CENTRALE BANK VAN ARUBA

Statistical News Release

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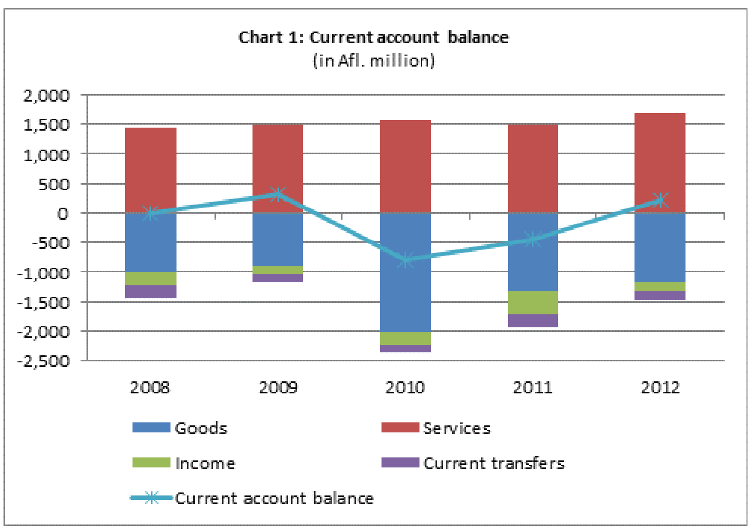
Balance of payments: the current account showed an Afl. 221.8 million surplus in 2012

The current account of the balance of payments recorded a surplus of Afl. 221.8 million in 2012, following deficits in 2010 and 2011 of, respectively, Afl. 782.1 million and Afl. 440.5 million. This turnaround was largely due to the emergence of an overall current account surplus of the oil sector despite the closure of the refinery in March 2012, reflecting exports of its inventories. Additionally, due to the strength of the tourism sector, the non-oil current account deficit dropped sharply in 2012, compared to 2011. The decline in payments for imports of goods and services and dividends also contributed to this drop. In 2012, the current account balance came out at almost 5 percent of gross domestic product (Chart 1).



In 2012, the goods account showed an Afl. 1.2 billion deficit, which is 11.6 percent (Afl. 153.4 million) lower than in 2011. This improvement was caused by the trade transactions of both the oil and the non-oil sector. The surplus on the goods account of the oil sector rose by 44.8 percent to Afl. 325.4 million, as the fall in the value of the imports exceeded that of the exports. The deficit on the goods account of the non-oil sector declined by 3.4 percent to Afl. 1,490.7 million, resulting from a 2.1 percent contraction in import payments and a 6.2 percent increase in export receipts. The services account surplus continued to grow in 2012 by 12.8 percent to Afl. 1.7 billion, brought about mainly by a 4.7 percent growth of the export of services, reflecting largely the 3.7 percent increase in gross tourism receipts. In addition, import of services declined by 3.2 percent, largely due to the fall in the import of insurance services by the oil sector related to its goods imports. The income account deficit decreased sharply, as a significant dividend payment was made in 2011 compared to 2012, while interest payments on loans and bonds rose by 10.3 percent in 2012, following higher outstanding external debt. As usual, the current transfers account was negative.

The current account surplus found its counterpart in a deficit on the capital and financial account, which was entirely realized in direct and other investment. In 2012, net direct investment recorded a shortage of Afl. 255.6 million, compared to a huge net inflow of Afl. 831.8 million in 2011. This shift strongly reflected a turnaround from a net inflow to a net outflow of trade credits by the oil sector at its foreign affiliated companies.

Other investment showed a significant drop of Afl. 261.4 million in net outflow to Afl. 172.8 million in 2012, reflecting a lower net outflow of trade credits by the oil sector at foreign non-affiliated companies. On the other hand, other investment of the non-oil sector recorded an Afl. 56.9 million higher net outflow, resulting largely from a decline in foreign loans received and a shift from a net inflow to a net outflow of other financial transactions of this sector.

Net inflow of portfolio investment grew by Afl. 246.8 million in 2012, related mainly to the issuance of US$ 235.0 million in bonds by the government on the international capital market, which was partially offset by the redemption of matured government bonds.

Overall, the balance of payments posted an Afl. 56.1 million surplus in 2012, in contrast to a deficit of Afl. 23.1 million a year earlier (Chart 2). This improvement reflected an increase of Afl. 118.7 million in the official reserves, which was partially offset by an Afl. 62.6 million contraction in the net foreign assets of the commercial banks. The latter resulted from a net sale of Afl. 265.9 million in foreign exchange to the oil sector and a net purchase of Afl. 203.3 million in foreign exchange from the non-oil sector.