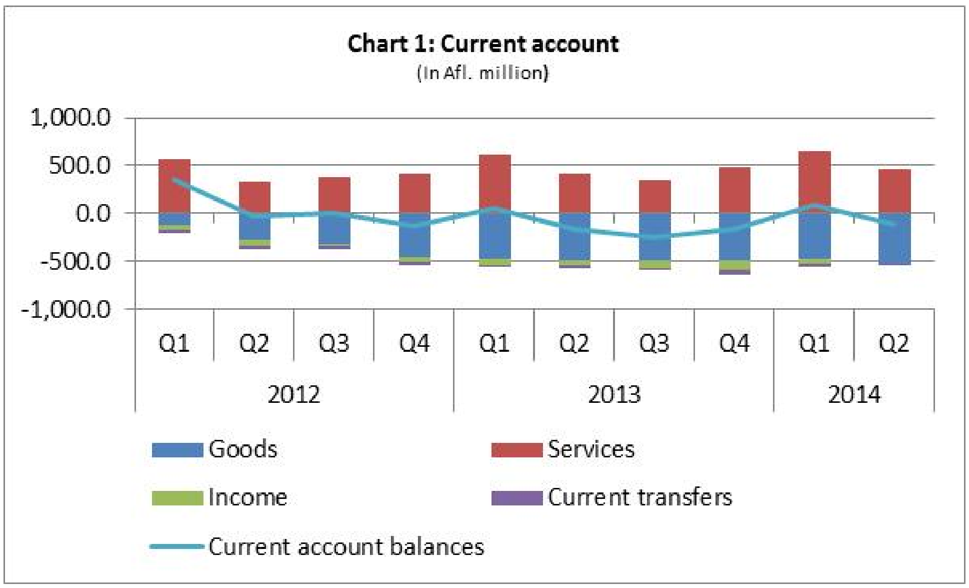
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: November 19, 2014

Balance of payments developments: current account ended in the second quarter of 2014 with an Afl. 111.9 million deficit.

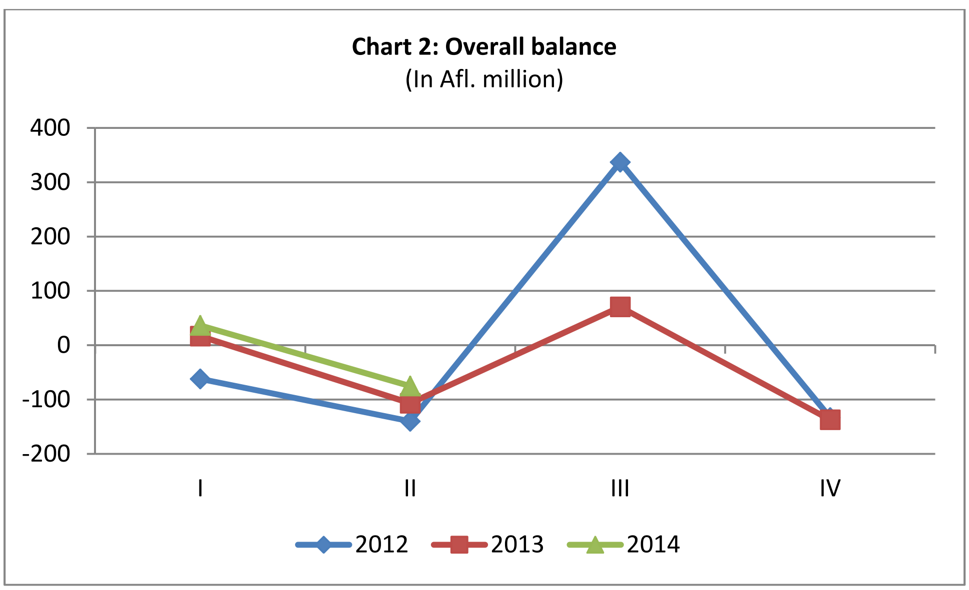
The balance of payments current account ended in the second quarter of 2014 with an Afl. 111.9 million deficit. However, compared to the corresponding quarter of 2013, there was an Afl. 37.8 million drop in the current account deficit (Chart 1). This improvement was driven by net services exports and decreases in the deficit on the income and current transfers accounts, which were partially offset by a further deterioration in the goods account.



Source: Centrale Bank van Aruba

The services account surplus expanded by Afl. 39.8 million to Afl. 461.8 million in the quarter under review, compared to the same quarter of 2013. This expansion was brought about by transactions of both the oil and the non-oil sector. The surplus on the services account of the non-oil sector rose by Afl. 32.8 million to Afl. 450.0 million, as receipts from services exports grew by Afl. 53.6 million to Afl. 814.6 million, due mainly to a 5.4 percent rise in gross tourism receipts. Payments for services imports increased by Afl. 20.7 million to Afl. 364.5 million, mainly related to professional and technical services and construction activities at the Aruba Airport Authority and the renovation of the former Westin Hotel that was acquired by Riu Hotels & Resorts at the end of February of this year. In addition, the services account of the oil sector registered an Afl. 11.7 million surplus, which is Afl. 6.9 million higher than in the same quarter of 2013, mainly owing to transshipment activities of this sector. The income account deficit dropped by Afl. 19.7 million to Afl. 25.8 million, mainly as a result of an Afl. 20.7 million contraction in income payments, which was slightly offset by an Afl. 1.1 million drop in income receipts. The decline in income payments was largely attributed to transactions of the non-oil sector, due to lower interest payments on intercompany loans, government bonds and dividend payments to nonresidents. The current transfers account deficit fell by Afl. 8.7 million to Afl. 23.8 million, resulting from an Afl. 4.4 million rise in current transfers receipts associated with contributions and donations from nonresidents and an Afl. 4.3 million decline in current transfers payments related to lower contribution by the government to the Joint Court of Justice of Aruba, Curacao, Sint Maarten and the BES islands.

The goods account deficit grew by Afl. 30.3 million to Afl. 524.0 million in the quarter under review, compared to the corresponding quarter of 2013. This increase was mainly caused by the oil sector, due to its trade activities, which led to an Afl. 59.6 million expansion in its trade account deficit. The latter was attributed to an Afl. 56.7 million expansion in the import of goods of the oil sector to Afl. 197.1 million, while its export of goods shrank by a mere Afl. 3.0 million to Afl. 30.3 million. The deficit on the goods account of the non-oil sector, on the other hand, shrank by Afl. 29.3 million (7.6 percent) to Afl. 357.2 million, as import payments and export receipts fell by, respectively, Afl. 39.6 million (8.8 percent) to Afl. 405.4 million and Afl. 9.9 million (17.0 percent) to Afl. 48.2 million. These reductions were mainly caused by decreased trade activities in the free zone sector, in particular, imports and exports from and to Venezuela as well as a decline in the import of goods by the other sectors.



Source: Centrale Bank van Aruba

The capital and financial account surplus fell by a mere Afl. 0.7 million to Afl. 39.7 million, compared to the same quarter of 2013. This decline was largely brought about by the transactions of the non-oil sector. The financial account net outflow of this sector grew by Afl. 26.7 million to Afl. 31.0 million, resulting from other investment and portfolio investment related transactions. Other investment of the non-oil sector turned from Afl. 30.2 million net inflow into an Afl. 9.4 million net outflow, while portfolio investment of this sector turned from an Afl. 11.3 million net inflow into an Afl. 20.8 million net outflow. These turnarounds were largely associated with lower receipts from foreign loans and sales of government bonds. On the other hand, net outflow of direct investment of the non-oil sector contracted by Afl. 42.5 million to Afl. 1.7 million, due mainly to higher repayments on extended intercompany loans received by this sector. In contrast, the financial account net inflow of the oil sector rose by Afl. 26.0 million to Afl. 70.7 million in the quarter under review. This increase was mainly caused by higher intercompany trade credit related transactions received by this sector. In addition, net outflow of other investment of this sector fell by Afl. 15.0 million to Afl. 1.4 million, due mainly to a lower increase in its currency and deposit balances.

The balance of payments recorded an Afl. 75.1 million deficit in the second quarter of 2014, Afl. 31.7 million lower than in the corresponding quarter of 2013, resulting from an Afl. 88.7 million net purchase of foreign exchange by the oil sector from the commercial banks and an Afl. 13.7 million net sale of foreign exchange by the non-oil sector to the banking sector.