outlook (June 2022)					
GDP	-18.6	17.2	-3.0	2.1	5.3
Consumption	-7.8	4.9	-2.7	-2.6	-2.6
Private consumption	-10.9	8.8	-0.3	0.0	0.1
Public consumption	0.0	-3.7	-9.0	-9.2	-9.5
Investment	-15.7	0.4	-3.0	-0.8	1.4
Private investment	-16.1	2.3	-3.7	-1.5	0.7
Public investment	-0.7	-56.1	45.3	45.3	45.3
Exports	-42.8	50.5	-5.0	8.7	17.0
Tourism exports	-45.9	53.0	-6.4	8.3	16.3
Imports	-30.7	21.2	-4.8	2.1	6.2

Source: CBA

e = estimate, f= forecast, o = optimistic, b = baseline, p = pessimistic

The complete publication is available on the CBA's website (www.cbaruba.org)