



CENTRALE BANK VAN ARUBA

## Slow economic recovery in 2017

Press release

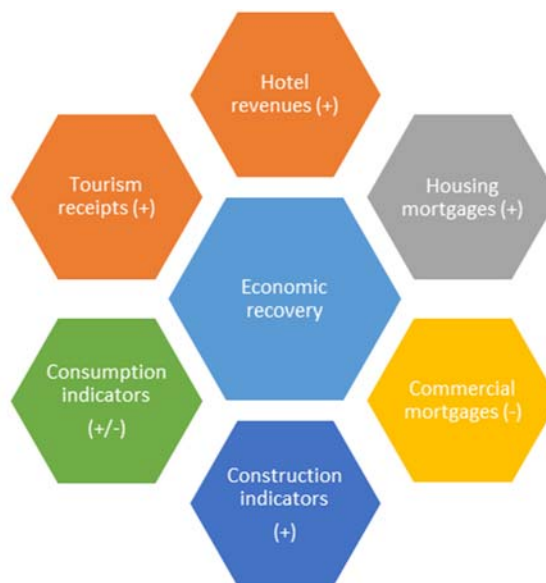
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Today the Centrale Bank van Aruba (CBA) publishes the *State of the Economy 2017*. This publication provides a synopsis of the local and international economic developments of this period. The highlights hereof are presented below, including a summary of main economic indicators.

In 2017, Aruba's economic developments were diverse. After two consecutive years of economic contraction, a path to recovery, albeit tepid, was commenced. An estimated real growth rate of 1.2 percent is below the Caribbean average though comparable to peer countries like the Bahamas and Barbados.

Tourism was, once again, the main engine of the Aruban economic growth. Despite a fall in the number of visitors, Aruba experienced a growth in income from tourism emanating from higher spending per tourist, partially related to higher hotel room prices. Also, cruise tourism flourished. Other economic activities contributed little to Aruba's foreign exchange earnings as non-tourism exports collapsed to a marginal level due to the disappearance of the oil transit trade activities.

Investment and consumption remained subdued in 2017. Several large new projects, such as the commencement of the Watty Vos Boulevard, the 330 room Embassy Suites hotel project, and the airport hotel were insufficient to compensate for several other hotel renovation and enlargement projects concluded in 2016. Nevertheless, business confidence, especially in the construction industry, displayed a remarkable improvement during the course of 2017.



On the other hand, consumer confidence deteriorated further, attributed mainly to a worsening in consumers' sentiments on the governments' future financial position and regarding taking out loans or mortgages. Consumption indicators, such as turnover tax receipts, excises, and import duties, generally were positive, yet partly influenced by tourism expenditures and higher compliance rates. Credit developments were also indicative of a restrained economic climate. Total credit growth was limited and confined mainly to housing mortgages. Consumer credit again fell significantly during the course of 2017.

Government finances weakened further during the first half year of 2017. A slight improvement was noticeable in the latter half of the year, leading to a debt ratio of 86.9 percent at the end of 2017. Although the financial situation showed signs of improvement, the fundamentals remain weak.

Lastly, Aruba's level of net foreign assets declined by 3.6 percent in 2017. Although still well above the minimum threshold used by the CBA, the downward trend in net foreign assets remains a matter of concern. Structural economic policy measures are needed to diversify the economy and to enlarge the (foreign exchange) earning capacity of the economy.

**Table: Main economic indicators 2017**

Indicator	2016	2017	Change
Hotel revenue per available room (US\$)	181	201	20
Stay-over visitors (number)	1,101,954	1,070,548	-31,406
Cruise visitors (number)	656,043	792,384	136,341
Tourism receipts (Afl. million)	2,892	3,078	187
Construction permits (Afl. million)	282.5	576.2	293.7
Imports of machinery and electrotechnical equipment (Afl. million)	279.4	296.5	17.0
Turnover tax receipts (Afl. million)	94.1	104.2	10.1
Taxes on income and profit (Afl. million)	500.7	486.1	-14.5
Twelve-month average rate of inflation (percent)	-0.9	-0.5	0.4
Consumer confidence index (fourth quarter, index points)	96.1	94.6	-1.5

Sources: CBA, AHATA, ATA, CBS.

The complete publication is available on the CBA's website ([www.cbaruba.org](http://www.cbaruba.org)).