



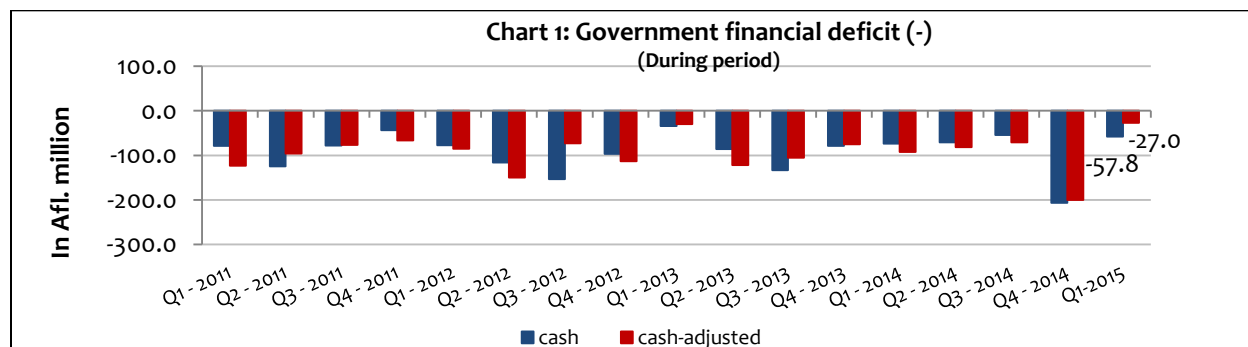
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: August 28, 2015

The government's financial deficit decreased in the first quarter of 2015

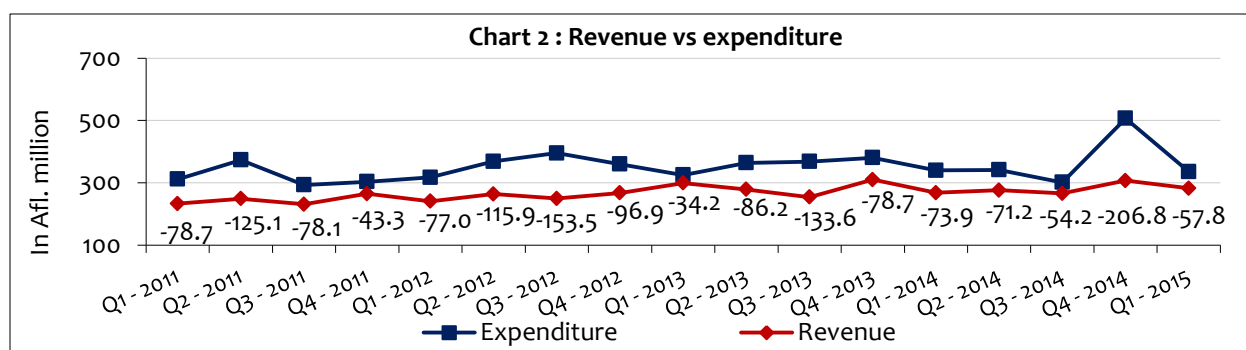
In the first quarter of 2015, the government's financial deficit contracted by Afl. 16.1 million to Afl. 57.8 million, when compared to the first quarter of 2014 (Chart 1). The government's cash-adjusted deficit also shrank, i.e., from Afl. 92.3 million in the first quarter of 2014 to Afl. 27.0 million in the first quarter of 2015. The government recorded Afl. 3,782.4 million in outstanding debt at the end of March 2015.



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

Financial operations

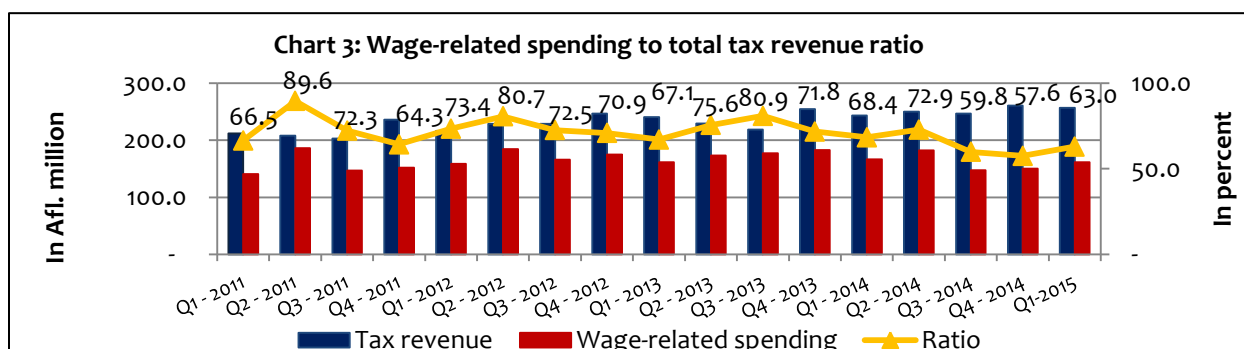
In the quarter under review, the government's total revenue expanded by Afl. 14.2 million to Afl. 282.6 million, compared to the same quarter of the previous year. This expansion resulted from an Afl. 13.1 million upturn in tax revenue, and an Afl. 1.1 million rise in nontax revenue. Taxes on income and profit contributed the most to the improvement in tax revenue, with an increase of Afl. 17.5 million, as an Afl. 32.5 million increase in profit tax was partly offset by an Afl. 13.7 million decrease in wage tax. The turnover tax (B.B.O) (+Afl. 1.0 million) and taxes on services (+Afl. 0.1 million) also registered marginal increases. The categories foreign exchange tax, taxes on commodities, and taxes on property recorded downturns of Afl. 4.3 million, Afl. 0.7 million, and Afl. 0.6 million, respectively. The Afl. 1.1 million gain in nontax revenue was attributed to an Afl. 4.9 million rise in grants, as the government received Afl. 4.9 million from the European Development Fund in March 2015. In contrast, other nontax revenue decreased by Afl. 3.8 million.



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

Total government expenditure fell by Afl. 4.4 million to Afl. 335.7 million in the first quarter of 2015, compared to the first quarter of 2014. The declines in spending on goods and services (-Afl. 16.6 million), wage-related spending (-Afl. 4.9 million), investment outlays (-Afl. 3.7 million), and development fund spending (-Afl. 3.5 million) were largely counterbalanced by gains in the categories transfer to general health insurance (AZV) (+Afl. 13.5 million), as well as increases in items not included elsewhere (+Afl. 6.9 million), and interest payments (+Afl. 3.9 million).

During the first quarter of 2015, lower wage-related spending resulted from a drop in employer's contribution and lower payments for wages of Afl. 4.9 million and Afl. 1.4 million, respectively, which were partially offset by a growth in wage subsidies of Afl. 1.4 million. In the quarter under review, the wage-related spending to total-tax-revenue ratio increased by 5.4 percentage points to 63.0 percent, up from 57.6 percent in the previous quarter.

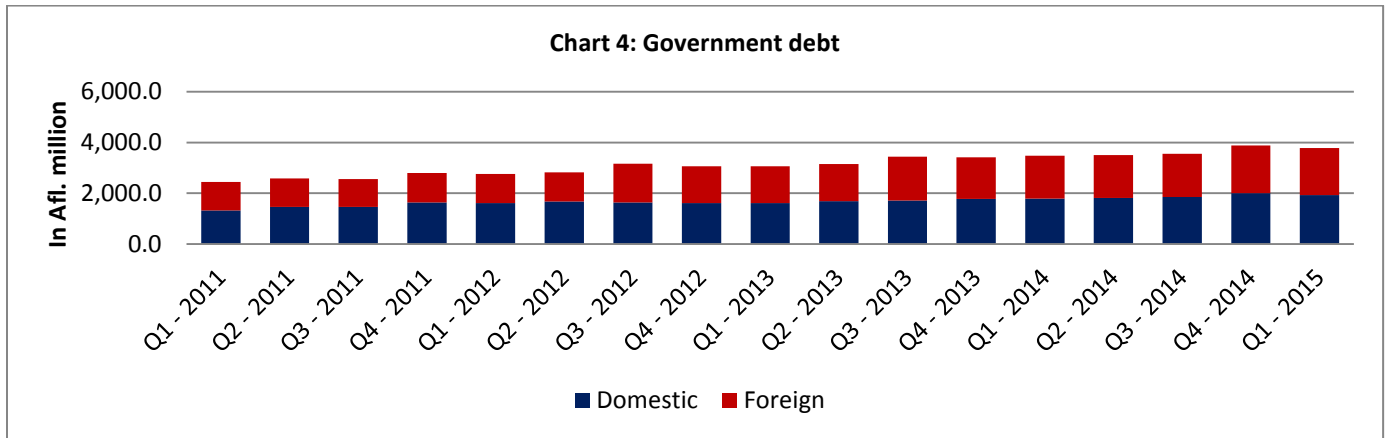


Source: Department of Finance; Tax Collector's Office; CBA.

Outstanding debt

The government's total outstanding debt contracted by Afl. 99.6 million or 2.6 percent to Afl. 3,782.4 million at end-March 2015, down from Afl. 3,882.0 million at the end of December 2014 (Chart 4). This contraction resulted from an Afl. 71.5 million fall in domestic debt, and an Afl. 28.1 million reduction in foreign debt. The drop in domestic debt was attributed to an Afl. 61.8 million decrease in non-negotiable debt and an Afl. 9.8 million downturn in negotiable debt. The substantial decline in non-negotiable debt was related to debt forgiveness in the amount of Afl. 57.9 million in long-term debt

to the Social Insurance Bank (SVB), associated with property settlements between Aruba and the former Netherlands Antilles. The fall in foreign debt was mostly caused by repayments on outstanding foreign loans and maturing government bonds. Foreign exchange rate differences caused a decrease of Afl. 6.3 million in the outstanding foreign debt issued in Euro, as the exchange rate dropped to Afl. 1.94 in the first quarter of 2015, down from Afl. 2.18 in the fourth quarter of 2014.



Source: Department of Finance; APFA; CBA.