CENTRALE BANK VAN ARUBA

Statistical News Release

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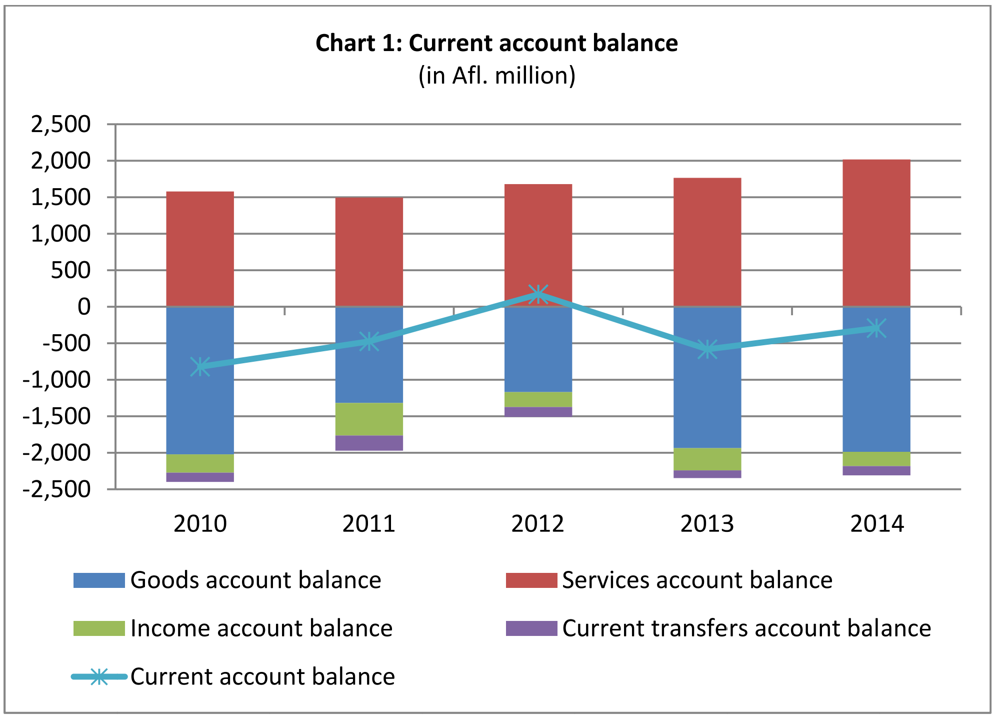
Current account deficit of the balance of payments almost halved in 2014

The current account deficit of the balance of payments dropped from Afl. 583.0 million in 2013 to Afl. 292.5 million in 2014 (Chart 1). This improvement was caused mainly by a higher surplus on the services account and a decline in the deficit on the income account. These were partially offset by increased deficits on the goods and the current transfers accounts.



The surplus on the services account rose by Afl. 252.8 million to Afl. 2,017.8 million, largely caused by transactions of the non-oil sector. The services account of the non-oil sector recorded an Afl. 1,977.7 million surplus, i.e., Afl. 206.6 million (11.7 percent) higher than in 2013, following increases in the registered receipts from tourism (6.4 percent), other services (4.0 percent), and transportation (54.9 percent). The latter was largely associated with higher receipts from passenger fares. Payments for the non-oil sectors' import of services, on the other hand, grew by Afl. 13.1 million to Afl. 1,593.5 million, mainly because of higher payments for construction and professional and technical services.

Additionally, the services account deficit of the oil sector turned from an Afl. 6.1 million deficit into an Afl. 40.1 million surplus, due largely to the transshipment activities of this sector.

The income account deficit fell by Afl. 109.4 million to Afl. 195.2 million, stemming mostly from contractions in dividend payments by domestic corporations to foreign shareholders and interest payments on intercompany loans of, respectively, Afl. 82.4 million and Afl. 35.2 million.

In contrast, the goods account deficit expanded by Afl. 49.2 million to Afl. 1,987.3 million, due to trade transactions of the oil sector. The deficit on the goods account of this sector increased by Afl. 90.4 million to Afl. 447.7 million, resulting from a 8.9 percent growth in imports of goods and a 15.0 percent fall in exports of goods. The non-oil sector recorded an Afl. 1,539.7 million deficit on its goods account, which is Afl. 41.1 million lower than in 2013. This contraction was largely attributed to an Afl. 79.5 million or 4.3 percent decline in the imports of goods by this sector.

The current transfers account deficit increased by Afl. 22.4 million to Afl. 127.8 million, mainly caused by an Afl. 20.7 million drop in current transfers receipts by the non-oil sector, largely related to contributions and subsidies. Additionally, current transfers payments rose slightly by Afl. 1.9 million, due to higher transfers related to workers' remittances, by foreign workers residing in Aruba to their countries of origin, mainly Latin Americans.

The surplus on the capital and financial accounts shrank by Afl. 47.1 million to Afl. 392.6 million in 2014, compared to 2013. Other investment related transactions of both the non-oil and oil sectors were the main drivers. Other investment net outflow expanded by Afl. 117.6 million to Afl. 207.7 million as currency and deposits balances of residents held abroad increased. In contrast, direct investment and portfolio investment related transactions led to higher net inflows of, respectively, Afl. 26.0 million to Afl. 420.8 million and Afl. 59.0 million to Afl. 187.8 million. Direct investment net inflow increased, resulting from a rise in foreign liabilities related to trade credits of the oil sector and purchases and sales of real estates by the non-oil sector. The latter was partially offset by a decrease in intercompany liabilities. The net inflow of portfolio investment of the non-oil sector rose by Afl. 65.3 million to Afl. 184.9 million, mainly attributed to an Afl. 118.4 million less payments on matured government bonds held by nonresidents (2014: Afl. 149.7 million and 2013: Afl. 268.1 million) and an Afl.17.9 million lower receipts from domestic government bond issuances (2014: Afl. 406.5 million and 2013: Afl. 424.4 million).

Following aforementioned developments, the balance of the balance of payments posted an Afl. 43.1 million surplus in 2014, in contrast to an Afl. 157.0 million deficit in 2013 (Chart 2). This overall positive shift was caused by growth in both the official reserves and the net foreign assets of the commercial banks of, respectively, Afl. 16.4 million and Afl. 26.7 million. A net sale of Afl. 312.1 million in foreign exchange to the oil sector and a net purchase of Afl. 338.8 million in foreign exchange from the non-oil sector contributed to the rise in the net foreign assets of the commercial banks.

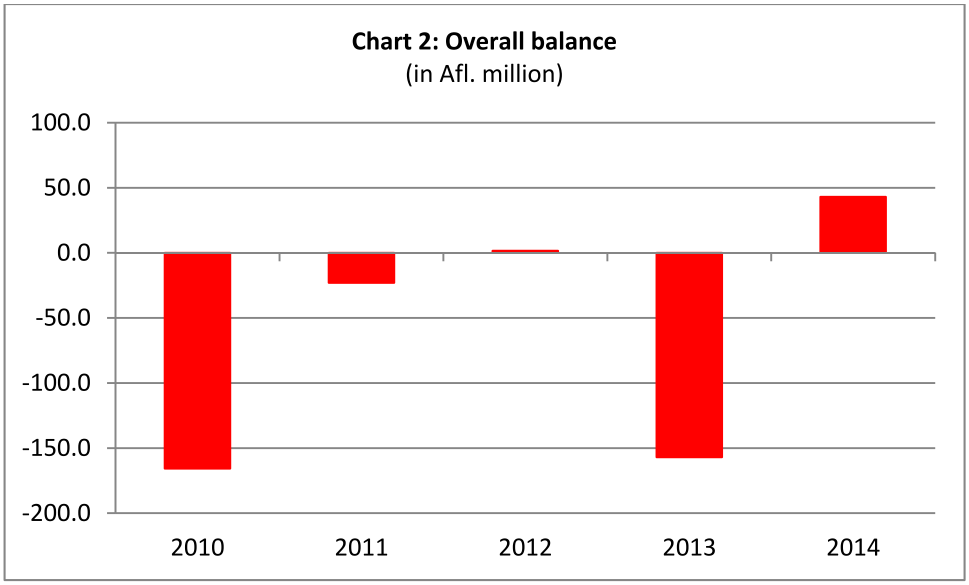


Chart 2: Overall balance
(in Afl. million)
100.0
50.0
0.0
-50.0
-100.0
-150.0
-200.0
2010
2011
2012
2013
2014