CENTRALE BANK VAN ARUBA

Statistical News Release

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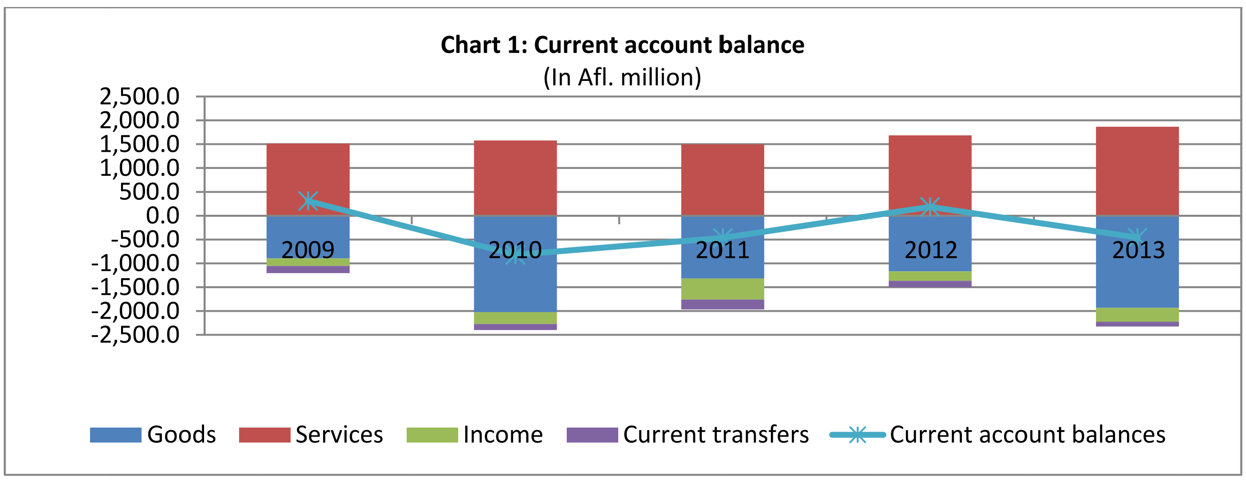
The current account of the balance of payments recorded an Afl. 458.9 million deficit in 2013.

The current account of the balance of payments posted an Afl. 458.9 million deficit in 2013, in contrast to an Afl. 184.9 million surplus in 2012 (Chart 1). This shift was caused mainly by a turnaround in the goods account of the oil sector from an Afl. 325.4 million surplus in 2012 into an Afl. 357.3 million deficit in 2013, due to the closure of the refinery in March 2012. This outcome was attributed to a steeper decline in exports of goods, than that of imports of goods. Additionally, the current account deficit of the non-oil sector expanded by Afl. 42.1 million to Afl. 86.9 million in 2013, reflecting higher deficits on the goods and income accounts. The goods account deficit rose by Afl. 83.1 million to Afl. 1,575.4 million in 2013 because of higher import payments related to machinery and electrotechnical equipment and other goods.



The income account deficit widened by Afl. 92.3 million to Afl. 291.0 million, stemming largely from an Afl. 55.6 million rise in dividend payments by domestic corporations mainly to foreign shareholders of hotels. Furthermore, income payments on direct investment loans and portfolio investment related financial instruments increased by, respectively, Afl. 19.2 million and Afl. 14.5 million.

In contrast, the service account surplus rose by Afl. 180.9 million to Afl. 1,866.9 million, mostly caused by transactions of the non-oil sector. The service account of the non-oil sector recorded an Afl. 1,873.0 million surplus, i.e., Afl. 110.6 million (6.3 percent) higher than in 2012, largely on account of increased gross tourism receipts (7.1 percent). Additionally, the service account deficit of the oil sector shrank by Afl. 70.3 million compared to a year earlier. This resulted from an Afl. 20.8 million rise in services receipts, largely owing to its transshipment activities. Also, the services payments fell by Afl. 49.6 million mainly because of substantially lower import related freight payments.

The current transfers account deficit of the non-oil sector fell by Afl. 22.7 million to Afl. 93.5 million, due partially to higher current transfers receipts by the government. These were related to grants received from the European Development Fund associated with the budget support towards the implementation of the National Education Plan 2007 – 2017.

The capital and financial account turned from an Afl. 174.3 million net outflow in 2012 into an Afl. 310.5 million net inflow in 2013. Contributory factors to this turnaround were direct investment and portfolio investment related transactions. Direct investment posted an Afl. 283.2 million net inflow compared to an Afl. 588.4 million net outflow in 2012. This shift resulted mainly from lower intercompany trade credit related transactions of the oil sector and higher intercompany loans received by the non-oil sector in particular the hotels. In addition, the portfolio investment registered a net inflow of Afl. 116.8 million, which is Afl. 144.0 million lower than the preceding year. This drop was mainly caused by higher payments on matured government bonds that were issued on the international capital market in the years 2003 and 2008 and advance payments on the airport revenue bonds due in 2015 issued by Aruba Airport Authority N.V. Other investment recorded an Afl. 95.6 million net outflow in 2013, compared to an Afl. 148.3 million net inflow in 2012, reflecting a huge drop in the trade credit related transactions of the oil sector with not affiliated foreign companies. In contrast, net outflow of other investment of the non-oil sector shrank by 24.3 percent, compared to a year earlier, largely attributed to higher loans received.

Overall, the balance of payments posted an Afl. 157.0 million deficit in 2013, compared to a mere Afl. 1.6 million surplus in 2012 (Chart 2). This outcome reflected decreases in both the official reserves and the net foreign assets of the commercial bank of, respectively, Afl. 77.2 million and Afl. 79.8 million. A net sale of Afl. 326.1 million in foreign exchange to the oil sector and a net purchase of Afl. 246.3 million in foreign exchange from the non-oil sector contributed to the fall in the net foreign assets of the commercial banks.