



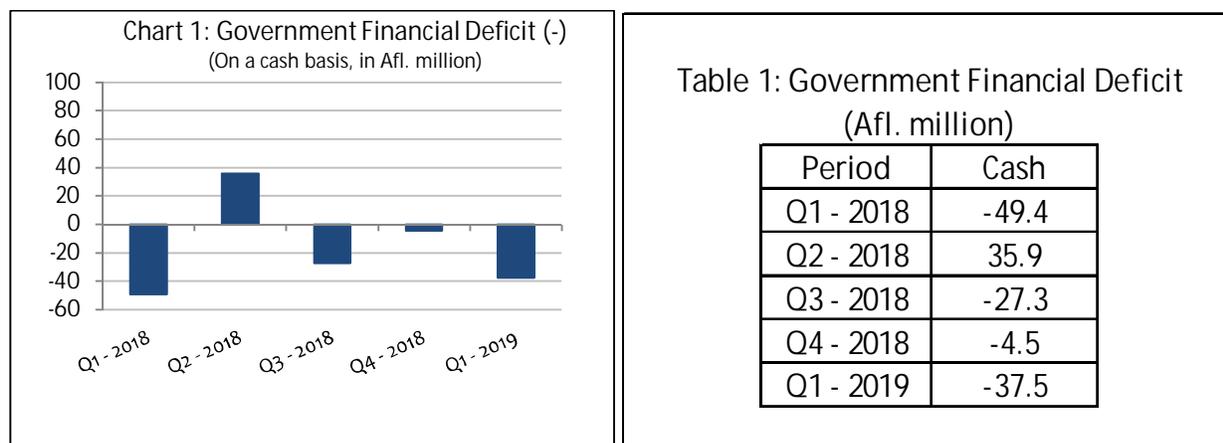
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: October 15, 2019

The government's financial deficit contracted in the first quarter of 2019

The government's financial deficit decreased by Afl. 11.9 million, from an Afl. 49.4 million deficit in the first quarter of 2018 to an Afl. 37.5 million deficit in the first quarter of 2019 (Chart 1 and Table 1). The government recorded Afl. 4,318.0 million in outstanding debt at the end of March 2019, i.e., Afl. 112.6 million more than end-March 2018.

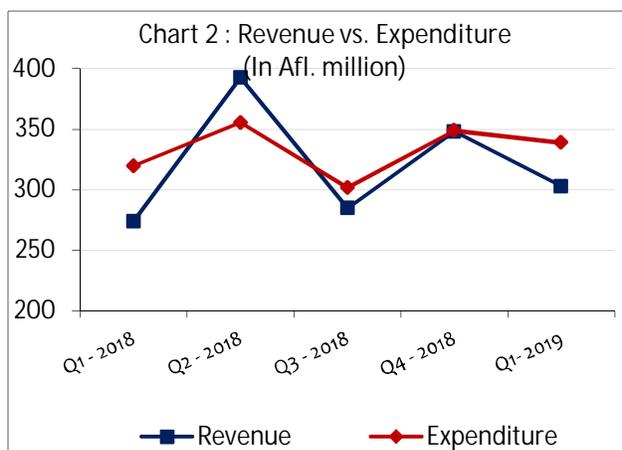


Source: Department of Finance; Tax Collector's Office; CBA.

Financial operations

The government's total revenue grew by Afl. 28.9 million to Afl. 302.8 million in the first quarter of 2019, compared to the first quarter of 2018 (Chart 2 and Table 2). The growth resulted from a Afl. 36.8 million rise in tax revenue, which was partly offset by an Afl. 7.8 million contraction in nontax revenue. The increase in tax revenue was mainly due to higher income from turnover tax (B.B.O./B.A.V.P.) (+Afl. 24.7 million) stemming from the introduction of the B.A.V.P. in July 2018, income tax (+Afl. 6.5 million), excises on liquor (+Afl. 3.7 million), motor vehicle fees (+Afl. 3.2 million), and excises on gasoline (+Afl. 2.1 million). These were partly counterbalanced by lower income from transfer tax (-Afl. 6.2 million), excises on tobacco (-Afl. 1.5 million, and land tax (-Afl. 1.1 million). The downturn in nontax revenue resulted from an Afl. 7.8 million decline in other nontax revenue.

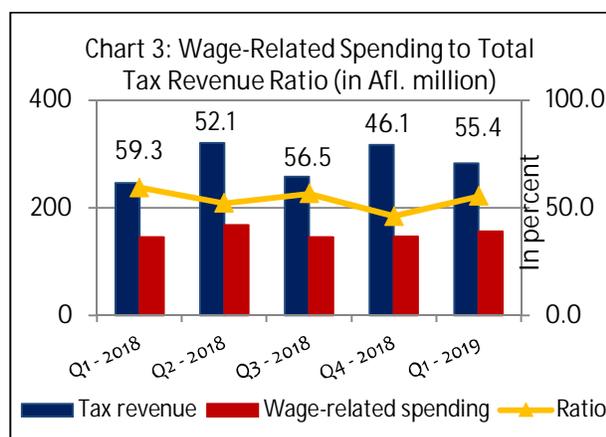
Total government expenditure increased by Afl. 19.0 million to Afl. 338.8 million in the first quarter of 2019, compared to the same quarter of 2018. The expansion was mostly attributed to a growth in investment (+Afl. 9.2 million), higher transfers and subsidies (+Afl. 8.1 million), and spending on goods and services (+Afl. 7.5 million), which were partially mitigated because there were no transfers to the General Health Insurance (AZV) compared to Afl. 10.1 million in the first quarter of 2018 and lower interest payments (-Afl. 6.4 million).



Period	Revenue	Expenditure
Q1 - 2018	273.9	319.8
Q2 - 2018	392.6	355.5
Q3 - 2018	284.8	301.6
Q4 - 2018	348.1	348.7
Q1 - 2019	302.8	338.8

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

The government's wage-related spending expanded by Afl. 10.8 million to Afl. 156.4 million in the quarter under review, compared to the first quarter of 2018. This was attributed to increases in wages (+Afl. 6.3 million), wage subsidies (+Afl. 3.5 million), and higher spending on employer's contribution (+Afl. 1.0 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a reduction of 3.9 percentage points to 55.4 percent, down from 59.3 percent in the first quarter of the previous year (Chart 3 and Table 3).



Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2018	245.5	145.6	59.3
Q2 - 2018	321.2	167.5	52.1
Q3 - 2018	258.1	145.8	56.5
Q4 - 2018	316.7	146.0	46.1
Q1 - 2019	282.3	156.4	55.4

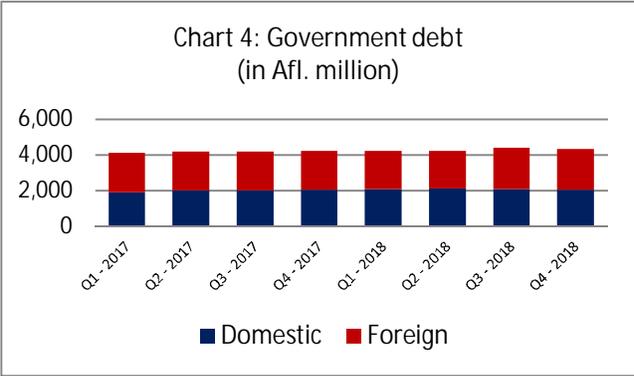
Source: Department of Finance; Tax Collector's Office; CBA.

Outstanding debt

The government's total outstanding debt grew by Afl. 112.6 million or 2.7 percent to Afl. 4,318.0 million at end-March 2019, compared to the end of March 2018 (Chart 4 and Table 4). This growth was the consequence of an Afl. 188.5 million rise in foreign debt, which was partly counterbalanced by an Afl. 75.9 million decrease in domestic debt.

The upturn in foreign debt resulted from higher net claims of the United States (+Afl. 111.5 million), other countries (+Afl. 87.0 million), and lower net claims of the Netherlands (-Afl. 9.0 million). The drop in domestic debt is attributed to declines in non-negotiable short-term debt (-Afl. 86.8 million) and non-negotiable long-term debt (-Afl. 9.4 million). Non-negotiable short-term debt decreased as other non-negotiable short-term debt (-Afl. 58.1 million), liabilities to APFA (-Afl. 22.2 million) and suppliers' credit (-Afl. 6.5 million) registered downturns. The lower level of non-negotiable long-term debt followed reductions in long-term liabilities to APFA and private loans of Afl. 6.6 million and Afl. 2.8 million, respectively. Negotiable debt increased by Afl. 20.3 million, negotiable debt

attributed to an increase in government bonds (+Afl. 173.3 million), while treasury bills and cash loan certificates contracted by Afl. 145.0 million and Afl. 8.0 million, respectively.



End-period	Domestic	Foreign	Total
Q1 - 2018	2,086.2	2,119.2	4,205.4
Q2 - 2018	2,118.0	2,089.9	4,208.0
Q3 - 2018	2,088.7	2,313.5	4,402.2
Q4 - 2018	2,030.8	2,268.4	4,299.1
Q1 - 2019	2,010.3	2,307.7	4,318.0

Source: Department of Finance; APFA; CBA.