

# Quarterly Economic Bulletin Government Sector Q4 2022

April 25, 2023



**CENTRALE BANK VAN ARUBA**

**Cover design:**

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

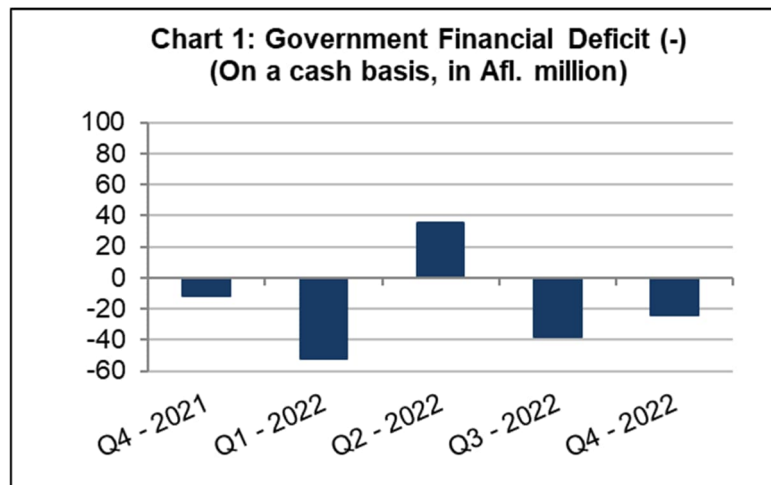
It offers us shade and protection if needed. When it breaks out, it displays an overwhelming yellow, illustrating a brighter and bolder future.

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

## The government's financial deficit and debt increased in the fourth quarter of 2022

Quarterly economic bulletin  
Results for the fourth quarter of 2022

The government's financial deficit<sup>1</sup> of Afl. 11.9 in the fourth quarter of 2021 increased to Afl. 24.4 million in the quarter under review (see Chart 1 and Table 1). The government recorded Afl. 5,717.6 million in outstanding debt at the end of December 2022, i.e., Afl. 62 million more than at the end-December 2021.



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

**Table 1: Government Financial Deficit**  
(Afl. million)

Period	Cash
Q4 - 2021	-11.9
Q1 - 2022	-52.0
Q2 - 2022	35.2
Q3 - 2022	-38.1
Q4 - 2022	-24.4

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

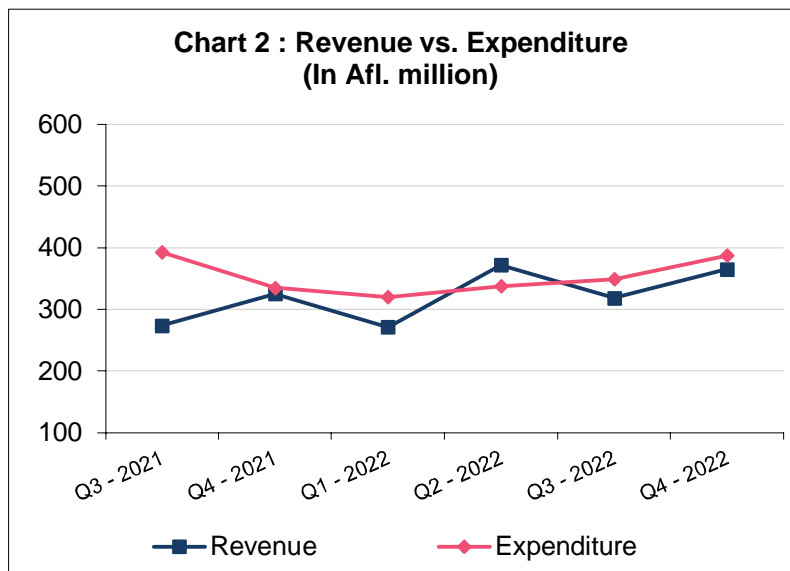
### Financial operations

The government's total revenue expanded by Afl. 40.0 million to Afl. 364.9 million in the fourth quarter of 2022, compared to the fourth quarter of 2021 (see Chart 2 and Table 2). This growth resulted from an Afl. 57.8 million increase in tax revenue, and an Afl. 17.8 million decrease in nontax revenue. The increase in tax revenue was due

<sup>1</sup> 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.

mainly to higher income from import duties (+Afl. 15.7 million), income tax (+Afl. 10.0 million), profit tax (+Afl. 9.8 million), wage tax (+Afl. 7.0 million), and turnover tax (+Afl. 6.2 million).

Total government expenditure grew by Afl. 52.7 million to Afl. 387.3 million in the fourth quarter of 2022, compared to the same quarter of 2021. The upturn resulted primarily from higher spending on transfers and subsidies (+Afl. 24.0 million), goods and services (+Afl. 21.1 million), wage subsidies (+Afl. 3.5 million), and interest (+Afl. 3.0 million).



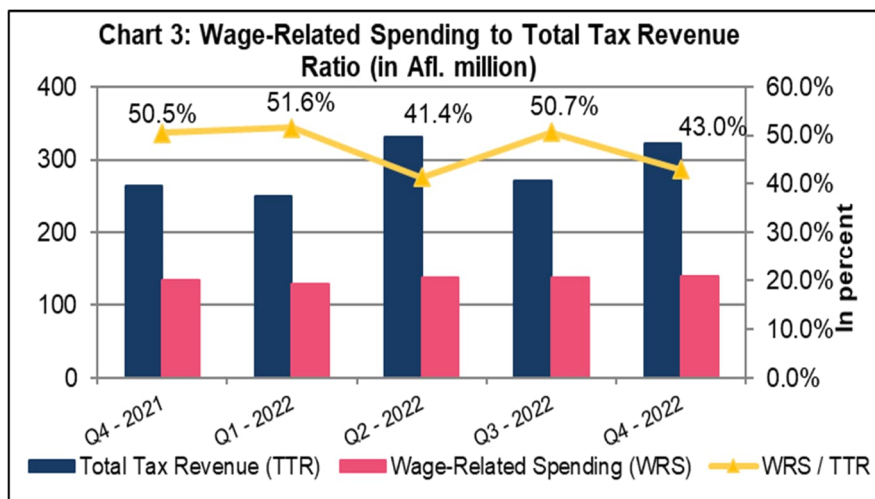
Source: Department of Finance; Tax Collector's Office; CBA.

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

Period	Revenue	Expenditure
Q4 - 2021	324.9	334.6
Q1 - 2022	271.2	319.7
Q2 - 2022	372.4	337.6
Q3 - 2022	318.0	348.7
Q4 - 2022	364.9	387.3

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

The government's wage-related spending increased by Afl. 5.3 million to Afl. 138.3 million in the quarter under review, mainly because of an increase in wage subsidies (+3.5 million). In the fourth quarter of 2022, the wage-related outlays to total-tax-revenue ratio noted a drop of 7.5 percentage points to 43.0 percent, down from 50.5 percent in the previous year's fourth 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
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%
Q4 - 2022	321.4	138.3	43.0%

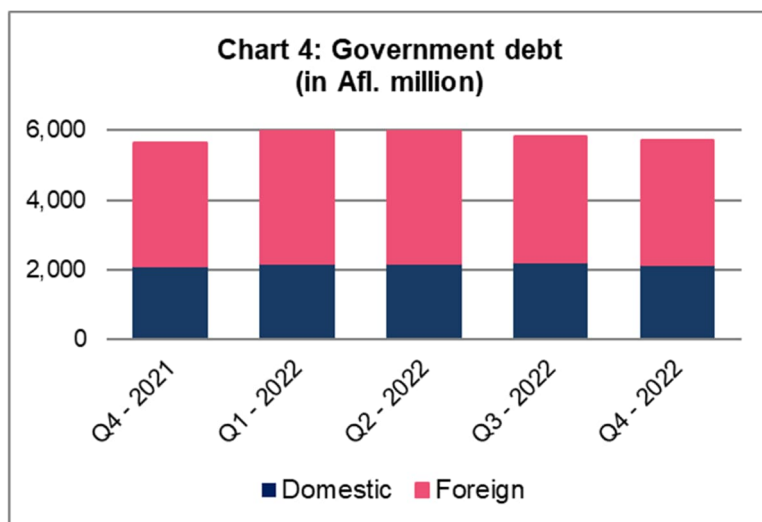
Source: Department of Finance; Tax Collector's Office; CBA.

## Outstanding debt

The government's total outstanding debt rose by Afl. 62.0 million or 1.1 percent to Afl. 5,717.6 million at end-December 2022, compared to the end of December 2021 (see Chart 4 and Table 4). This surge resulted from both higher domestic debt (+Afl. 35.9 million) and foreign debt (+Afl. 26.1 million).

The increase in domestic debt resulted from higher negotiable debt of Afl. 76.4 million and lower non-negotiable debt of Afl. 40.5 million. The upsurge in negotiable debt is attributed to an increase in government bonds of Afl. 76.4 million. The drop in non-negotiable debt resulted from decreases in non-negotiable short-term debt and non-negotiable long-term debt of Afl. 26.1 million and Afl. 14.3 million, respectively. Non-negotiable short-term debt declined due to lower suppliers' credit (-Afl. 11.5 million) and other short-term debt (-Afl. 7.6 million). The drop in non-negotiable long-term debt was due mainly to decreases in private loans (-Afl. 8.5 million) and long-term debt to APFA (-Afl. 5.1 million).

The growth in foreign debt resulted mainly from higher net claims of the Netherlands (+Afl. 354.8 million), related to loans granted for the financing of maturing external debt in 2022. In contrast, both net claims of the United States and other foreign debt dropped by Afl. 206.5 million and Afl. 121.4 million, respectively.



Source: Department of Finance; APFA; CBA.

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

End-period	Domestic	Foreign	Total
Q4 - 2021	2,120.2	3,535.4	5,655.6
Q1 - 2022	2,182.9	3,830.0	6,013.0
Q2 - 2022	2,196.9	3,773.2	5,970.0
Q3 - 2022	2,230.1	3,586.6	5,816.7
Q4 - 2022	2,156.1	3,561.5	5,717.6

Source: Department of Finance; APFA; CBA.





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