CENTRALE BANK
VAN ARUBA

Fiscal surplus boosted by a growing economy

Press release

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Today, the Centrale Bank van Aruba (CBA) published its most recent Economic Outlook for the fiscal sector. This publication contains projections of government finances for the short term (2026-2027) and medium term (2028-2030).

For 2026 as a whole, the CBA forecasts the Government of Aruba (GoA) to record a fiscal surplus of Afl. 115.6 million (1.4% of GDP). Revenues are expected to increase primarily through tax revenue growth (7.2%), as tourism activity and domestic spending support tax collections, particularly from consumption-related taxes and taxes on income and profit. However, the temporary reduction in gasoline excise taxes that was introduced in April 2026 lowered the tax collected on gasoline, partly offsetting the gains in other tax categories and moderating the overall increase in tax revenues projected for 2026.

Meanwhile, government expenditures are also projected to rise in 2026. This increase is primarily driven by higher transfer payments following the increase in the monthly *reparatietoeslag* for pensioners (+Afl. 150) in January 2026. Additionally, higher personnel costs resulting from wage-related adjustments and structural changes in the public sector wage bill are also expected to contributed to this rise. Moreover, the portion of the fiscal surplus exceeding the Landsverordening Aruba Tijdelijk Financieel Toezicht (LAFT) norm of 1% of GDP allocated to the Algemeen Investerings- en Ontwikkelingsfonds (AIOF) is also recorded under government expenditures as a capital transfer.

For the 2027–2030 period, the CBA forecasts that continued economic growth will drive fiscal surpluses, reaching Afl. 129 million (1.5% of GDP) in 2027 and Afl. 217.7 million (2.2% of GDP) by 2030. These balances exceed the minimum surplus required under the LAFT (1% of GDP). Under this fiscal framework, the surplus above this threshold is divided equally between debt reduction (50%) and capital investment (50%) through the AIOF. Accordingly, the debt-to-GDP ratio is expected to decline from 60.4% (2026) to 44.4% (2030).

This outlook reflects an unchanged policy scenario and remains subject to domestic and international risks. Lower-than-expected economic growth, external shocks, changes in financing conditions, and higher-than-anticipated social security or investment expenditures, among other factors, could affect the fiscal outlook.

The complete publication is available on the CBA's website:
https://www.cbaruba.org/document/economic-outlook.