

Quarterly Economic Bulletin Government Sector Q3 2022

January 5, 2022



CENTRALE BANK VAN ARUBA

Cover design:

Our golden tree, our Kibrahacha. Resilient, firmly rooted, and gives a beautiful bloom.

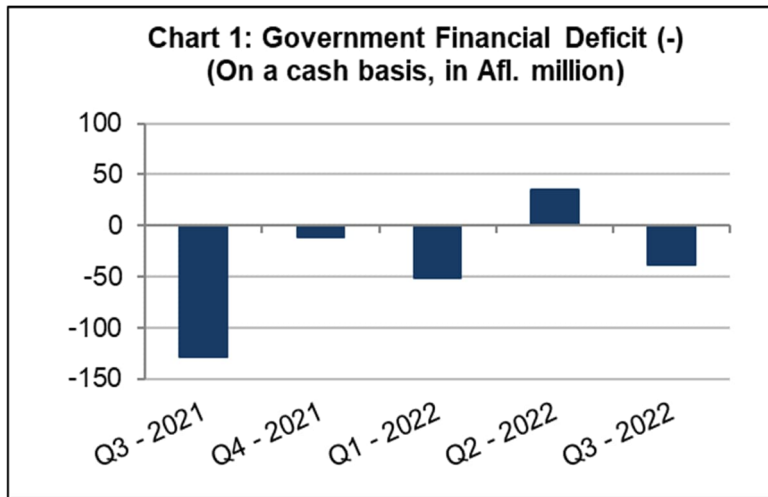
It offers us shade and protection if needed. When it breaks out, it displays an overwhelming yellow, illustrating a brighter and bolder future.

The full text of this report is available on the CBA website.

The government's financial deficit decreased in the third quarter of 2022

Quarterly economic bulletin
Results for the third quarter of 2022

The government's financial deficit¹ of Afl. 129.2 in the third quarter of 2021 decreased to Afl. 38.1 million in the quarter under review (see Chart 1 and Table 1). The government recorded Afl. 5,816.7 million in outstanding debt at the end of September 2022, i.e., Afl. 176.3 million more than at the end-September 2021.



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

Table 1: Government Financial Deficit
(Afl. million)

Period	Cash
Q3 - 2021	-129.2
Q4 - 2021	-11.9
Q1 - 2022	-51.6
Q2 - 2022	34.8
Q3 - 2022	-38.1

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

Financial operations

The government's total revenue expanded by Afl. 44.5 million to Afl. 318.0 million in the third quarter of 2022, compared to the third quarter of 2021 (see Chart 2 and Table 2). This growth resulted mainly from increases in both tax revenue and nontax revenue of Afl. 33.0

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

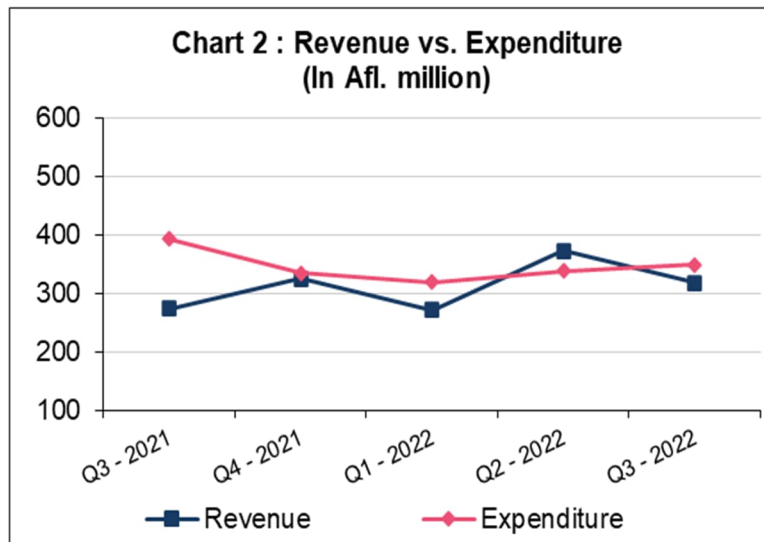
million and Afl. 11.5 million, respectively. The increase in tax revenue was due to higher income from transfer tax (+Afl. 8.8 million), turnover tax (+Afl. 8.1 million), wage tax (+Afl. 7.3 million), import duties (+Afl. 6.6 million), land tax (+Afl. 3.9 million), income tax (+Afl. 2.4 million), and foreign exchange tax (+Afl. 2.3 million).

Total government expenditure dropped by Afl. 44.2 million to Afl. 348.7 million in the third quarter of 2022, compared to the same quarter of 2021. The downturn resulted primarily from lower spending on transfers and subsidies (-Afl. 42.5 million). In addition, there was no transfer to the General Health Insurance (AZV) in the third quarter of 2022, compared to Afl. 14.1 million in the third quarter of 2021. In contrast, spending on goods and services increased by Afl. 8.6 million.

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

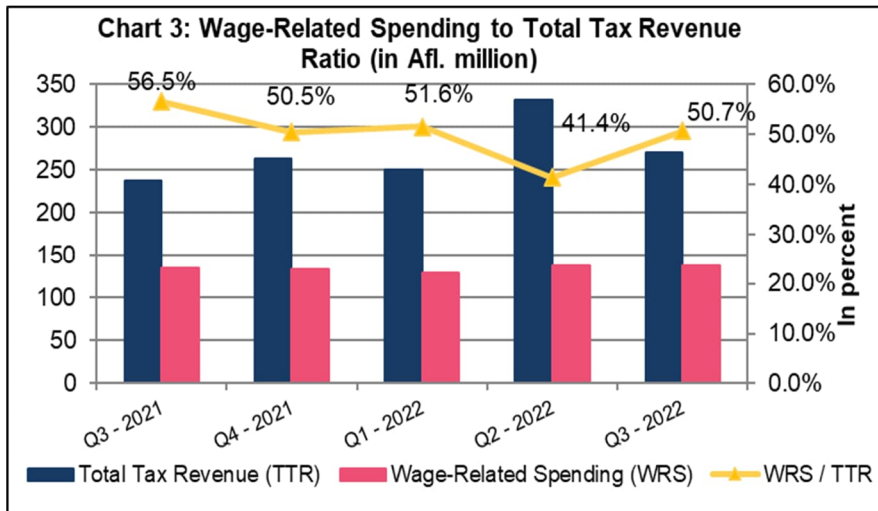
Table 2: Revenue vs. Expenditure
(in Afl. million)

Period	Revenue	Expenditure
Q3 - 2021	273.5	392.9
Q4 - 2021	324.9	334.6
Q1 - 2022	271.2	319.3
Q2 - 2022	372.4	338.0
Q3 - 2022	318.0	348.7



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

The government's wage-related spending increased by Afl. 2.8 million to Afl. 137.1 million in the quarter under review mainly because of an increase in wages (+Afl. 1.6 million). In the third quarter of 2022, the wage-related outlays to total-tax-revenue ratio noted a drop of 5.8 percentage points to 50.7 percent, down from 56.5 percent in the previous year's third quarter (see Chart 3 and Table 3).



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

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

Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q3 - 2021	237.5	134.3	56.5%
Q4 - 2021	263.6	133.0	50.5%
Q1 - 2022	250.0	128.9	51.6%
Q2 - 2022	331.1	137.1	41.4%
Q3 - 2022	270.5	137.1	50.7%

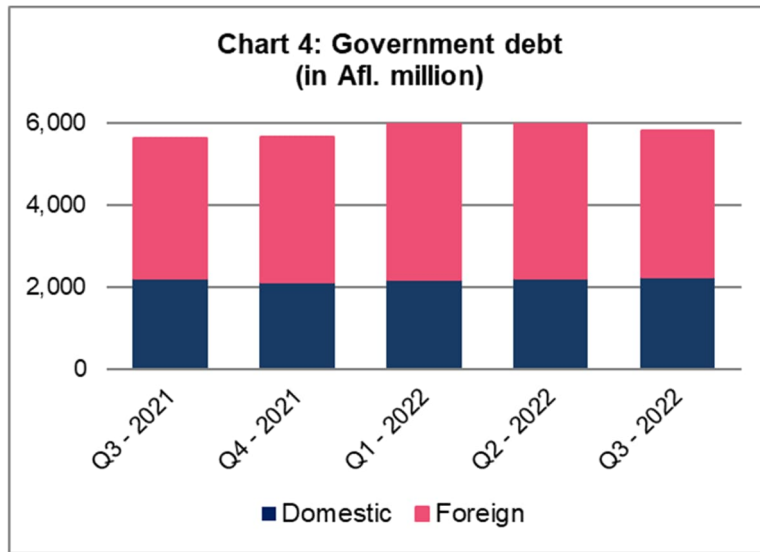
Source: Department of Finance; Tax Collector's Office; CBA.

Outstanding debt

The government's total outstanding debt increased by Afl. 176.3 million or 3.1 percent to Afl. 5,816.7 million at end-September 2022, compared to the end of September 2021 (see Chart 4 and Table 4). This surge resulted from both higher foreign debt (+Afl. 147.7 million) and domestic debt (+Afl. 28.7 million).

The growth in foreign debt resulted mainly from higher net claims of the Netherlands (+Afl. 353.4 million), related to loans granted for the financing of maturing external debt in 2022. In addition, other foreign debt rose by Afl. 1.9 million. In contrast, net claims of the United States decreased by Afl. 206.5 million.

The increase in domestic debt resulted from higher non-negotiable debt of Afl. 145.2 million, which was counterbalanced by a reduction in negotiable debt of Afl. 116.5 million. The upsurge in non-negotiable debt resulted from increases in non-negotiable short-term debt and non-negotiable long-term debt of Afl. 127.5 million and Afl. 17.7 million, respectively. Non-negotiable short-term debt grew due to higher other non-negotiable short-term debt (+Afl. 121.6 million). The increase in non-negotiable long-term debt was due to increases in private loans (+Afl. 13.9 million) and other non-negotiable debt (+Afl. 8.8 million). The decline in negotiable debt is attributed to a drop in government bonds of Afl. 116.5 million.



Source: Department of Finance; APFA; CBA.

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

End-period	Domestic	Foreign	Total
Q3 - 2021	2,207.2	3,433.1	5,640.4
Q4 - 2021	2,120.2	3,535.4	5,655.6
Q1 - 2022	2,182.9	3,830.0	6,013.0
Q2 - 2022	2,202.7	3,767.4	5,970.1
Q3 - 2022	2,235.9	3,580.8	5,816.7

Source: Department of Finance; APFA; CBA.



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