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## **I. Developments in the first quarter of 2001**

### **1.1 Introduction**

The slowdown in growth of economic activity, observed since the latter part of 2000, continued in the first quarter of 2001. This trend is ascribed to a sluggish development in tourism activities and consumer spending. Growth in stay-over tourism decelerated sharply, i.e., from 9 percent in the first quarter of 2000 to 2 percent in the quarter under review, while visitor nights contracted by 1 percent, against a 5 percent rise in the corresponding quarter a year earlier. Growth in registered gross tourism receipts fell from 13 percent in the first quarter of 2000 to 3 percent. Expectations are that the ongoing economic slack in the United States will also have a negative effect on the demand for local tourism services, which will result in a further slowdown in tourism activities during the rest of the year.

Domestic price developments showed a further weakening in inflationary pressures. A downward adjustment of the water and electricity tariffs as well as gasoline prices, resulting from concurrent price developments in the world oil market, contributed to this abatement. In addition commercial banks' credit grew moderately, in part due to decreased investment activities, including housing, associated with a less buoyant expansion in economic activity, as well as a more cautious spending behavior by consumers.

The decelerating trend in the level of international reserves was reversed in the period under review. The balance of payments recorded an AFL 87 million overall surplus, largely because of lower payments for goods and services. At the end of March, net foreign assets (including revaluation differences) amounted to AFL 646 million, which is AFL 20 million or 3 percent larger than in the corresponding period a year earlier. The non-oil merchandise import coverage ratio remained at 5.8 months within the 5 to 6 month target-range.

The weak financial position of the government continued to be worrisome. Spending again outpaced revenue, in part related to increases in wages and wage subsidies to foundations, as well as higher transfers to the General Health Insurance (AZV). Additionally, interest payments on outstanding foreign loans went up. Consequently, the financial deficit on a cash basis widened further compared to the corresponding quarter a year earlier. The estimated unmet financing requirements recorded an increase in the period under review compared to the fourth quarter of 2000, as a result of new arrears in premium payments to the General Pension Fund Aruba (APFA) as well as increased payment arrears to suppliers of goods and services. Including this increase, the financial deficit amounted to AFL 24 million in the first quarter of 2001.

In the Bank's bulletin of the fourth quarter of 2000 it was mentioned that a consensus was reached between the government and the APFA on a new framework for future analysis of the financial relationship between both entities. As a result of the application of new actuarial assumptions for calculating the accrued liabilities of the APFA, existing unfunded accrued liabilities and receivables from the government

related to premiums as well as dearness allowances, were completely eliminated, and consequently the government's debt to the APFA was substantially adjusted downward. However, it should be noted that these adjustments were based on an actuarial valuation based on the 1997 figures. According to the APFA, there are indications based on the actuarial calculations for the year 2000 that the unfunded accrued liabilities of the APFA will amount to AFL 100 million. Consequently, the government's debt to this institution will also increase by AFL 100 million.

As repeatedly emphasized by the Bank and recently also indicated by the International Monetary Fund in its preliminary conclusions following the 2001 Article IV Consultation (see Chapter II Notices, paragraph 2.1), the government should take more effective actions to redress its vulnerable finances. Measures should be taken without further delay to curb a possible substantial increase in the deficit in 2001 and consolidate the budgetary position. Furthermore, a realistic plan should be drawn up and implemented, to achieve the objective of a balanced budget, with the overall aim of bringing long-term solvency to the public finances.

## **1.2 The real sector**

### *Tourism*

Data from the Aruba Tourism Authority indicate that, in the first quarter of 2001, growth in the number of stay-over visitors slowed down from 9 percent in the corresponding period of 2000 to 2 percent (see table A). Total visitor nights contracted by 1 percent, against a 5 percent rise in the first quarter of 2000. Still, the average occupancy rate of the hotels went up by 2 percentage points to 83.6 percent, associated with an increased preference for hotel resorts.

Preliminary survey data from the Central Bureau of Statistics also show that the average daily rate of the hotels went up by 9 percent to AFL 316, while revenue per available room rose by 12 percent to AFL 197. Room tax receipts surged by 33 percent to AFL 9 million, due mainly to the introduction of a higher tariff as of September 2000. Registered gross tourism receipts, as recorded in the balance of payments, grew by 3 percent to AFL 468 million, against a 13 percent increase in the first quarter of 2000. However, its share in the total current account receipts (excluding oil and free-zone sectors) went up by 3 percentage points to 81 percent, as relevant receipts from goods and services remained practically unchanged during that quarter.

The number of stay-over visitors from the United States rose by 7 percent, consequently pushing up its market share by 3.1 percentage points to 71.6 percent. The number of nights spent by U.S. visitors also went up, i.e., by 6 percent. These developments were particularly attributed to an increase in scheduled airlift. In contrast, the number of visitors from Venezuela, i.e., the second main source market, shrank by 6 percent, thereby reducing its market share by 0.8 percentage point to 9.1 percent. This is in part the result of the flight cancellations of the Venezuelan airline Servivensa to Aruba. Total nights spent by Venezuelans went down sharply, i.e., by 22 percent, reflecting a shorter stay of these tourists on the island. Tourist arrivals from the Netherlands also fell by 6 percent, partly attributed to the loss of the charter services of Martinair Holland in the first quarter of 2001, and the further depreciation

of the Dutch guilder vis-à-vis the Aruban florin. As a result, the Dutch market share contracted by 0.3 percentage point to 3.9 percent. Total nights spent by these visitors also went down by 7 percent. In the quarter under review, the number of cruise passengers declined by 6 percent to 195,718. This was due to the fact that some mega ships excluded Aruba from their itinerary. Consequently, the number of ship calls went down by 16 percent to 126.

**Table A: Indicators of tourism activity**

	1999	2000	1999		2000		2001
			I	I	IV	I	
1. a. Tourism receipts (x AFL million) 1)	1,411.6	1,514.2	401.8	454.7	358.2	468.3	
b. Tourism expenditure (x AFL million) 2)	1,184.3	1,319.3	315.8	354.1	313.5	n.a.	
2. Stay-over visitors (x 1,000)	683.3	721.2	164.4	179.2	169.3	183.6	
3. Market shares (in percentage)							
a. United States	61.8	63.5	64.8	68.5	63.9	71.6	
b. Venezuela	15.2	15.5	11.7	9.9	13.7	9.1	
c. The Netherlands	4.7	4.2	4.1	4.2	4.7	3.9	
d. Colombia	4.3	4.3	3.9	3.5	4.3	2.7	
e. Other countries	14.0	12.5	15.5	13.9	13.4	12.7	
4. Visitor nights (x 1,000)	5,143.3	5,247.8	1,316.2	1,380.9	1,264.4	1,371.4	
5. Average nights stayed	7.5	7.3	8.0	7.7	7.5	7.5	
6. a. Receipts per visitor night (AFL)	274	289	305	329	283	341	
b. Average daily expenditure 3) (AFL)	197	204	205	207	209	n.a.	
7. Average hotel occupancy rate	77.0	76.0	78.7	81.6	73.8	83.6	
8. Average daily rate hotels (AFL) 4)	217	233	274	291	248	316	
9. Revenue per available room (AFL) 4)	124	129	162	176	130	197	
10. Room tax receipts (x AFL million) 5)	18.6	22.5	6.8	7.0	6.2	9.3	
11. Cruise visitors (x 1,000)	289.1	490.0	133.5	208.8	160.3	195.7	
12. Number of cruise ship calls	230	331	106	150	109	126	
13. Contribution to current account 6)	71	73	72	78	73	81	

1) Gross receipts from stay-over and cruise tourism, as well as other tourism-related income (including, inter alia, the sale proceeds of time-share units) as recorded on a cash basis in the balance of payments.

2) Travel-related expenditure by stay-over visitors, before (e.g., pre-paid packages), during, and immediately after a trip as estimated by the CBS via a special survey.

3) Expenditure in Aruba only (thus, excluding for example payments for pre-paid packages), as calculated by the CBS. Figures for the third and fourth quarter of 2000 are preliminary.

4) Including time-share.

5) Excluding tax receipts related to previous periods.

6) Tourism receipts as a percentage of current account receipts, excluding the oil and free-zone sectors.

Source: CBA, CBS, Aruba Tourism Authority, Cruise Tourism Authority, Tax Collector's Office.

### *Oil sector*

During the first quarter of 2001, the refinery's throughput rose by 32 percent, as against an 18 percent fall in the corresponding quarter of 2000 (see statistical annex table 1.6). This rise was largely attributed to the finalization of the construction and revision works at the refinery by mid-2000. Total oil export receipts expanded by 21 percent to AFL 537 million, while import payments surged by 64 percent to AFL 454

million. At the end of the first quarter of 2001, 564 persons were employed at the refinery, i.e., 4 persons less than at the end of the corresponding quarter of 2000.

### *Price developments*

Inflation, measured as a quarterly average, decreased by 0.5 percentage point to 3.4 percent (see table B). The main contributory factor was the downward adjustment in the tariffs for water and electricity, as well as a decrease in gasoline prices, resulting from concurrent price developments in the international oil market. The inflation differential with Aruba's major trading partner, the United States, widened slightly by 0.2 percentage point to 0.5 percentage point. Consequently, the real exchange rate index of the Aruban florin vis-à-vis the U.S. dollar went up by 0.5 percentage point to 102.0. The inflation differential with the Netherlands also increased marginally, i.e., by 0.1 percentage point to 0.8 percentage point, while the differential with Curaçao turned from + 0.9 percentage point to – 0.9 percentage point, reflecting higher inflationary pressures in that country.

**Table B: Consumer price index**  
(Percentage change)

	1999	2000	1999		2000		2001
			I	I	IV	I	
<i>(Period average)</i>							
Total index	2.3	4.0	1.4	3.9	3.7	3.4	
a. Food	2.1	1.8	2.1	1.6	2.2	2.9	
b. Beverage & tobacco	1.3	1.5	1.0	2.0	0.6	-0.4	
c. Clothing & footwear	5.5	5.6	6.8	3.8	7.4	8.8	
d. Housing	2.0	8.1	-1.7	9.0	5.2	3.6	
e. Housekeeping & furnishing	3.1	3.5	2.6	3.5	2.8	3.4	
f. Health	0.3	0.4	0.5	0.5	0.2	0.1	
g. Transport & communication	0.6	3.0	-0.7	3.3	2.7	1.6	
h. Recreation & education	2.7	3.9	2.0	3.7	3.4	2.5	
i. Other	1.7	3.0	1.3	2.4	3.3	3.3	
<i>(Twelve-month average)</i>							
Aruba	2.3	4.0	1.8	2.9	4.0	3.9	
United States	2.2	3.4	1.6	2.6	3.4	3.4	
Curaçao	0.4	5.8	0.8	2.0	5.8	4.8	
The Netherlands	2.2	2.5	2.0	2.2	2.5	3.1	
Real exchange rate index (1995=100) 1)	101.3	102.0	101.2	101.5	102.0	102.0	

1) Relative to the U.S.A. Based on CPI 12-month averages.

Source: CBA, CBS Aruba, CBS Netherlands, CBS Netherlands Antilles, U.S. Bureau of Labor Statistics.

## **1.3 Money and credit**

### *Causes of changes in money supply*

In the first quarter of 2001, money supply grew by a notable AFL 73 million or 4 percent to AFL 1.8 billion, compared to the preceding quarter (see table C and statistical annex tables 2.1, 2.2 and 2.3). Narrowly-defined money (i.e., currency in circulation and demand deposits) went up by AFL 30 million, mainly on account of a rise in demand deposits. In addition, quasi-money—comprising time and savings

deposits and treasury bills held by the public— expanded by AFL 43 million or 4 percent, reflecting increases in both savings and time deposits.

The monetary expansion was caused by an AFL 87 million or 16 percent net inflow of foreign funds. Net foreign assets of both the commercial banks and the official reserves of the Bank surged by AFL 50 million and AFL 37 million to AFL 195 million and AFL 422 million, respectively. Consequently, at the end of March 2001, total net foreign assets of the banking system (excluding revaluation differences of gold and official foreign exchange holdings) amounted to AFL 617 million, and were AFL 14 million or 2 percent larger than a year earlier. The share of these reserves in money supply, however, remained virtually unchanged at 34 percent.

The AFL 14 million decline in net domestic assets in the period under review was on balance brought about by an AFL 28 million or 9 percent decrease in the noncredit-related balance sheet items (partly related to clearing balances of the banking system), and an AFL 14 million rise in domestic credit. The latter resulted mainly from an AFL 12 million (1 percent) increase in the claims on the private sector. Loans to enterprises and housing mortgages rose by AFL 9 million (1 percent) and AFL 8 million (2 percent), respectively. In contrast, consumer credit fell slightly by AFL 1 million (0.4 percent). The financial transactions of the government with the banking system contributed with AFL 2 million to the increase in money supply.

**Table C: Causes of changes in money supply**  
(In AFL million)

	1999	2000	1999		2000		2001
			I	I	IV	I	
1. Net domestic money creation	141.8	80.3	-13.8	37.0	-13.3	-13.8	
a. Net domestic credit	150.4	112.7	-11.4	63.9	-10.4	14.2	
-Public sector	21.3	-13.4	-15.8	1.7	-4.6	1.9	
-Private sector	129.2	126.2	4.4	62.2	-5.8	12.3	
b. Other domestic factors	-8.6	-32.4	-2.4	-26.9	-2.9	-28.0	
2. Inflow of foreign funds 1)	18.5	-40.9	95.3	31.9	-25.1	86.6	
a. Current account transactions	-585.0	508.0	204.6	507.8	102.3	600.7	
b. Net capital inflow 2)	603.5	-549.0	-109.3	-475.9	-127.4	-514.1	
3. Broad money creation	160.3	39.4	81.5	68.9	-38.4	72.8	
a. Money	43.4	6.1	16.9	0.7	-10.3	29.7	
b. Quasi-money	116.9	33.3	64.6	68.2	-28.1	43.1	
<i>(12-month percentage change)</i>	<i>(10.4)</i>	<i>(2.3)</i>	<i>(16.2)</i>	<i>(9.1)</i>	<i>(2.3)</i>	<i>(2.4)</i>	

- 1) Revaluation differences of gold and official foreign exchange holdings are excluded in order to approximate the net import of foreign funds by the nonmonetary sectors.  
2) Including items not yet classified and errors and omissions.

Source: CBA.

### *Interest rates*

In the quarter under review, the average interest rate on time deposits decreased by 0.2 percentage point to about 6.2 percent, compared to the previous quarter, reflecting mainly a decline in the interest rate on 3 to 6 month time deposits. The savings deposit rate remained at around 4 percent. Consequently, the weighted average rate of

interest on deposits fell by 0.2 percentage point to 6 percent (see statistical annex table 6.1). The average interest rate on loans, on the other hand, went up by 0.1 percentage point to 11.8 percent, largely because of an increase in the annual percentage rate of consumer credit of 60 basis points to 17.7 percent. Commercial mortgages and other commercial loans, however, show a slight decline in their interest rates of 0.3 and 0.1 percentage point to 10.9 and 10.3 percent, respectively. The interest rate on housing mortgages stabilized at 10.7 percent. Thus, the interest rate margin, i.e., the difference between the weighted average rate on deposits and that on loans, remained relatively high at 5.8 percentage points.

#### 1.4 Nonmonetary financial institutions

##### *The balance sheet*

Compared to the preceding quarter, the aggregated assets of the nonmonetary financial institutions fell by AFL 7 million or 1 percent to AFL 1.3 billion at the end of March 2001 (see table D and statistical annex table 5.1). This was the result of an AFL 4 million contraction in gross domestic claims of the nonmonetary financial institutions in particular vis-à-vis the public sector, and an AFL 2 million decline in the net foreign assets held by these institutions. At the end of March 2001, these assets amounted to AFL 420 million, or twice the amount held by the commercial banks. On the liability side, both pension fund provisions and other miscellaneous items declined, i.e., by AFL 5 million (1 percent) and AFL 11 million (15 percent), respectively. On the other hand, the insurance reserve fund and borrowings and deposits rose by AFL 9 million (4 percent) and AFL 1 million (1 percent), respectively.

**Table D: Nonmonetary financial institutions 1)**  
(End of period, in AFL million)

	1999		2000			2001
	IV	I	II	III	IV	I
1. Net foreign assets	344.7	397.5	412.3	424.7	422.0	419.9
2. Domestic assets	1,206.0	1,170.2	1,183.4	1,227.4	869.6	865.2
a. Government	644.9	615.2	627.0	636.8	275.0	271.9
b. Private sector	561.1	555.0	556.4	590.6	594.6	593.4
3. Total assets=total liabilities	1,550.7	1,567.7	1,595.7	1,652.1	1,291.6	1,285.1
4. Borrowings and deposits	50.9	63.2	69.8	74.0	66.1	66.8
a. Government	36.5	36.6	41.6	45.6	36.6	36.6
b. Other residents	14.5	26.6	28.1	28.4	29.5	30.1
5. Pension fund provisions	1,213.6	1,231.1	1,259.1	1,281.5	922.5	917.3
6. Insurance reserve fund	209.2	213.2	218.1	222.8	232.8	241.7
7. Other items, net	76.9	60.2	48.8	73.8	70.1	59.5

1) Comprise mortgage banks, pension funds (including APFA), life insurance companies, finance companies, the Aruban Investment Bank, and the Social Security Bank.

Source: CBA.

##### *The mortgage market*

Mortgages granted by the nonmonetary financial institutions for residential housing construction and refinancing grew by AFL 5 million or 1 percent to AFL 426 million

in the quarter under review (see table E), as against an AFL 8 million or 2 percent increase in that of the commercial banking sector. The mortgage portfolio of the specialized institutions rose by AFL 1 million or a mere 0.4 percent, while that of the pension funds and life insurance companies went up by AFL 2 million (4 percent) and AFL 1 million (2 percent), respectively. As a result, the market share of the various groups of institutions remained practically unchanged.

**Table E: Housing mortgages**  
(End of period, in AFL million)

	1999		2000			2001
	IV	I	II	III	IV	I
1. Total	748.3	758.8	781.6	812.4	821.5	834.2
2. Commercial banks	350.4	360.5	379.4	394.9	400.4	407.9
3. Mortgage banks	276.6	273.5	273.6	282.6	283.3	284.5
4. Pension funds	59.2	59.8	58.9	60.6	62.7	65.1
5. Life insurance companies	61.1	63.6	67.7	72.5	73.3	74.6
6. Other	1.0	1.3	2.0	1.7	1.8	2.2

Source: CBA.

## 1.5 Government finance

### *Introductory note*

As was mentioned in the Bank's bulletin of the fourth quarter of 2000, the government and the General Pension Fund Aruba (APFA) reached a consensus on a framework for future analysis of the financial relation between both institutions. As a result of the application of new actuarial assumptions for calculating the accrued liability of the APFA, existing unfunded accrued liabilities, as well as receivables from the government related to premiums and dearness allowances, were completely eliminated. In conformity with a provisional unaudited estimate, this consensus led to a substantial downward adjustment of APFA's claim on the government of AFL 371 million to AFL 121 million at the end of 2000. No adjusted data for the preceding years are yet available. However, it should be noted that the aforementioned adjustments were based on an actuarial valuation based on the 1997 figures. According to APFA, there are indications based on the actuarial calculations for the year 2000 that the unfunded accrued liabilities of APFA will amount to AFL 100 million. Consequently, the government's debt to this institution will also increase by AFL 100 million.

### *Financial operations*

Compared to the first quarter of 2000, total government revenue on a cash basis grew by AFL 5 million or 3 percent to AFL 162 million in the quarter under review. The main contributory factor was an AFL 6 million or 47 percent rise in nontax revenue, mainly related to dividend payments by the Bank and the national telecommunications company SETAR. In contrast, total tax revenue declined by AFL 2 million or 1 percent to AFL 142 million, due to lower receipts from taxes on commodities and property. On the other hand, taxes on services went up by AFL 2 million, because of an increase in hotel room tax revenue following the introduction of a higher tariff as

of September 2000. Again, no foreign grants were received (see table F and statistical annex tables 7.1 and 7.2).

Government expenditure on a cash basis, as estimated by the Bank, increased by AFL 10 million or 6 percent to AFL 168 million in the quarter under review. Provisional data supplied by the Department of Finance indicate that this growth was partly spurred by increases in wages and wage subsidies to foundations and other nonprofit organizations. Interest outlays also went up by AFL 3 million, mainly because of higher interest payments on outstanding foreign commercial loans. In addition, the government transferred about AFL 22 million to the General Health Insurance (AZV). The latter is the universal health care coverage system that was introduced by the government as of January 1, 2001. Payments of goods and services crumbled by AFL 16 million to AFL 30 million, reflecting partly diminishing (medical) expenses related to the lowest income group (PPK) following its incorporation within the AZV. On the other hand, investment-related outlays remained unchanged at AFL 5 million, or merely 3 percent of total estimated expenditure. Furthermore, AFL 6 million was transferred to the FQ foundation as a grant to the former employees of the bankrupt Air Aruba.

**Table F: Government financial operations 1)**  
(in AFL million)

	1999	2000	1999		2000		2001
			I	I	IV	I	
1. Total revenue and grants	701.5	744.7	152.0	157.6	243.1	162.2	
a. Tax revenue	608.6	624.5	138.7	144.0	203.9	142.3	
b. Nontax revenue	91.5	103.4	13.2	13.5	39.2	19.9	
c. Grants	1.4	16.9	0.0	0.0	0.0	0.0	
2. Expenditure and items n.i.e. 2)	725.5	775.3	157.8	158.2	263.9	168.3	
3. Financial deficit (-)	-24.1	-30.5	-5.8	-0.6	-20.8	-6.1	
4. Net foreign capital	13.3	60.8	26.7	-0.2	25.9	-1.8	
5. Net domestic capital 3)	-10.5	-16.9	-5.1	-0.9	-0.5	6.0	
6. Net recourse to the monetary system (-)	-21.3	13.4	15.8	-1.7	4.6	-1.9	
7. Memorandum item							
a. Unmet financing requirements 4)	158.2	41.3	151.4	193.8	41.3	59.2	

1) Preliminary figures and estimates on a cash basis.

2) In the fourth quarter of 2000, the settlement of the debt resulting from the separation of funds associated with the Status Aparte of Aruba in 1986 amounting to AFL 36.9 million is included.

3) Net capital attracted from nonmonetary sectors. Commercial banks' loans to the government are included in item 6.

4) At the end of the period. The unmet financing requirements comprise all unsettled payment obligations to other sectors irrespective of the time frame in which they mature. This concept is broader than the term payment arrears, which according to a definition used by the Ministry of Finance only includes bills with due dates over 90 days. Following the March 2001 consensus between the government and the APFA, the outstanding unmet financing requirements were reduced significantly as of end-December 2000. The adjusted data for the preceding years are still unavailable.

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

On balance, the financial deficit of the government on a cash basis widened from AFL 1 million in the first quarter of 2000 to AFL 6 million. This deficit was covered by the issuance of a six-month promissory note amounting to AFL 6 million. On the other hand, repayments on foreign loans totaled AFL 2 million. Total deposits of the government held with the banking system amounted to AFL 68 million. This included an AFL 35 million deposit earmarked to meet possible future claims and to finance certain projects, as well as AFL 29 million in favor of the Fondo di Desaroyo Aruba, which is allocated for certain development projects. The government's gross liabilities to the monetary system totaled AFL 69 million (see statistical annex table 7.3).

The above-mentioned consensus between the government and the APFA on the application of new actuarial assumptions also led to the elimination of receivables from the government related to premiums and dearness allowances as of end-2000, and, thus, to a substantial downward adjustment of the unmet financial requirements for that period. No adjusted data for the preceding years are yet available. Consequently, for the time being, the financial deficit including the change in unmet financing requirements cannot be calculated realistically for the periods prior to end-2000. In the first quarter of 2001 the estimated unmet financial requirements increased by AFL 18 million to AFL 59 million as compared to the previous quarter. This mainly comprised a rise in overdue premium payments vis-à-vis the APFA and increased payment arrears to suppliers of goods and services. Including this increase in unmet financial requirements, the financial deficit of the government amounted to AFL 24 million in the first quarter of 2001.

#### *Outstanding debt*

At the end of March 2001, the outstanding public debt (excluding guarantees) amounted to AFL 803 million, i.e., AFL 347 million lower than a year earlier (see table G). This decrease resulted mainly from the downward adjustment of the outstanding debt to the APFA mentioned earlier. As a result of this, the domestic nonnegotiable debt decreased by AFL 378 million to AFL 263 million. However, as mentioned in the introductory note to this paragraph, according to APFA there are indications based on the actuarial calculations for the year 2000 that the unfunded accrued liabilities of APFA will amount to AFL 100 million. Consequently, the domestic nonnegotiable debt to APFA, and therefore also the total debt, will increase by AFL 100 million.

The outstanding foreign debt rose sharply by AFL 47 million to AFL 366 million compared to a year earlier. This rise reflected mainly a US\$ 40 million (AFL 72 million) foreign commercial borrowing by the government during the latter part of 2000. This increase was partly compensated for by an AFL 11 million official debt repayment to the Netherlands at the end of the year, as well as the downward effect of the further depreciation of the Dutch guilder and the euro vis-à-vis the Aruban florin, which amounted to AFL 15 million.

**Table G: Outstanding government debt**  
(End of period, in AFL million)

	1999	2000				2001
	IV	I	II	III	IV	I
1. Total debt 1)	1,126.8	1,149.5	1,177.7	1,207.8	786.2	802.8
2. Domestic debt	796.2	829.8	858.7	869.3	410.5	436.4
a. Negotiable	189.2	189.2	189.2	167.7	165.1	173.7
- Treasury bills	32.0	32.0	32.0	32.0	29.4	32.0
- Cash certificates 2)	8.0	8.0	8.0	8.0	8.0	14.0
- Government bonds	149.2	149.2	149.2	127.7	127.7	127.7
b. Nonnegotiable 3)	607.1	640.6	669.5	701.6	245.4	262.7
- Short-term 4)	158.2	193.8	224.8	258.8	44.7	62.6
- Long-term	448.9	446.8	444.7	442.8	200.7	200.1
3. Foreign debt 5)	330.6	319.7	318.9	338.5	375.7	366.4

1) Preliminary revised figures and estimates. Excluding guarantees (amounting to about AFL 267 million at the end of March 2001).

2) As of the first quarter of 2001, a six-month promissory note of AFL 6 million is included.

3) In the fourth quarter of 2000, the short-term debt to and the unfunded accrued liabilities of the APFA were completely eliminated following the March 2001 consensus on a framework for future analysis of the financial relation between the government and the APFA. These adjustments were based on an actuarial valuation based on the 1997 figures.

4) Including suppliers' credit and short-term debt to APFA. Excluded are overdue deposits to earmarked accounts at the Bank.

5) At end-of-period exchange rates.

Source: Department of Finance.

## 1.6 Balance of payments

### *Overall outcome*

In the first quarter of 2001, the balance of payments registered an AFL 87 million overall surplus, i.e., AFL 55 million higher than during the corresponding period of 2000 (see table H and statistical annex table 8.1). The current account surplus grew by a marked AFL 93 million (18 percent) to AFL 601 million, which was partially offset by an AFL 40 million (8 percent) increase of the deficit on the capital and financial account to AFL 514 million. Consequently, net foreign assets of the monetary sector (including revaluation differences of gold and official foreign exchange holdings) rose by 3 percent to AFL 646 million at the end of March 2001. The end-of-period non-oil merchandise import coverage ratio increased to 6.3 months, while its 12-month moving average remained at 5.8 months. Thus, the latter remained slightly below the upper level of the 5-6 month target-range.

### *Oil sector*

Compared to the corresponding quarter of 2000, the current account surplus of the oil sector expanded by 11 percent to AFL 468 million in the quarter under review. This can be described to the fact that the rise in exports of refined oil products and goods procured in ports more than compensated for the increase in imports of crude oil and

other goods. On the other hand, the deficit on its financial account went up by an equivalent 11 percent to AFL 470 million, reflecting a further reduction in intercompany liabilities related to the positive outcome of the current account. On balance, the oil sector bought AFL 2 million in foreign exchange from the local banks.

#### *Free-zone sector*

Both registered export receipts and import payments (c.i.f.) of the free-zone sector shrank, i.e., by AFL 5 million to AFL 46 million and AFL 3 million to AFL 33 million, respectively. On balance, this sector sold AFL 9 million in foreign exchange to local banks, slightly less than the AFL 11 million sold in the corresponding quarter of 2000.

**Table H: Balance of payments**  
(in AFL million)

	1999	2000	1999		2000		2001
			I	I	IV	I	
1. Current account (net)	-585.0	508.0	204.6	507.8	102.3	600.7	
a. Oil sector	-619.4	467.6	92.0	421.7	154.7	468.3	
b. Free zone	49.0	-6.4	12.3	11.1	-5.4	9.2	
c. Rest of economy	-14.6	46.8	100.3	75.0	-47.0	123.2	
- Private sector	57.5	156.0	123.0	92.2	14.7	137.5	
- Public sector	-72.1	-109.2	-22.7	-17.2	-61.7	-14.3	
2. Capital and financial account (net)	618.4	-555.5	-104.0	-473.9	-129.7	-513.9	
a. Oil sector	660.4	-428.1	-80.6	-424.7	-143.8	-470.3	
b. Free zone	0.0	0.0	0.0	0.0	0.0	0.0	
c. Rest of economy	-42.0	-127.4	-23.4	-49.2	14.1	-43.6	
- Private sector	-56.8	-205.1	-50.2	-49.0	-11.8	-41.8	
- Public sector	14.8	77.7	26.8	-0.2	25.9	-1.8	
3. Items not yet classified 1)	-14.9	6.5	-5.3	-2.0	2.3	-0.2	
4. Overall balance (1+2+3)	18.5	-40.9	95.3	31.9	-25.1	86.6	
5. Banking transactions 2)	-14.0	14.5	-18.9	-36.2	-2.5	-50.1	
6. Increase (-) in official reserves 3)	-4.5	26.4	-76.4	4.3	27.6	-36.5	
-----							
Memorandum items:							
7. a. Official reserves (including gold)	434.6	414.9	507.9	431.2	414.9	451.6	
b. In months of merchandise imports 4)							
- End-of-period	3.8	3.8	4.1	3.9	3.8	4.4	
- Twelve-month average	4.2	4.1	3.4	4.2	4.1	4.2	
8. a. Total reserves of the monetary sector	593.6	559.2	671.7	626.3	559.2	646.1	
b. In months of merchandise imports 4)							
- End-of-period	5.2	5.2	5.5	5.7	5.2	6.3	
- Twelve-month average	5.8	5.7	4.6	5.8	5.7	5.8	

1) Including errors and omissions.

2) Minus (-) sign denotes an increase in assets and a decrease in liabilities.

3) Excluding revaluation differences of gold and official foreign exchange holdings.

4) Excluding the oil sector.

Source: CBA.

*Rest of the economy*

The current account surplus of the rest of the economy (i.e., excluding the oil and free-zone sectors) widened by AFL 48 million to AFL 123 million. Contributory factors include an AFL 25 million or 9 percent decline in merchandise import payments, partially as a consequence of the less buoyant economic activity. In addition, total payments for services shrank by AFL 24 million or 12 percent, mainly because of less payments for government services and import-related insurance services. Gross tourism receipts amounted to AFL 468 million, which is AFL 14 million or 3 percent higher than in the corresponding quarter of 2000. The deficit on the current transfers account narrowed by AFL 11 million to AFL 4 million, due mainly to an AFL 8 million receipt by the General Pension Fund Aruba (APFA) from its sister institution in the Netherlands Antilles (APNA) as part of the settlement of the separation of funds.

The deficit on the capital and financial account of the rest of the economy shrank by 11 percent to AFL 44 million, mainly because portfolio investments rebounded from an AFL 12 million deficit in the first quarter of 2000 to an AFL 21 million surplus in the quarter under review. The latter resulted from the liquidation of foreign securities and the sale of a six-month promissory note. In addition, other financial transactions caused a smaller net outflow of foreign funds, partly as a result of a decrease in other short-term foreign investments.

## **II. Notices**



## **2.1 PRELIMINARY CONCLUSIONS INTERNATIONAL MONETARY FUND 2001 ARTICLE IV CONSULTATION**

*June 4, 2001*

1. Since gaining autonomous status within the Kingdom of The Netherlands in 1986, the performance of the Aruban economy has been impressive. As a result, Aruba enjoys one of the highest per capita GDP in the region. Key to this success has been a high level of human capital and a stable and market-friendly institutional environment fostered by growth-oriented government economic policies. In particular, the monetary and financial stability epitomized by the fixed exchange rate of the Aruban florin with respect to the U.S. dollar has proved instrumental in sustaining investors' confidence and capital inflows.

2. Although the paucity of economic statistics in Aruba makes it difficult to assess with precision the economic conjuncture, it appears that output growth picked up in 1999 and early-2000 mainly as a consequence of increased tourism receipts but also buoyant domestic demand conditions. Since then, output and demand growth have softened reflecting the evolution of tourism receipts and a decline in investment as several large construction projects were completed. After falling for several years, inflation rebounded in 1999 and accelerated in 2000 to 4 percent, owing mainly to imported fuel costs, but also to rapid credit expansion through the first quarter of 2000 and government spending in wages and other consumptive outlays.

3. Looking forward, the most likely prospect for 2001 is a further deceleration of output growth. The primary cause of this envisaged slowdown is the ongoing deterioration in the external outlook which will negatively affect both demand for tourism services in the main markets of origin, notably the United States, and foreign investment and capital inflows. Further ahead, economic growth is projected to stabilize or even experience a modest recovery in 2002 reflecting the expected evolution of the U.S. economy. These projections, however, are subject to a high degree of uncertainty as the openness and small size of the Aruban economy make it difficult to forecast the effects of external shocks.

4. Regarding economic policies, the mission broadly agrees with the objectives of the authorities to enhance long-term growth prospects and minimize output volatility by fostering the diversification of the economy into high value-added sectors that profit from the comparative advantages of Aruba, including a skilled labor force, while consolidating its position in the upper segment of the market for tourism services. Economic policies can make significant contributions in this direction. First, pursuing prudent and disciplined fiscal policies expands the pool of domestic savings available for private investment and underpins investors' confidence- while freeing budgetary resources for investment in infrastructure and human capital. Second, maintaining the strength of the monetary and financial framework through a sound foreign reserve position and increasingly effective supervision and regulation of onshore and offshore financial activities enhances stability and transparency as well as the international attraction of Aruba as a safe destination for long-term investment. And finally, continuing progress in the orderly

liberalization of financial and external capital account transactions; advancing in the privatization process; and avoiding involvement of the government in business ventures foster the efficient use of available resources and attract investments and entrepreneurship.

5. In this connection, the mission is concerned about growing imbalances in the public finances stemming from benefit entitlements and structural budgetary consumptive spending, notably on public wages. These imbalances already have adverse macroeconomic implications and a widening government financing requirement risks compromising eventually the enviable financial and monetary stability of Aruba. The mission estimates that the government deficit grew from 0.3 percent of GDP in 1999 to 0.7 percent of GDP in 2000, mainly as a result of higher current spending. But more importantly, unless measures are promptly taken, the deficit may step up to a much higher level in 2001 as a consequence of the introduction of the universal health care coverage system (AZV); increases in the wage bill; and lack of tax revenue buoyancy.

6. Therefore, the mission urges the authorities to introduce without delay measures to consolidate the budgetary position and draw up and implement a realistic plan to achieve their objective of a balanced budget, with the overall aim of bringing long-term solvency to the public finances. In the short term, budgetary discipline should be strengthened and current spending contained to a level that can realistically be financed. Also, tax collection efforts should be intensified. On policies with a medium-term orientation, we encourage the authorities to restructure the system of entitlements in order to place the health and pension systems on solid financial grounds, and to accelerate their plans to strengthen budgetary procedures and reform the tax system and administration.

7. Restraining government current expenditure in the short term is perhaps the most arduous task but also the most needed since current, spending precludes necessary investment outlays and could reach unsustainable levels. Wage moderation in the ongoing wage negotiations is crucial to achieving success in this area. The government wage bill represents about half of total revenue and a similar proportion of total expenditure; while wage hikes and expansion of public employment raised government labor costs by over 11 percent in 2000. From this high level of spending, consolidating the public finances requires limiting increases in the overall wage bill to well below expected inflation and refraining from increasing the total number of government employees. These short-term measures should be followed by a long-term rationalization of public employment policies in accordance with the authorities' public policy priorities.

8. In the area of spending on goods and services and payment arrears with private suppliers, substantial progress was made in clearing the stock of outstanding obligations in 1999, but arrears accumulated again in 2000. Clearing arrears should be an immediate priority as they fuel demand for distress credit by liquidity-squeezed suppliers and have, a deleterious effect on budgetary management and tax compliance through hard-to-control tax offsets. We encourage the authorities to intensify their efforts to strengthen the budgetary process and expenditure

management and administration. In this regard, we suggest that international standards of budgetary accounting and reporting be introduced along the lines of the European System of Accounts (ESA) and that budgetary and treasury management be reinforced through administration and procedural reform.

9. Generous health care and pension entitlements also constitute a major source of budgetary strain that needs to be contained. In particular, the introduction of the new AZV system will be among the main causes of a widening deficit in 2001. While we concur with the authorities on the high priority accorded to health care, ensuring continued provision of these services requires a definition of entitlements that is consistent with available revenue. We hope that the ongoing study on the prospective costs of the AZV will serve as a starting point for reforms that place this agency on a self-financing basis- without budgetary help beyond the statutory government contribution as an employer and perhaps a limited subsidy targeted to low-income groups. In the immediate term, however, remedial action is already necessary to alleviate pressure on the budget. Although efforts are being made to introduce cost-cutting measures, these should be intensified and complemented by the introduction of co-payments by beneficiaries to relieve the financial position of the AZV and prevent unnecessary costs and abuse. Further budgetary savings will require increasing payroll contribution rates.

10. Expansion of pension entitlements over the years in both the public employees, (APFA) and general (AOV) pension systems has placed an increasing burden on current revenues while demographic trends point also to growing future public liabilities. The ongoing actuarial analysis of APFA should be accompanied by a similar analysis of AOV and followed by a far-sighted reform of pension entitlements and future government obligations with a view to guarantee their financial viability and reduce the present burden on public finances. Initial actuarial results on APFA have prompted the preliminary decision to cancel accumulated budgetary arrears to this fund. This decision in itself, however, is not a solution to the weaknesses of the pension system as it has not diminished current or future obligations of the public sector as a whole (for which the budget stands as ultimate guarantor) nor has it increased the revenue available to finance these obligations. Any final arrangement should ensure that budgetary transfers are sufficient to preserve the fully funded nature of the future obligations of APFA. That is, existing investments necessary to meet future obligations should not be used to pay current pensions or the dearness allowance.

11. On the revenue side, the mission encourages the authorities to develop and pursue their projects for the reform of the tax system and administration while immediately intensifying efforts at tax collection. A blueprint for comprehensive tax reform should aim at enhancing revenue elasticity, rebalancing the tax mix toward consumption taxes, and simplifying the tax system. Tax revenue as a percent of GDP shows a secular declining trend that was only partly contained in 1999 and 2000 by means of two one-time revenue-raising measures. The causes of this lack of buoyancy include the complexity of the tax system, which facilitates noncompliance, and the excessive reliance on excises and import tariffs. Thus, the mission recommends that the authorities consider the introduction of a tax on final

consumption, along the lines of a VAT. Shifting the balance of taxes toward consumption could provide room to reduce the tax wedge between labor costs and take-home wages, which is high in Aruba. We also recommend that the authorities refrain from renewing tax holidays or granting new tax concessions as they result in untransparent tax privileges and revenue losses that the budget can ill-afford. The mission congratulates the authorities on the preliminary agreement reached with the OECD on the matter of harmful tax competition practices.

12. The Central Bank of Aruba (CBA) must be commended for its prudent and skillful management of monetary policy as demonstrated by the continued credibility and strength of the peg to the U.S. dollar, buttressed by a robust foreign reserve position. The mission endorses the tight credit stance adopted by the CBA in early 2000 in response to a pickup in inflation, rapid credit growth, and an overheating economy. The 12-month inflation rate has already declined by more than one percentage point since its peak in mid-2000 and should decline further as a result of softer external demand and the lagged effects of tight liquidity. The current target for credit expansion in line with expected nominal GDP growth is adequate- but the CBA should stand ready to tighten its policy stance should shortfalls in external receipts or capital inflows point to an erosion of the foreign asset position of the monetary system below the CBA target floor.

13. The mission supports the authorities' efforts to introduce more flexibility in the monetary policy framework. The CBA instruments for the conduct of monetary policy remain essentially limited to direct credit ceilings, moral suasion, and occasional changes in the banks' liquidity requirements. Although direct credit ceilings on the banking system have proven effective in curbing inflation and defending the foreign reserve position of the economy and should remain in effect in the immediate future, they also have undesired side effects. When maintained for a long period of time, as has been the case in Aruba, they tend to freeze market shares and hamper competition in the financial sector. The mission advises an incremental approach to financial liberalization- including a sequenced relaxation of restrictions on external capital transactions- on the basis of a parallel strengthening of prudential and liquidity requirements and the introduction of market-based indirect instruments of liquidity management. Progress in this direction will foster innovation, productivity, and cost-efficiency in the financial sector- to the benefit of economy-wide productivity and business costs- while deepening the local market in financial instruments.

14. The mission commends the authorities for significant progress in expanding and strengthening the supervisory and regulatory framework of both onshore and offshore financial activities. The decisive actions taken and the authorities' proactive approach to fighting crime related to international transactions should go a long way in consolidating the standing of Aruba as a safe and stable destination for foreign investment vis-à-vis the international community. Testimony to substantial advances in this area are the recent passage by Parliament of the law on insurance supervision which will be enacted in July 2001; the designation of the CBA as the regulator of company service providers in the offshore sector; and planned changes in the licensing system of company service providers that will introduce 'fit and proper'

management requirements, reporting obligations for unusual transactions, and standards of disclosure and transparency. Also, Aruba is in the process of completing the first phase of an offshore financial sector assessment (OFC) and participates in the Coordinated Portfolio Investment Survey (CPIS), both with assistance of the IMF.

15. The mission encourages the authorities to regain the initiative in the area of privatization and other structural reforms. Plans to transform the telecommunications operator (SETAR) into a public corporation run on the basis of commercial criteria could be a first step in this direction. In the medium term, however, full privatization by selling SETAR to a private strategic investor could provide a vehicle for the acquisition of technical know-how and much needed investment in the sector. Incorporation of the Aruba Tourism Authority (ATA) as a commercial enterprise with private sector participation and full management and operational autonomy should improve the cost-efficiency of this agency and facilitate the development of its marketing strategy.

16. The CBA has made significant progress in the publication (including through the internet) of statistics on money, banking, and the balance of payments. Also, the upcoming publication of the Census 2000 by the Central Bureau of Statistics (CBS) will constitute a valuable contribution to the statistical base of Aruba. In contrast, progress in the timely compilation and publication of statistics on national and public sector accounts, labor markets, and other basic economic indicators remains disappointing. As a result, not only economic surveillance but also effective policy making and economic decisions by the private sector are seriously hindered. Improving the statistical base should be accorded high priority and sufficient resources should be devoted to the CBS. In the case of public sector and budgetary statistics, their regular compilation and publication by the Ministry of Finance under standard international accounting conventions (for example, along the lines of the European System of Accounts) would be an important contribution to the transparency of the budgetary process.

17. Finally, the mission would like to express its gratitude to the authorities for the excellent cooperation that it has received and for their hospitality.



## 2.2 BUILDING ON SOLID GROUNDS

*Address by dr. A.R. Caram, President of the Centrale Bank van Aruba, on the occasion of the official opening of First National Bank of Aruba's new head office, Oranjestad, June 11, 2001.*

Ladies and gentlemen,

I am delighted that Mr. Edwin Tromp has invited me to participate in this memorable and joyful event; the more so because, as you may recall, on April 18 of last year I also laid the corner stone of this building. In the meantime, visible progress has been made, not only with respect to this project, but also with the business operations of the First National Bank of Aruba. It continues to grow vigorously, mainly as a result of the commitment of its management and staff to enhance performance and service to their clients.

Recently, the First has laid a new corner stone: its parent company, the Royal Bank of Trinidad & Tobago Group, has started promising negotiations to take over the local activities of the ABN AMRO Bank N.V. When this is realized, First's market share in the Aruban banking sector will at once roughly double, which will enable it to benefit from the so-called economies of scale and, thus, conduct its operations more efficiently. Important is also that this initiative, once again, confirms the confidence of the banking sector in the long-term potential of the economy of Aruba.

I am pleased to be able to state that this confidence is built on solid grounds. In this respect, I refer to the conclusions drawn by the Article IV Consultation Mission of the International Monetary Fund that visited our country during the past few weeks. It has acknowledged Aruba's impressive economic performance since 1986, when it obtained an autonomous status within the Kingdom of the Netherlands. As a result, we now enjoy one of the highest per capita product in the region. Keys to this success have been a dynamic private sector and a market friendly institutional environment, fostered by growth-oriented government policies, as well as by a climate of monetary and financial stability.

At the same time, the mission warned that the recently experienced slowdown in economic growth might continue during this year, due to a deteriorating external outlook. After ten years of rapid growth in the United States, our major trading partner, the boom is now clearly losing momentum. This has consequences for Aruba, because historical data indicate that a lower growth in that country puts pressure on the number of visitors to Aruba. We are already noticing that the demand for our tourism services is being affected. Thus, we should be on guard, and be prepared to take remedial actions.

Against this background, the mission has endorsed the tightening of the monetary policy by the Centrale Bank van Aruba (the Bank) early last year. This has been done in response to a pickup in inflation, an exuberant credit growth of the commercial banks, and a weakening in our foreign reserve position. By limiting the increase in credit we have contributed to dampening these adverse developments. The mission

has indicated that we should persist to contain credit growth. Moreover, it advised the Bank to stand ready to further tighten monetary policy, if the foreign asset position of the monetary system falls below the target range of 5-6 months of imports. This is fortunately not yet the case. We have a solid stock of international reserves, ample enough to maintain confidence in the peg of the Aruban florin to the US dollar. It should be kept this way, because the peg serves Aruba well: it contributes to dampen inflation, protects the competitive position of our tourism industry, and exerts a certain discipline on the policymakers.

To maintain sound financial conditions, we should have the discipline to continuously keep spending in line with available goods and services. The Bank remains committed to contribute to realizing this objective, in order to protect Aruba's foreign reserve position, and, thus, realize its mission of preserving financial stability. For the time being, the credit ceiling system will have to remain in effect. At the same time, the Bank will study the mission's advice to further liberalize financial markets and introduce market-based instruments of credit control, while gradually eliminating the credit ceiling system. In order to do this, the Bank has installed a working group and has requested technical assistance to the mission. However, it is now already clear that the effective application of indirect instruments of credit control in Aruba will not be an easy task. After all, the uneven distribution of liquidity amongst the banks hampers the raising of the monetary and prudential liquidity requirements to effective levels, while there are still no active domestic money and capital markets.

The Bank's monetary policy should of course be supported by other policy actions. Essential is to aim at constructing a more solid production base and to diversify the economic structure. This requires, among other things, the containing of domestic cost increases through a well-designed wage policy. In this respect it should be noted, that the Bank has recently advised the Minister of Finance to invite an expert mission of the World Bank to make recommendations on these matters. In contrast to the IMF, which focuses on the financial sphere of an economy, the World Bank is mainly engaged with the real sector and with a country's production potential. Therefore, it is able to assist us in determining how and in what direction Aruba should proceed with its economy.

The IMF mission also noted that it is equally essential for Aruba's government to limit consumptive spending. It has underlined the need to make additional structural adjustments to consolidate the budgetary position. A realistic plan should be designed and implemented to achieve the objective of a balanced budget, while channeling more funds towards infrastructural projects. Budgetary discipline should be strengthened and current spending contained to a level that can realistically be financed. Furthermore, the mission encouraged the authorities to restructure the generous health care and pension systems. Plans to improve budgetary procedures should be accelerated. Also, the intended reform in the tax system and administration must be implemented.

Admittedly, with respect to budgetary policy already several initiatives have been taken and progress has been made, but still much work needs to be done to reach the

goals concerned. In essence, the same applies to Aruba's endeavors to safeguard financial stability and integrity at a more microeconomic level. During the past years, the supervisory and regulatory frameworks with respect to financial activities have been broadened and deepened. The authorities' proactive approach to fighting crime related transactions has undoubtedly improved Aruba's international reputation. Nonetheless, also in this area much more work needs to be done, partly because the various international standards are continuously becoming stricter. Against this background, the Bank is now assessing the quality of the prudential supervision on the offshore financial sectors, with the assistance of the IMF.

The preliminary results of this assessment are encouraging: our present laws and regulations are largely in compliance with the so-called Core Principles for Effective Banking and Insurance Supervision. Even so, new instruments should be made available to enable the supervisor to perform a more effective job in accordance with not only just good, but with best international practices. Additionally, transparency of operations should be introduced, among other things, by timely supplying the public with relevant information on the financial position of individual institutions. In this respect, it should be noted that the First is the only commercial bank that presently files its audited annual accounts at the Chamber of Commerce, as is required by law.

Let me now conclude. I am pleased that the IMF mission has produced a well-balanced report on the economy of Aruba. Not only our achievements are acknowledged, but also the risks that may cause turbulence and disrupt Aruba's ongoing success story are clearly identified. It is generally doing a fine job, however, its economic base is small, undiversified, and vulnerable, while cost levels are high by regional standards. This assessment is in line with the Bank's philosophy and views, as reflected in its advices to the government and in its various publications. I am convinced that if the already well-known and accepted policy recommendations are consistently implemented, Aruba will continue to prosper. The management and staff of the First will then indeed have "hopi exito den e edificio nobo aki".



## 2.3 SAMEN STERKER

*Inleiding door dr. A.R. Caram, President van de Centrale Bank van Aruba, tijdens de persconferentie naar aanleiding van de overname van Interbank Aruba N.V. door de Stichting Fundashon Cas pa Comunidad Arubano (FCCA), Oranjestad, 18 juni 2001.*

Dames en heren,

Met genoegen heb ik de uitnodiging aanvaard om te participeren in deze persconferentie waarin wordt aangekondigd dat de overname van Interbank door FCCA een feit is. De overname zie ik als een schakel in het lopende proces van herstructurering en vernieuwing van de financiële sector in Aruba. In het buitenland zijn dergelijke processen eerder ingezet en verder voortgeschreden. Hiermee wordt beoogd het hoofd te bieden aan de toenemende internationale concurrentie, welke mede het gevolg is van de liberalisering en globalisering van het economische en financiële verkeer. Onder deze omstandigheden is het noodzakelijk door middel van strategische allianties efficiëntievoordelen te behalen en synergie-effecten te genereren.

Interbank en FCCA streven met hun alliantievorming in wezen dezelfde doelstelling na: elkaar op doelmatige wijze aanvullen bij het aantrekken van spaargelden, het verlenen van kredieten en het verrichten van andere financiële transacties. Immers, enerzijds zal FCCA door uitbreiding van het werkterrein naar verwachting beter in staat zijn op termijn additionele funding tegen lagere kosten aan te trekken om de woningbouw te financieren. Anderzijds krijgt Interbank de steun van een financieel sterke en reputable aandeelhouder. De alliantie zal dan ook vorenbedoelde schaal- en efficiëntievoordelen kunnen realiseren.

De Bank heeft, in haar hoedanigheid van hoedster van de monetaire en financiële stabiliteit, vertrouwen in de nieuwe combinatie, te meer omdat deze onder de deskundige leiding zal blijven van de heren Hoevertsz en Durand. De combinatie verdient ook het vertrouwen van het publiek. Er is reeds een aanvang gemaakt met het tot stand brengen van de nodige aanpassingen in de structuur en werkwijze van beide instellingen, zodat op zo kort mogelijke termijn de verwachte commerciële vruchten kunnen worden geoogst. De Bank volgt een en ander nauwlettend, aangezien de combinatie volledig onder haar monetair en bedrijfseconomisch toezicht blijft. Verwacht wordt dat cliënten zullen profiteren van het samengaan van FCCA en Interbank en wel in de vorm van een betrouwbare, voordelige en doelmatige dienstverlening. Om de hier geschetste redenen wordt een verdere concentratievorming in de Arubaanse financiële sector aangemoedigd.

Rest mij nog de bij de totstandkoming van de overname betrokken partijen geluk te wensen met deze voor de economie van Aruba en in het bijzonder voor de financiële sector belangwekkende gebeurtenis. In verband hiermee heb ik reeds een tweetal personen lof toegezwaaid. Ik wil hier gaarne aan toevoegen dat van de zijde van de FCCA met name ook de heer Manichand zich heeft ingezet voor het bereikte resultaat, terwijl evenzeer het hoofd en de medewerkers van de afdeling Toezicht van

de Centrale Bank, alsmede de superviserende directeur, niet onvermeld mogen blijven. Ik wens de nieuwe combinatie een winstgevende toekomst toe en dank u voor uw aandacht.

## 2.4 VERHOOGDE WAAKZAAMHEID GEBODEN

*Voordracht door dr. A.R. Caram, President van de Centrale Bank van Aruba, tijdens de persconferentie naar aanleiding van de publicatie van het verslag van de Bank over het jaar 2000, Oranjestad, 21 juni 2001.*

Dames en heren,

Tijdens de persconferentie naar aanleiding van het publiceren van het verslag van de Bank over 1999 heb ik een voordracht gehouden onder de titel “Door waakzaamheid vooruit”. Hiermee heb ik tot uitdrukking willen brengen dat de economische en financiële ontwikkeling in genoemd jaar in het algemeen bevredigend is verlopen, mede dankzij de gunstige internationale conjunctuur welke het toerisme in Aruba verder heeft doen groeien. Voor het jaar 2000 moet ik de titel van mijn betoog aanpassen, aangezien het onderhavige verslagjaar niet onverdeeld positief is geweest.

Immers, volgens ruwe schattingen van een Artikel IV Consultatiemissie van het Internationale Monetaire Fonds die onlangs ons land heeft bezocht, is de groei van het reële bruto binnenlandse product afgezwakt van 4,5 procent in 1999 tot 2,5 procent. De groeivertraging is vooral veroorzaakt door de hapering in de stijging van de ontvangsten uit hoofde van het toerisme gedurende de tweede helft van het verslagjaar, alsmede door de daling van het investeringsvolume na de voltooiing van diverse grote bouwprojecten en door de liquiditeitsproblemen bij de overheid. Bovendien heeft het inflatietempo zich versneld van 2,3 procent per eind 1999 tot 4 procent per ultimo 2000, als gevolg van de stijging van de wereldmarktprijs van ruwe olie, doch ook door het oplopen van de diverse binnenlandse kostencomponenten, waaronder met name de lonen.

De aangeduide tendensen nopen op zich tot een verhoogde waakzaamheid, te meer omdat het externe economische klimaat sedert medio 2000 is verslechterd. Zo voltrekt zich in de Verenigde Staten, de belangrijkste handelspartner van Aruba, een aanzienlijke groeivertraging na tien jaar hoogconjunctuur. Deze vertraging weerspiegelt zich in een voorzichtiger bestedingsgedrag van consumenten, dat op haar beurt onder meer de vraag naar toeristische diensten onder druk zet. Bijgevolg is het aantal overnachtingen van bezoekers op Aruba in het verslagjaar slechts met 2 procent gestegen, na een stijging van ruim 5 procent in 1999. De groeivermindering heeft zich voortgezet gedurende de eerste 5 maanden van 2001: in genoemd tijdvak is er sprake geweest van een bescheiden stijging van 1,5 procent, vergeleken met 5,5 procent in de overeenkomstige periode van vorig jaar.

Op financieel terrein baart met name de kwetsbare positie van ‘s Lands financiën zorg. Geschat wordt dat het financieringstekort is toegenomen van 0,3 procent van het bruto binnenlandse product in 1999 tot 0,7 procent in 2000, vooral als gevolg van het voortdurend oplopen van de consumptieve uitgaven. Indien niet zonder uitstel afdoende structurele aanpassingen in zowel de ontvangsten- als de uitgavensfeer worden doorgevoerd, moet worden gevreesd dat het tekort in het lopend jaar groter zal worden, mede ten gevolge van de tegenvallende medische kosten ten laste van de

overheid. Slechts door tijdig bij te sturen kan worden voorkomen dat wij verder verwijderd raken van de doelstelling van begrotingsevenwicht en dat het streven om tegen het einde van dit decennium financieel op eigen benen te staan illusoir wordt. Tegelijkertijd dienen meer middelen te worden vrijgemaakt om de noodzakelijke infrastructurele investeringen te financieren. Het is dan ook met name van belang dat vooralsnog de stijging van de totale personeelsuitgaven ten achter blijft bij het inflatietempo en er wordt bezuinigd op andere consumptieve uitgaven. Aan de inkomstenkant dient in het bijzonder de voorgenomen hervorming van het belastingstelsel snel te worden doorgevoerd.

Een ander punt van zorg betreft de daling van de deviezenreserves van de monetaire sector met 6 procent gedurende het verslagjaar. Deze daling heeft zich voltrokken ondanks het feit dat de overheid middelen in het kader van de ontwikkelingssamenwerking met Nederland heeft ontvangen en een buitenlandse commerciële lening heeft opgenomen, waardoor er per saldo overheidskapitaal met een tegenwaarde van AFL 68 miljoen is ingevoerd. De vermindering van de deviezenreserves is veroorzaakt door een netto uitvoer van particulier kapitaal en te grote binnenlandse bestedingen; dit laatste is mede gevoed door een omvangrijke bancaire kredietverlening. In reactie hierop en gelet op de verwachte afzwakking van de groei van de algemene bedrijvigheid heeft de Bank besloten de toelaatbare stijging van de kredietverlening door de geldscheppende banken terug te brengen van 8 procent in 2000 tot 6 procent in 2001.

Inmiddels is de daling van de deviezenreserves weer omgebogen, mede door de seizoenmatig hoge ontvangsten uit hoofde van het toerisme en het andermaal opnemen van een buitenlandse commerciële lening door de overheid. Waakzaamheid blijft echter geboden, aangezien gedurende het laagseizoen normaliter op de deviezenreserves wordt ingeteerd. Bovendien is de commerciële buitenlandse schuld van de overheid de afgelopen jaren fors gestegen, hetgeen inhoudt dat de toekomstige rente- en aflossingsverplichtingen navenant zullen oplopen. Tegen deze achtergrond dient te worden bedacht dat het te allen tijde beschikken over een ruime deviezenreserve cruciaal is voor het kunnen waarborgen van het vertrouwen in de waarde van de florin en voor de instandhouding van monetaire stabiliteit. De Bank zal de verdere ontwikkelingen dan ook nauwlettend in het oog houden en zonder aarzeling haar monetair beleid aanscherpen, indien en zodra zij tekenen ontwaart die de deviezenreserves onder de minimum grens van 5 maanden goederenimport zouden kunnen doen dalen.

Bij het overzien van de gang van zaken gedurende het achter ons liggende jaar ontstaat onwillekeurig de indruk dat Aruba zo langzamerhand weer op een tweesprong in haar ontwikkelingsproces is beland. Sedert het bereiken van de Status Aparte binnen het Koninkrijk der Nederlanden, nu alweer zo'n 15 jaar geleden, is weliswaar op veel terreinen indrukwekkende vooruitgang geboekt. Veelzeggend is dat het bruto binnenlands product gedurende dat tijdvak met gemiddeld circa 7 procent is gegroeid en dat het per capita inkomen van Aruba behoort tot één der hoogste van de regio. De goede samenwerking tussen de overheid en de dynamische private sector heeft hiertoe bijgedragen. Het groeitempo van de economie zwakt

echter allengs af, terwijl diverse eerder aangeduide risico's de voortzetting van een gezonde economische ontwikkeling in het geding kunnen brengen.

Het Internationale Monetaire Fonds en de Bank hebben regelmatig aanbevelingen gedaan over het werk dat nog op monetair en financieel gebied dient te worden verzet. De aanbevelingen hebben vooral betrekking op het waarborgen van de financiële stabiliteit, teneinde aldus het vertrouwen in de economie van Aruba te versterken. De vraag blijft nog hoe wij het hoofd moeten bieden aan de voor ons liggende reële en structurele uitdagingen. In concreto gaat het hierbij om te bepalen op welke wijze wij de kwaliteit van het ontwikkelingsproces kunnen verhogen. Duidelijk is dat het accent zal dienen te worden verlegd van het louter aantrekken van méér toeristen, naar het bevorderen van de toegevoegde waarde en winstgevendheid van de onderhavige sector, alsmede naar de diversificatie van de productiestructuur. Het gaat dus niet meer zo zeer om in kwantitatieve zin verder te groeien, maar om er voor zorg te dragen dat de groei méér vruchten voor de bevolking afwerpt. Naar mijn overtuiging zou de Wereldbank, die op terrein van de ontwikkelingseconomie bij uitstek deskundig is, ons kunnen bijstaan bij het verder vormgeven van het te voeren structurele beleid. Het lijkt mij dan ook een goede zaak indien de Regering zou besluiten deze instelling daartoe uit te nodigen.

Ik dank u voor uw aandacht.



## 2.5 CORE INFLATION IN ARUBA AND THE U.S.: A SHORT-TERM COMPARATIVE STUDY

*An article by drs. J.R. Ridderstaat, Economist at the Research Department.*

### 1. Introduction

If a central bank wants to contain the aggregate inflation in line with a specific target, it needs to have a more precise measure of the inflationary pressure in the economy that it can control. The most commonly used measure of inflationary pressure, i.e., the consumer price index (CPI), may not be an adequate measure since it is affected by other factors than just monetary policy, e.g., a shock in oil prices, a one-time change in import duties, etc. These factors may cause noisy price signals that will not respond to monetary policy. It is mainly for this reason that the core inflation is calculated. The core inflation measures the underlying trend in the inflation in a country, and is related to the long run, or persistent components of the consumer price index. For a long time already, the notion of core inflation has been playing a significant role in policy deliberations and implementation, particularly in the developed countries, such as the U.S.

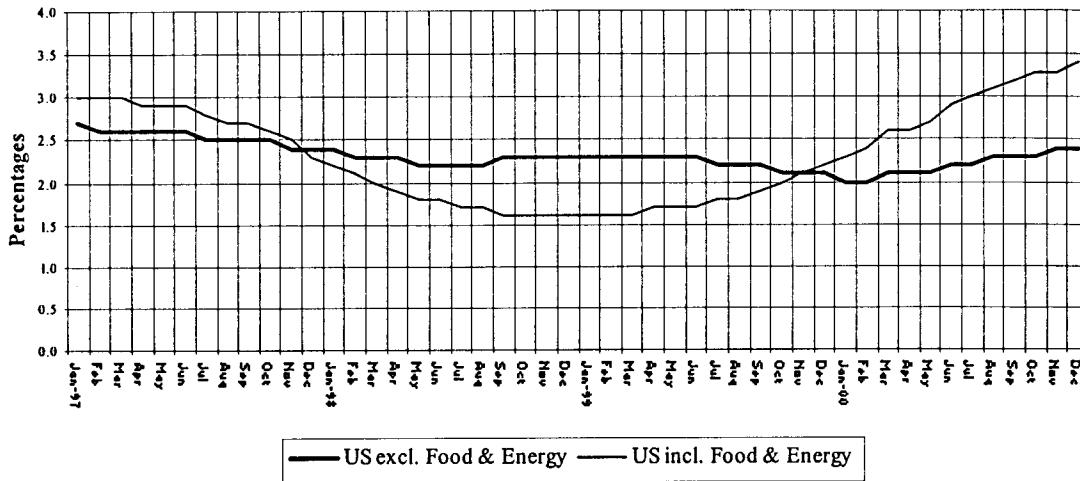
There is still no consensus on how to exactly calculate this core inflation. The most widely used approach consists of simply excluding certain categories of prices from the overall inflation rate, i.e., the so-called “Ex. food and energy” approach. This approach is also used by the Bureau of Labor Statistics (BLS), which compiles the inflation data for the U.S. In this data, the food component consists of articles such as meat, fish and poultry and related products, dairy products, fresh fruits, fresh vegetables, etc. The energy component, on the other hand, comprises gasoline, household fuels (including electricity and water), natural gas and heating oil. A graphical overview of the U.S. 12-month inflation and core inflation is presented in chart 1, covering the period January 1997 up to and including December 2000<sup>1</sup>. Noticeably is the much flatter course of the core inflation compared to the all-inclusive inflation. During December 1997 and October 1999, the core inflation was higher than the all-inclusive inflation. The situation changed in November 1999, mainly as a result of increased oil prices.

The purpose of this paper is to conduct a similar exercise for Aruba, i.e., to estimate the core inflation for Aruba, thus excluding the food and energy components from the all-inclusive inflation. Although this is just a simple preliminary exercise, it might give an overview of the underlying trend of the Aruban inflation, and the influence of these two components on our inflation. This trend provides the Centrale Bank van Aruba (the Bank) with additional data for monitoring price developments in Aruba. According to article 10 sub 1 of the Central Bank Ordinance, the Bank is responsible for the stability of the internal and external value of the Aruban florin, and should conduct monetary policy aimed at maintaining that stability.

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<sup>1</sup> For reasons discussed in paragraph 2, the data will cover only this period. Data on this and the following charts can be derived from annexes 1 to 3.

Chart 1: USA 12-month inflation and core inflation



In addition, the inflation trend can be a useful tool in wage corrections. One example hereof is the periodical correction of the minimum wages, where the inflation rate is usually used as the basis for correction. When using the all-inclusive inflation rate, incidental price increases or decreases might cause excessive or deficient wage corrections in the end.

## 2. Some characteristics of the inflation in Aruba

The consumer price index, which is compiled by the Central Bureau of Statistics (CBS), is based on a Laspeyres type of index<sup>2</sup>. The weights used in this index are derived from results of household expenditure surveys conducted by the CBS. The latest survey was conducted during the period October 1998 through January 1999. The base of the index was replaced from August 1994 to September 2000.

The old tariff structure for water and electricity was changed in early 1997 to a structure in which the tariffs are adjusted four times each year, namely in February, May, August, and November, to the developments in the prices for oil in the

<sup>2</sup> This is a base year weighted price index. If expenditure (= price x quantity) in year 1 is equal to

$$\sum_{i=1}^{i=n} p_{1,i} \times q_{1,i}$$

for  $n$  goods then the price in year 2 can be calculated by taking year 2 prices and weighing them by year 1 quantities. In other words, expenditure in year 2 is calculated at year 2 prices, but with reference to year 1 quantities:

$$\sum_{i=1}^{i=n} p_{2,i} \times q_{1,i}$$

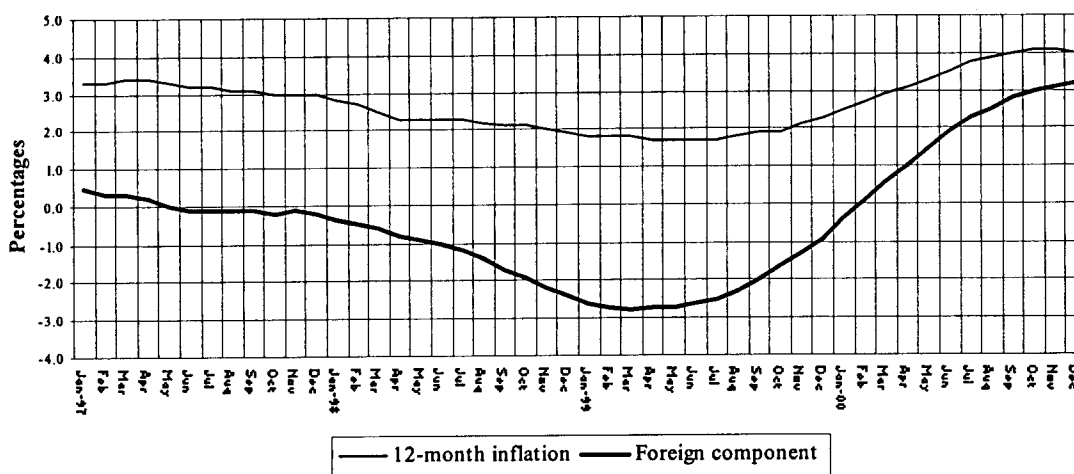
The Laspeyres price index is then calculated by dividing the two expenditure totals:

$$p = \frac{\sum p_{2,i} \times q_{1,i}}{\sum p_{1,i} \times q_{1,i}}$$

international market. Consequently, this new structure fostered a larger fluctuating factor into the energy component of the Aruban inflation.

A drawback of this analysis is that the historical data are quite limited. Before August 1994, no data for each subcategory are readily available for analysis. Therefore, when calculating the 12-month inflation, the earliest available month would be July 1996. However, the major fluctuations in the Aruban inflation occurred since 1997. Thus, for practical reasons the period for analysis used in this article will be 1997 - 2000.

Chart 2: Aruba 12-month inflation (including estimated foreign component)



The consumer price index is the only price index available in Aruba. There is no import or export price index currently available to analyze the effects of import prices in the inflation of Aruba. Consequently, an estimation of the foreign component was made, based on a weighted average of the U.S. export prices, the Dutch producer price index for exports and the consumer price index of the Netherlands Antilles<sup>3</sup>. These are Aruba's major trading partners, accounting for more than 75 percent of our imports. The local component is depicted as the area between the inflation and the foreign component of the inflation (see chart 2). The foreign component experienced a declining trend since late 1997, due mainly to lower oil prices. However, during mid-1999, oil prices on the international market started to rise again, which is reflected in the increasing trend of both the foreign component and the Aruban inflation. Furthermore, the increasing area of the local component during 1999 indicates that the local component was more rigid towards a downward adjustment after decreases in international oil prices than the foreign component.

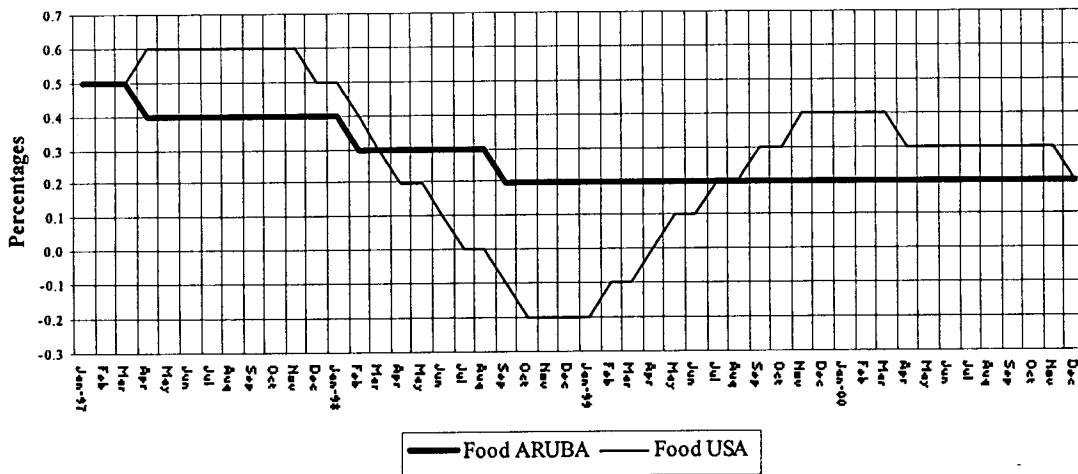
<sup>3</sup> Using the relative significance of these countries in the total merchandise imports of Aruba. Merchandise imports have been chosen as weights since goods comprise, on average, about 70 percent of the Aruban inflation.

### 3. The components excluded from the core inflation: food and energy

The U.S. food component has an average weight of 0.15597 in the total inflation of that country. The food component of the Aruban CPI, which comprises practically the same components as the U.S. food component, has about the same weight, i.e., 0.14707<sup>4</sup>.

A comparison between the development in the food component of both countries reveals diverse patterns (see chart 3). While the U.S. food component depicts a more volatile pattern, the Aruban food component has a more rigid development, varying only in a range between slightly less than 0.5 and 0.2 percent. Potential factors affecting this rigidity are fixed profit margins, and what is usually referred to as “menu costs”. The latter implies that suppliers of goods and services will not adjust their prices very often because this might be costly and time-consuming. These costs will include for instance the printing of new price lists and catalogs for consumers, the advertising of the new prices, etc.

Chart 3: Food component (12-month, Aruba - U.S.A)



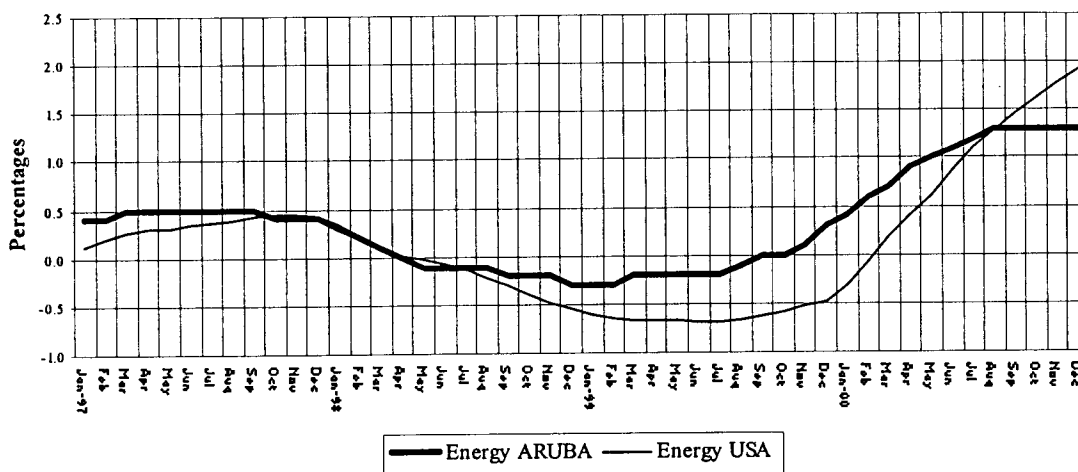
The pattern of the energy component in both countries is more closely related, since both depend on the price of petroleum on the international market (see chart 4). However, the structure of the energy component of the Aruban CPI is less comprehensive as far as periodically fluctuating elements is concerned than the one of the U.S. (which includes a.o. heating fuels and household gas supplies), i.e., there are only three main product categories in this component, namely tariffs for water and electricity, and gasoline<sup>5</sup>. In addition, while the prices for gasoline are adjusted almost immediately after price changes in the international oil market, the tariffs for

<sup>4</sup> This weight component is based on the latest household expenditure survey (October 1998 through January 1999). Prior to that survey, the weight was 0.162523.

<sup>5</sup> Including related products such as diesel and jet fuel. See annex 4 for a price structure of gasoline and related products, and water.

water and electricity are adjusted with a lag of about four months<sup>6</sup>. Both factors might be indicative of some of the differences in the development of both components.

Chart 4: Energy component (12-month, Aruba - U.S.A)



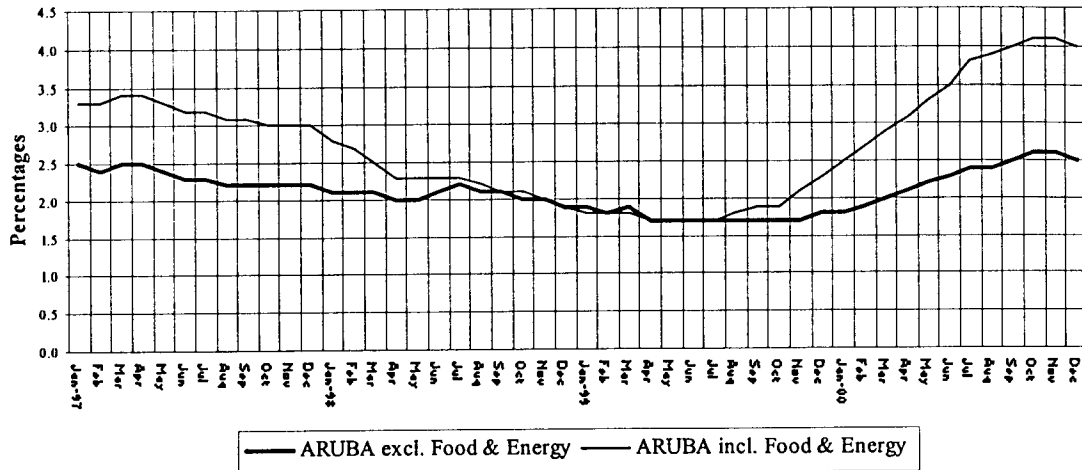
#### 4. An estimation of the core inflation for Aruba

When calculating the core inflation for Aruba, the food and energy components are excluded from the all-inclusive inflation. Both inflations are depicted in chart 5. With the exception of the period between September 1998 and July 1999, where the core inflation is mostly equal to or higher than the all-inclusive inflation, in general, the all-inclusive inflation is higher than the core inflation. While the all-inclusive inflation fluctuates between 1.7 and 4.1 percent, the core inflation fluctuates much less, i.e., between 1.7 and 2.6 percent.

When comparing both the 12-month inflation of the U.S. and Aruba (see chart 6), one could see that the Aruban inflation is usually higher than the U.S. inflation. However, when the core inflations are compared, the Aruban core inflation is usually lower than the U.S. core inflation (see chart 7). The initial conclusion here is that the non-core components, i.e., food and energy, are the main factors that cause the Aruban inflation to be higher than that of the U.S. However, when excluding the energy component alone, there appears to be a lag of about a year between the U.S. and the Aruban inflation (see chart 8). This phenomenon could be the result of lags in, e.g., ordering, delivery and stocks of imported goods in Aruba. On the other hand, when only the food component is excluded from the all-inclusive inflation, the patterns highly correlate (see chart 9).

<sup>6</sup> As mentioned earlier, these tariffs are adjusted each year in February, May, August and November, based on the average fuel oil price during the previous quarter. For example, the tariff adjustment in February is based on the average price for fuel oil during the fourth quarter of the previous year.

**Chart 5: ARUBA 12-month inflation and core inflation**



**Chart 6: ARUBA-USA 12-month inflation**

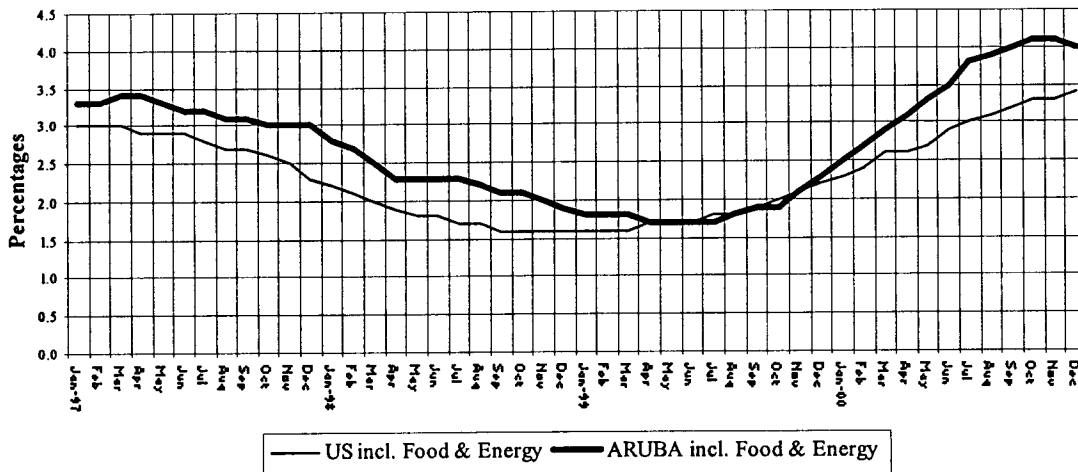


Chart 7: ARUBA-USA 12-month core inflation

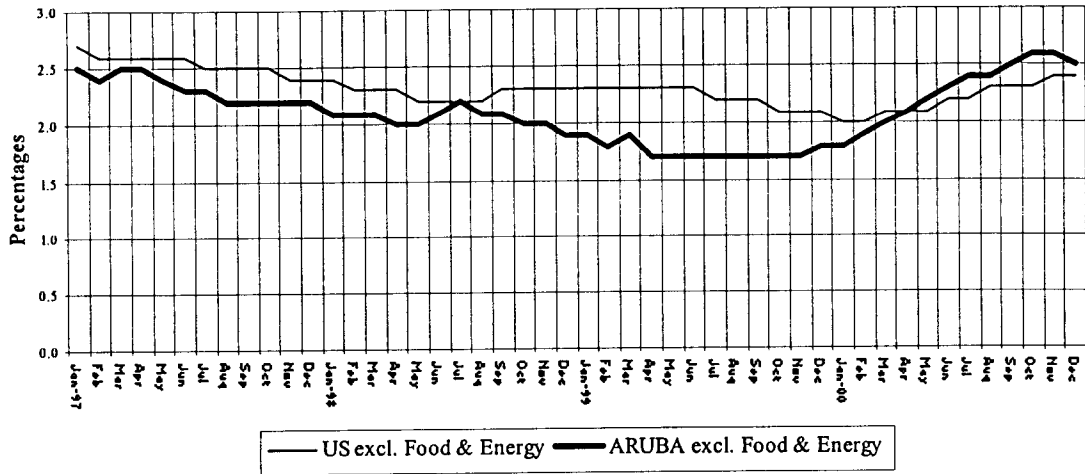


Chart 8: ARUBA-USA 12-month inflation excluding energy component

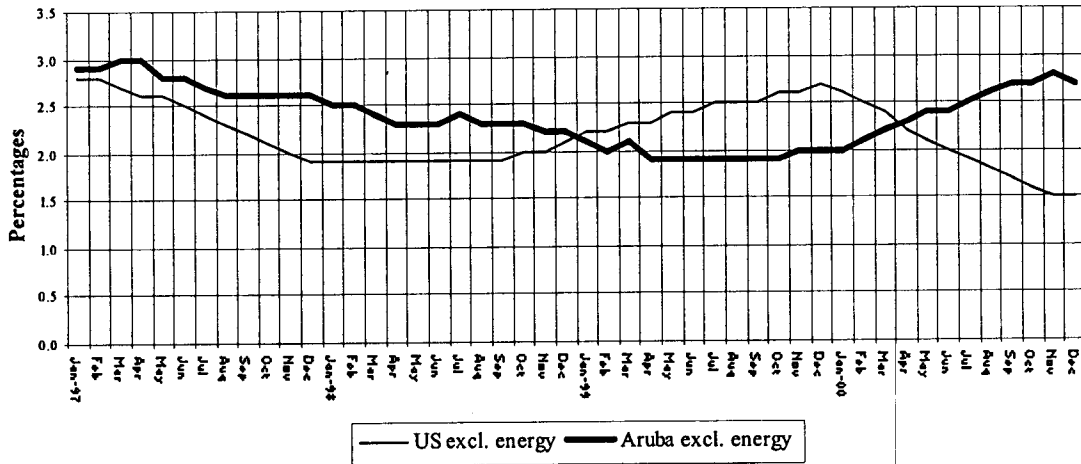
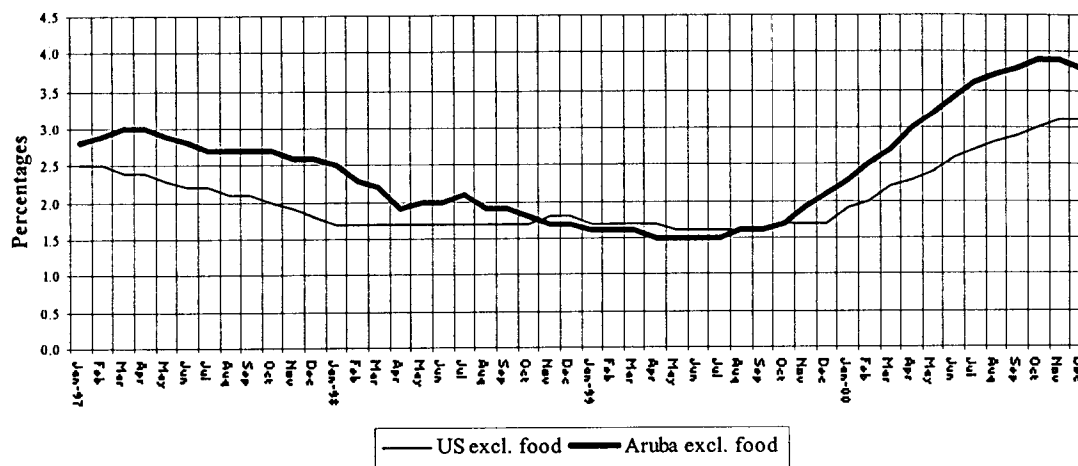


Chart 9: ARUBA-USA 12-month inflation excluding food component



The implication of this all is that a comparison between the all-inclusive inflation of both countries can lead to erroneous conclusions, e.g., an increase in the differential between the Aruban and the U.S. inflation can also be attributed to lags in the price developments of Aruba, instead of just a higher general price increase in Aruba compared to that in the U.S.

### 5. Concluding remarks

In this article, a very preliminary study on the core inflation of Aruba is given. Due to the short range of the analyzed data, it is recommended that additional studies in this area be conducted in the future.

Despite the short period covered, some preliminary conclusions can be drawn from the conducted research. First, the core inflation already depicts less fluctuation in comparison to the all-inclusive inflation rate during the period of January 1997 up to and including December 2000. The fluctuations ranged from 1.7 - 4.1 percent for the all-inclusive inflation rate to 1.7 - 2.6 percent for the core inflation rate. When there is a situation of steady and predictable inflation, this could have a favorable influence on the factor of uncertainty when conducting business or any economic transaction.

Second, it appears that the food component of the Aruban inflation is more rigid to adjustments and does not appear to fluctuate significantly. Thus, it is not very influential on inflation fluctuations. It is therefore doubtful whether this component can be considered a factor to be reckoned with for exclusion from the all-inclusive inflation. On the other hand, the highly volatile characteristic of the energy component makes it the right candidate for exclusion. So, it is doubtful whether the “EX-food and energy” approach should be applied for the calculation of the core

inflation of Aruba. The “Ex-energy” approach appears to be more suitable for the Aruban context.

Third, the initial results of this analysis indicate that the differential comparison of the U.S. and the Aruban all-inclusive inflation might be distorted by a lag effect in the inflation of Aruba. This lag effect is not easily visible when all the components are included. It becomes more obvious when only the energy component is excluded.

Whether these preliminary conclusions will hold depends on future data on the inflation in Aruba, which will broaden the current period of analysis.

**ANNEX 1: ARUBA-USA 12-month inflation**

	Inflation		Core Inflation	
	USA	ARUBA	USA	ARUBA
Jan-97	3.0	3.3	2.7	2.5
Feb	3.0	3.3	2.6	2.4
Mar	3.0	3.4	2.6	2.5
Apr	2.9	3.4	2.6	2.5
May	2.9	3.3	2.6	2.4
Jun	2.9	3.2	2.6	2.3
Jul	2.8	3.2	2.5	2.3
Aug	2.7	3.1	2.5	2.2
Sep	2.7	3.1	2.5	2.2
Oct	2.6	3.0	2.5	2.2
Nov	2.5	3.0	2.4	2.2
Dec	2.3	3.0	2.4	2.2
Jan-98	2.2	2.8	2.4	2.1
Feb	2.1	2.7	2.3	2.1
Mar	2.0	2.5	2.3	2.1
Apr	1.9	2.3	2.3	2.0
May	1.8	2.3	2.2	2.0
Jun	1.8	2.3	2.2	2.1
Jul	1.7	2.3	2.2	2.2
Aug	1.7	2.2	2.2	2.1
Sep	1.6	2.1	2.3	2.1
Oct	1.6	2.1	2.3	2.0
Nov	1.6	2.0	2.3	2.0
Dec	1.6	1.9	2.3	1.9
Jan-99	1.6	1.8	2.3	1.9
Feb	1.6	1.8	2.3	1.8
Mar	1.6	1.8	2.3	1.9
Apr	1.7	1.7	2.3	1.7
May	1.7	1.7	2.3	1.7
Jun	1.7	1.7	2.3	1.7
Jul	1.8	1.7	2.2	1.7
Aug	1.8	1.8	2.2	1.7
Sep	1.9	1.9	2.2	1.7
Oct	2.0	1.9	2.1	1.7
Nov	2.1	2.1	2.1	1.7
Dec	2.2	2.3	2.1	1.8
Jan-00	2.3	2.5	2.0	1.8
Feb	2.4	2.7	2.0	1.9
Mar	2.6	2.9	2.1	2.0
Apr	2.6	3.1	2.1	2.1
May	2.7	3.3	2.1	2.2
Jun	2.9	3.5	2.2	2.3
Jul	3.0	3.8	2.2	2.4
Aug	3.1	3.9	2.3	2.4
Sep	3.2	4.0	2.3	2.5
Oct	3.3	4.1	2.3	2.6
Nov	3.3	4.1	2.4	2.6
Dec	3.4	4.0	2.4	2.5

Source: BLS, CBS, CBA

**ANNEX 2: ARUBA-USA food and energy component**

	Food		Energy	
	USA	ARUBA	USA	ARUBA
Jan-97	0.5	0.5	0.1	0.4
Feb	0.5	0.5	0.2	0.4
Mar	0.5	0.5	0.3	0.5
Apr	0.6	0.4	0.3	0.5
May	0.6	0.4	0.3	0.5
Jun	0.6	0.4	0.3	0.5
Jul	0.6	0.4	0.4	0.5
Aug	0.6	0.4	0.4	0.5
Sep	0.6	0.4	0.4	0.5
Oct	0.6	0.4	0.4	0.4
Nov	0.6	0.4	0.4	0.4
Dec	0.5	0.4	0.4	0.4
Jan-98	0.5	0.4	0.3	0.3
Feb	0.4	0.3	0.2	0.2
Mar	0.3	0.3	0.1	0.1
Apr	0.2	0.3	0.0	0.0
May	0.2	0.3	0.0	-0.1
Jun	0.1	0.3	-0.1	-0.1
Jul	0.0	0.3	-0.1	-0.1
Aug	0.0	0.3	-0.2	-0.1
Sep	-0.1	0.2	-0.3	-0.2
Oct	-0.2	0.2	-0.4	-0.2
Nov	-0.2	0.2	-0.5	-0.2
Dec	-0.2	0.2	-0.5	-0.3
Jan-99	-0.2	0.2	-0.6	-0.3
Feb	-0.1	0.2	-0.7	-0.3
Mar	-0.1	0.2	-0.7	-0.2
Apr	0.0	0.2	-0.7	-0.2
May	0.1	0.2	-0.7	-0.2
Jun	0.1	0.2	-0.7	-0.2
Jul	0.2	0.2	-0.7	-0.2
Aug	0.2	0.2	-0.7	-0.1
Sep	0.3	0.2	-0.6	0.0
Oct	0.3	0.2	-0.6	0.0
Nov	0.4	0.2	-0.5	0.1
Dec	0.4	0.2	-0.5	0.3
Jan-00	0.4	0.2	-0.3	0.4
Feb	0.4	0.2	-0.1	0.6
Mar	0.4	0.2	0.2	0.7
Apr	0.3	0.2	0.4	0.9
May	0.3	0.2	0.6	1.0
Jun	0.3	0.2	0.9	1.1
Jul	0.3	0.2	1.1	1.2
Aug	0.3	0.2	1.3	1.3
Sep	0.3	0.2	1.5	1.3
Oct	0.3	0.2	1.6	1.3
Nov	0.3	0.2	1.8	1.3
Dec	0.2	0.2	1.9	1.3

Source: BLS, CBS, CBA

**ANNEX 3: ARUBA-USA excluding food or energy component**

	Inflation excl. energy component		Inflation excl. food component	
	USA	ARUBA	USA	ARUBA
Jan-97	2.8	2.9	2.5	2.8
Feb	2.8	2.9	2.5	2.9
Mar	2.7	3.0	2.4	3.0
Apr	2.6	3.0	2.4	3.0
May	2.6	2.8	2.3	2.9
Jun	2.5	2.8	2.2	2.8
Jul	2.4	2.7	2.2	2.7
Aug	2.3	2.6	2.1	2.7
Sep	2.2	2.6	2.1	2.7
Oct	2.1	2.6	2.0	2.7
Nov	2.0	2.6	1.9	2.6
Dec	1.9	2.6	1.8	2.6
Jan-98	1.9	2.5	1.7	2.5
Feb	1.9	2.5	1.7	2.3
Mar	1.9	2.4	1.7	2.2
Apr	1.9	2.3	1.7	1.9
May	1.9	2.3	1.7	2.0
Jun	1.9	2.3	1.7	2.0
Jul	1.9	2.4	1.7	2.1
Aug	1.9	2.3	1.7	1.9
Sep	1.9	2.3	1.7	1.9
Oct	2.0	2.3	1.7	1.8
Nov	2.0	2.2	1.8	1.7
Dec	2.1	2.2	1.8	1.7
Jan-99	2.2	2.1	1.7	1.6
Feb	2.2	2.0	1.7	1.6
Mar	2.3	2.1	1.7	1.6
Apr	2.3	1.9	1.7	1.5
May	2.4	1.9	1.6	1.5
Jun	2.4	1.9	1.6	1.5
Jul	2.5	1.9	1.6	1.5
Aug	2.5	1.9	1.6	1.6
Sep	2.5	1.9	1.6	1.6
Oct	2.6	1.9	1.7	1.7
Nov	2.6	2.0	1.7	1.9
Dec	2.7	2.0	1.7	2.1
Jan-00	2.6	2.0	1.9	2.3
Feb	2.5	2.1	2.0	2.5
Mar	2.4	2.2	2.2	2.7
Apr	2.2	2.3	2.3	3.0
May	2.1	2.4	2.4	3.2
Jun	2.0	2.4	2.6	3.4
Jul	1.9	2.5	2.7	3.6
Aug	1.8	2.6	2.8	3.7
Sep	1.7	2.7	2.9	3.8
Oct	1.6	2.7	3.0	3.9
Nov	1.5	2.8	3.1	3.9
Dec	1.5	2.7	3.1	3.8

Source: BLS, CBS, CBA

## Annex 4a: Tariff structure of gasoline and related products

The retail price of gasoline and related products is composed of several layers that are added to the posting price for aforementioned products (see table A). The largest of these surcharges is the excise for the government, which varies from 33.5 cents for kerosene up to 66.4 cents for regular and premium gasoline per liter sold. This means that the government receives between 33.5 cents and 66.4 cents for each liter of gasoline or related product sold.

**Table A: structure of gasoline and related products**

Price in cents per liter	Regular Gasoline	Premium Gasoline	Gasolie (Texaco)	Gasolie (Coastal)	Kerosene
Posting (in USD cents per gallon)	A 1]	B 1]	C 1]	D 1]	E 1]
Margin (in USD cents)	2.0	7.0	0.25	0.25	1.0
Price per liter 2]	$T_A = [A + 2.0] \times 0.48170$	$T_B = [B + 7.0] \times 0.48170$	$T_C = [C + 0.25] \times 0.48170$	$T_D = [D + 0.25] \times 0.48170$	$T_E = [E + 1.0] \times 0.48170$
Insurance and freight	2.1	2.1	2.1	--	--
C.I.F. Price	$T_A + 2.1$	$T_B + 2.1$	$T_C + 2.1$	$T_D$	$T_E$
Wholesale margin	8.4	8.4	8.9	8.9	8.3
Excise	66.4	66.4	38.2	38.2	33.5
Subsidy LPG (household)	1.5	1.5	-	-	-
Wholesale price	$T_A + 78.4$	$T_B + 78.4$	$T_C + 49.2$	$T_D + 47.1$	$T_E + 41.8$
Retail margin	9.9	9.9	8.3	8.3	8.7
Retail price	$T_A + 88.3$	$T_B + 88.3$	$T_C + 57.5$	$T_D + 55.4$	$T_E + 50.5$

Source: Department of economic affairs

1] US Golf Coast posting per product

2] The factor "0.48170" is derived as: [Exchange rate USD/AFL, including additional bank charges] / [Conversion rate gallons/liters] = [1.8234 / 3.78533]

## Annex 4b: Structure of water tariffs

Tariff for water consist of two components:

- Other cost component;
- Fuel oil cost component.

The "other cost component" is a fixed tariff and has remained unchanged since June 1993. The "fuel oil component" is the volatile component and changes by AFL 0.05 for every USD 0.50 change in the fuel oil price per barrel. This change is the basis for the adjustment in the tariffs per M<sup>3</sup>. They are also used as the basis for the adjustments in the electricity tariffs which follow the adjustments in the water tariffs.

**Table B: Structure of water tariff for domestic use (as of May 2001)**

	Basic price	Tariff (in AFL/M <sup>3</sup> )
• 0 - 3M <sup>3</sup>	10.80 (= 3 x AFL 3.60)	3.60
• >3 - 6M <sup>3</sup>		4.10
• >6 - 12M <sup>3</sup>		5.95
• >12- 20M <sup>3</sup>		6.30
• > 20M <sup>3</sup>		6.65

Source: WEB Aruba N.V.

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## 2.6 AN ESTIMATION OF THE INTERNATIONAL INVESTMENT POSITION OF ARUBA FOR 1998 AND 1999

*An article by drs. LA. Croes, Economist at the Research Department.*

### 1. Introduction

During the year 2000, after doing some groundwork, steps were taken to estimate the International Investment Position (IIP) of Aruba. The IIP is a very important indicator for a country because it gives information on the stock of that country's financial external assets and liabilities at a particular point in time. The IIP data should together with the balance of payments (BOP) statistics be reported to the IMF. The changes in this position reflect alterations due to transactions in the financial markets, prices, exchange rate and other adjustments. In general, the external financial assets of an economy comprise claims on non-residents, monetary gold, and Special Drawing Rights (SDR's) held by the monetary authorities. The net-IIP is the difference between its financial assets and liabilities. When the financial liabilities exceed the assets, a negative net-IIP is realized, which is an indication of future net outflows of international reserves.

There is a close relationship between the IIP and the BOP<sup>1</sup>, in the sense that the financial account of the BOP reflects transactions in the financial assets and liabilities during a certain period. The IIP is also closely related to the investment income component of the current account, which measures the income accrued on an economy's external financial assets and liabilities. In this paper a preliminary estimation of Aruba's IIP for 1998 and 1999 is presented. In part 2 the sources used to calculate the IIP are described. Part 3 identifies the classification of the IIP. The estimation results of the IIP are presented in part 4, whereas in part 5 the conclusion and recommendations are summed up.

### 2. Sources

The following sources have been used to estimate the IIP of Aruba:

- ~~///~~ The monthly statements of the commercial banks;
- ~~///~~ The balance sheet of the Centrale Bank van Aruba (the Bank);
- ~~///~~ The quarterly (aggregated) reporting forms of the pension funds, the bank-like institutions and the life insurance companies registered in Aruba;
- ~~///~~ Information on the official debt of Aruba from the Department of Finance;
- ~~///~~ The quarterly reports of foreign bank and/or current accounts; and
- ~~///~~ Foreign exchange licenses for foreign loans granted in 1997, 1998 and 1999 and information received from the foreign loan survey conducted in 2000. The latter information was used to estimate the amount of outstanding (private) foreign loans for the period 1998 and 1999.

However, it should be noted that the above-mentioned sources are still not sufficient to obtain the information needed to compile and classify the IIP according to the fifth edition of the Balance of Payments Manual of the IMF (the IMF manual). In order to

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<sup>1</sup> This is also the case with the System of National Accounts (SNA), as the components of the IIP can also be reconciled with the financial asset categories of the 1993 SNA.

enhance the quality of the IIP-statistics, available data should be supplemented with additional information obtained from other surveys and alternative data sources. In this regard, as of the first quarter of 2000, the Bank introduced a quarterly reporting form regarding foreign investments of residents. This form was incorporated in the existing quarterly reporting of the nonmonetary financial institutions, whereas other nonfinancial institutions known to have investment transactions abroad were also approached to submit the aforementioned form on a quarterly basis. Subsequently, as of that period, these institutions and companies are required to report outstanding foreign claims and liabilities as well as to specify the changes in these items. Furthermore, in 2000 a foreign loan survey was conducted by the Bank to obtain additional information on the private sector debt position. It is the intention of the Bank to conduct this survey on an annual basis in order to further improve the estimation. Soon, a survey on the foreign loan position as of end-2000 will be conducted.

### **3. Classification of the IIP**

The IMF manual recommends classifying the IIP primarily into foreign assets and liabilities. A second level of classification applied to the IIP is that of functional type. Four functional types of investment are identified. These are: direct investment, portfolio investment, reserve assets, and other investment as a residual category.

#### ***✍* Direct investment**

This is a category of international investment through which a resident entity in one economy (the direct investor) acquires a lasting interest in another foreign company (direct investment enterprise). In this case, the direct investor seeks to have--on a lasting basis--an effective voice in the management of an enterprise in which the investment is made. Direct investors are thereby in the position to derive benefits in addition to property income that may accrue from the capital that they have already invested, e.g., the opportunity to earn management fees or other sorts of income. To achieve this position, the investor must almost invariably provide a certain (often substantial) amount of the equity capital of the enterprise. In addition, the investor often grants loans and trade credits for the operations of the enterprise. These items are also recorded as a component of direct investment. However, when banks and financial intermediaries are in a direct investment relationship, only those transactions relating to permanent debt and equity investment are recorded as direct investment<sup>2</sup>. Therefore, the loans and deposits of these institutions are generally recorded as other investment, even if a direct investment relationship exists between the institution and the investor. When estimating the IIP with the available data, it should be mentioned that both banks (monthly statements) and nonmonetary financial institutions (quarterly statements) categorize all items pertaining to shareholders' equity as resident. The breakdown into resident and nonresident shareholders, however, should be derived from other available information.

#### ***✍* Portfolio investment**

These are cross-border investments in equity and debt securities, other than direct investments. This component covers both short-term and long-term transactions in equities (stocks and shares), other securities, and other financial derivatives. The

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<sup>2</sup> IMF Balance of Payments Textbook ; chapter 9; par. 522 page 109 and par. 585 page 124.

essential characteristic of these instruments is that they are traded or tradable. The investors are primarily concerned about the safety of their capital, the likelihood of an appreciation in its value and the return it generates. They will evaluate separately the prospects with respect to each independent unit in which they might invest and may often shift their capital as a result of changes in these prospects, which may be affected by short-term developments in the financial markets.

#### **☞ Reserve assets**

These are foreign financial assets available to and controlled by the monetary authorities of a country to finance or regulate payment imbalances with other countries or for other purposes. These consist of:

- Monetary gold;
- Reserve position IMF (SDR); and
- Foreign exchange holdings.

#### **☞ Other investment**

Other investment is a residual category that includes all financial transactions not considered as direct investment, portfolio investment or reserve assets. This item comprises amongst other:

- Loans;
- Trade credits;
- Foreign currencies and deposits (including balances on accounts held with nonresidents); and
- Other assets and liabilities comprising any item other than those mentioned above.

In addition, there is a third level of classification applicable to the IIP, which is by instrument of investment. Different instruments of investment are identified for different functional types of investments. For example, direct investment is divided into equity capital and reinvested earnings and other capital, while portfolio investment is divided into equity securities and debt securities.

#### **4. The IIP of Aruba**

Table 1 gives a summary of the net-IIP of Aruba for the years 1998 and 1999. The annex table gives a more detailed description of this position. The estimated total foreign assets amounted to AFL 1,473 million at the end of 1999 (1998: AFL 1,459 million), while estimated liabilities were AFL 3,293 million (1998: AFL 3,207 million), resulting in a negative net-IIP of AFL 1,820 million (1998: - AFL 1,747 million).

As mentioned above, the information on the outstanding foreign loans of Aruba were obtained from a survey conducted by the Bank during the year 2000. According to this survey, the estimated outstanding foreign loans amounted to AFL 2,082 million in 1998 and AFL 2,227 million in 1999. It is noteworthy to mention that this estimation could be higher, because some outstanding loan amounts originating from loans acquired before 1997 may not be incorporated in the foreign loan survey and are consequently not

**Table 1: International investment position (summary)**  
(in AFL million)

	<b>1998</b>	<b>1999</b>	<b>Change</b>	<b>Change in percent</b>
<b>Assets</b>				
1. Direct investment	0	0		
2. Portfolio investment	251.9	327.5	75.7	30%
3. Other investment	833.8	756.6	-77.2	-9%
4. Reserves	373.6	388.6	15.0	4%
<b>A. Total assets</b>	<b>1,459.3</b>	<b>1,472.8</b>	<b>13.5</b>	<b>1%</b>
<b>Liabilities</b>				
1. Direct investment	1,639.0	1,669.8	30.7	2%
2. Portfolio investment	0	0		
3. Other investment	1,567.6	1,623.3	35.7	4%
<b>B. Total liabilities</b>	<b>3,206.5</b>	<b>3,293.1</b>	<b>86.5</b>	<b>3%</b>
<b>C. Net-IIP</b>	<b>-1,747.2</b>	<b>-1,820.3</b>	<b>-73.0</b>	<b>4%</b>

included in table 1 and the annex table. The investments related to the Coastal refinery are also included as direct investments on the liability side.

Table 2 provides an overview of the share of total foreign assets and liabilities per sector in 1998 and 1999, and, thus, the contribution of each sector to the net-IIP. The Bank's assets were 30 percent of the total assets both in 1998 (AFL 439 million) and 1999 (AFL 435 million), while its share in total liabilities remained unchanged at the level of one percent. The positive contribution to the net-IIP by the Bank in both 1998 and 1999 was about 23 percent, i.e., AFL 408 million and AFL 413 million, respectively.

The commercial banks' share in total foreign assets increased by 2 percentage points to 35 percent in 1999. Their share in the total liabilities stabilized at 13 percent. On balance, the commercial banks contributed positively with AFL 71 million (in 1998: AFL 62 million) to the net-IIP of 1999. The aggregated contribution of the Bank and the commercial banks in the estimated net-IIP remained unchanged at 27 percent.

The nonmonetary financial institutions, comprising pension funds, other bank-like financial institutions and life insurance companies, also had a positive contribution to the net-IIP. Their share in total assets declined by 3 percentage points to 28 percent in 1999, equivalent to AFL 411 million, while their share in total liabilities also decreased by one percentage point to 5 percent, i.e., AFL 160 million. In 1999, the financial sector contributed 93 percent to the total estimated foreign assets and 19 percent to total estimated foreign liabilities.

From table 2 one can conclude that the government and the other nonfinancial sector contributed largely to the negative net-IIP-position in both years. The outstanding debt

of the government, valued at year-end exchange rates, shrank by AFL 23 million to AFL 331 million, which is equivalent to 10 percent of the total liabilities (in 1998: AFL 354 million or 11 percent). Commercial borrowings amounting to AFL 27 million were partly offset by repayments. The depreciation of the Dutch guilder and the euro vis-à-vis the Aruban florin caused an AFL 35 million decrease in outstanding foreign loan. The other nonfinancial sector, comprising foreign account balances and outstanding foreign loans of the private sector, was the main contributor to the negative net-IIP. About 71 percent of total estimated foreign liabilities in 1999 pertained to this sector (in 1998: 69 percent).

**Table 2: Contribution to total foreign assets and liabilities**  
In AFL million

	I	II	III	IV	V	VI=I+II+III+IV+V
	Central	Commercial	NMFI	Government	Other	Total
IIP per sector	Bank	Banks			financial sector 1)	
<b>1998</b>						
Financial assets	438.7	486.4	448.9	0	85.3	1,459.3
Financial liabilities	30.5	424.9	194.2	353.6	2,203.3	3,206.5
Net-IIP (1998)	408.2	61.5	254.6	-353.6	-2,118.0	-1,747.2
<b>1999</b>						
Financial assets	434.7	508.2	410.8	0	119.0	1,472.8
Financial liabilities 2)	22.1	437.4	160.3	330.6	2,342.6	3,293.0
Net-IIP (1999)	412.7	70.8	250.5	-330.6	-2,223.7	-1,820.2

1) Including foreign loan positions and foreign bank or current account balances of private and public nonfinancial institutions.

## 5. Conclusion

The above-indicated estimations give a preliminary calculation of the net-IIP-position of Aruba. These estimations are based on current available information<sup>3</sup>, and their quality should be further improved. To this end, the Bank should conduct more surveys to obtain additional information on the stock and flow data needed for the compilation and analysis of the IIP-statistics for Aruba.

However, even when the IIP estimations are based on incomplete information, the conclusion can be drawn that for both 1998 and 1999 foreign liabilities exceed foreign assets, resulting in a negative net-IIP for these years. The main contributors are the government and the other nonfinancial sector. It is therefore advisable for the government to achieve a balanced budget in order to receive NLG 120 million for debt reduction from the Dutch government, as was agreed upon as part of the new financial cooperation relationship between both governments in March 1999. Furthermore, the government should contain the recent increasing trend in its foreign (commercial) debt within acceptable margins as these commitments impose a negative effect on the future level of foreign exchange.

<sup>3</sup> When this memorandum was produced there were no data available for 2000.

In short, a negative net-IIP gives an indication of future net outflows of Aruba's international reserves, which consequently, will have a negative effect on the level of these reserves. Therefore, the further improvement of the quality of the estimation of the IIP of Aruba is very important in order to timely determine the adequate monetary and fiscal policies.

<b>ANNEX 1</b>				
<b>International Investment Position (IIP)</b>				
in AFL million				
	<b>I</b>	<b>II</b>	<b>III=(I-II)</b>	<b>IV</b>
	<b>Position at the end of year 1998</b>	<b>Position at end of the year 1999</b>	<b>Net change</b>	<b>In %</b>
<b>Assets</b>				
<b>1 Direct Investment</b>	<b>0.0</b>	<b>0.0</b>		
<i>Banks</i>	0.0	0.0		
<i>Non-monetary financial institutions</i>	0.0	0.0		
<i>Others</i>				
<b>2 Portfolio investment</b>	<b>251.9</b>	<b>327.5</b>	<b>75.7</b>	<b>30.0%</b>
<i>Centrale Bank van Aruba</i>	0.0	0.0		
<i>Government</i>	0.0	0.0		
<i>Commercial Banks</i>	22.5	31.6	<b>9.2</b>	<b>40.9%</b>
<i>Non-monetary financial institutions</i>	229.4	295.9	<b>66.5</b>	<b>29.0%</b>
<i>Other sectors 2)</i>				
<b>3 Other investment</b>	<b>833.9</b>	<b>756.6</b>	<b>-77.2</b>	<b>-9.3%</b>
<i>Centrale Bank van Aruba</i>	65.1	46.1		
<i>Government</i>	0.0	0.0		
<i>Commercial Banks</i>	464.0	476.6	<b>12.6</b>	<b>2.7%</b>
<i>Non-monetary financial institutions</i>	219.5	114.9	<b>-104.5</b>	<b>-47.6%</b>
<i>Other sectors 2)</i>	85.3	119.0	<b>33.7</b>	<b>39.4%</b>
<b>4 Reserves</b>	<b>373.6</b>	<b>388.6</b>	<b>15.0</b>	<b>4.0%</b>
<i>Centrale Bank van Aruba</i>	373.6	388.6	<b>15.0</b>	<b>4.0%</b>
<b>A Total assets (1+2+3+4)</b>	<b>1,459.3</b>	<b>1,472.8</b>	<b>13.5</b>	<b>0.9%</b>
<b>Liabilities</b>				
<b>1 Direct Investment</b>	<b>1,639.0</b>	<b>1,669.8</b>	<b>30.8</b>	<b>1.9%</b>
<i>Commercial Banks</i>	83.4	95.0	<b>11.6</b>	<b>13.9%</b>
<i>Non-monetary financial institutions</i>	38.6	52.8	<b>14.2</b>	<b>36.7%</b>
<i>Other sectors 2)</i>	1,517.0	1,522.0	<b>5.0</b>	<b>0.3%</b>
<b>2 Portfolio investment</b>	<b>0.0</b>	<b>0.0</b>		
<i>Centrale Bank van Aruba</i>	0.0	0.0		
<i>Government</i>	0.0	0.0		
<i>Commercial Banks</i>	0.0	0.0		
<i>Non-monetary financial institutions</i>	0.0	0.0		
<i>Other sectors 2)</i>				
<b>3 Other investment</b>	<b>1,567.6</b>	<b>1,623.3</b>	<b>55.7</b>	<b>3.6%</b>
<i>Centrale Bank van Aruba</i>	30.5	22.1	<b>-8.4</b>	<b>-27.5%</b>
<i>Government</i>	353.6	330.6	<b>-23.0</b>	<b>-6.5%</b>
<i>Commercial Banks</i>	341.5	342.4	<b>0.9</b>	<b>0.3%</b>
<i>Non-monetary financial institutions</i>	155.6	107.6	<b>-48.1</b>	<b>-30.9%</b>
<i>Others sectors 2)</i>	121.4	115.2	<b>-6.1</b>	<b>-5.0%</b>
<i>Other loans3)</i>	565.0	705.4	<b>140.4</b>	<b>24.9%</b>
<b>B Total Liabilities (1+2+3)</b>	<b>3,206.6</b>	<b>3,293.1</b>	<b>86.5</b>	<b>2.7%</b>
<b>C Net IIP (A-B)</b>	<b>-1,747.3</b>	<b>-1,820.3</b>	<b>-73.0</b>	<b>0.04</b>
of which:				
<i>Centrale Bank van Aruba</i>	<b>408.2</b>	<b>412.7</b>	<b>4.4</b>	<b>1.1%</b>
<i>Government</i>	<b>-353.6</b>	<b>-330.6</b>	<b>23.0</b>	<b>-6.5%</b>
<i>Commercial Banks</i>	<b>61.5</b>	<b>70.8</b>	<b>9.3</b>	<b>15.2%</b>
<i>Non-monetary financial institutions</i>	<b>254.6</b>	<b>250.5</b>	<b>-4.1</b>	<b>-1.6%</b>
<i>Others 2) 3)</i>	<b>-2,118.0</b>	<b>-2,223.7</b>	<b>-105.6</b>	<b>5.0%</b>

1) Arising from financial transactions, valuation changes etc.

2) Including balances on foreign accounts.

3) Including loans extended and received. Sources; for 1998 and 1999 foreign loan survey2000. The figure for 1997 is estimated by the foreign loan licenses granted by the Bank during that year, excluding repayments.

## **2.7 EEN LIJST VAN GELDTRANSACTIEBEDRIJVEN DIE ZICH VRIJWILLIG HOUDEN AAN DE DOOR DE BANK UITGEVAARDIGDE RICHTLIJNEN**

*Een persbericht van 27 april 2001.*

Mede naar aanleiding van recent door de “Financial Action Task Force” gedane aanbevelingen heeft de Centrale Bank van Aruba (de Bank) in november 1999 een zogenoemd “quick-scan” onderzoek gehouden bij de alhier opererende geldtransactiebedrijven. Hierbij is nagegaan in hoeverre deze bedrijven zich houden aan de door haar uitgevaardigde richtlijnen, welke onder meer zijn gericht op waarborging van de naleving van de deviezenbepalingen, het bevorderen van het houden van een deugdelijke administratie en het voorkomen van witwaspraktijken via deze sector.

Op basis van dit onderzoek heeft de Bank het wenselijk geacht haar richtlijnen aan te scherpen, vooruitlopend op een eventuele wettelijke regeling ter zake. Tevens heeft zij haar voornemen bekendgemaakt een lijst van geldtransactiebedrijven te publiceren die vrijwillig aan de richtlijnen voldoen.

De Bank heeft onlangs een marginale toetsing verricht bij de geldtransactiebedrijven die zich hebben aangemeld voor plaatsing op de lijst. Op grond van deze toetsing deelt zij thans mede dat de volgende bedrijven voldoen aan haar richtlijnen:

1. De Palm Financial Services N.V. (Western Union)
2. G.F.P. International N.V.
3. Union Caribe

De Bank zal deze lijst voortaan halfjaarlijks publiceren.



## 2.8 INTRODUCTION OF THE STATE ORDINANCE ON THE SUPERVISION OF THE INSURANCE BUSINESS

*A press release of July 2, 2001.*

The Centrale Bank van Aruba (the Bank) hereby announces that the State Ordinance on the supervision of the insurance business (AB 2000 no. 82) (SOSIB) and the Implementation Ordinance on the SOSIB (AB 2001 no. 91) became effective on July 1, 2001.

According to Section 5, paragraph 1, of the SOSIB it is prohibited to conduct insurance business in or from Aruba without an insurance license from the Bank. According to Section V, paragraph 1, of the Implementation Ordinance, insurance companies already established in Aruba before July 1, 2001 are required to apply for a license at the Bank within **six (6) months** subsequent to abovementioned date. In accordance with Section V, paragraph 2, of the Implementation Ordinance the Bank shall inform the applicant by registered letter of its decision within **twelve (12) months** subsequent to the effective date.

Insurance companies that want to establish themselves in Aruba after July 1, 2001 need to obtain a license from the Bank before they can commence their activities. Copies of the admission policy for insurance companies and application forms for an insurance license can be obtained at the Bank.

For further information, please contact Mr. Marion Agunbero or Mr. Milangelo Brete of the Supervision Department at telephone 297-822509 or fax 297-832251 or by e-mail [m.m.agunbero@cbaruba.org](mailto:m.m.agunbero@cbaruba.org) or [m.r.brete@cbaruba.org](mailto:m.r.brete@cbaruba.org).



### **III. Statistical annex**

#### **General note**

Figures in the Statistical annex are quoted in millions of Aruban florin (AFL), unless otherwise stated.

The sum of separate items may differ in the final digit from the total shown, due to rounding.

Data are subject to revision if additional information becomes available.

The following symbols and conventions are used throughout the Statistical annex:

blank: not available

0.0: nil

(d): discontinuity in the series; this sign will be accompanied by an explanatory note in the back section of the report

**TABLE 1.1: TOURISM**

period	Total visitor nights	Total visitors	Visitors by origin							Average nights stayed	Average hotel occupancy rate	Cruise tourism		
			North America	Of which USA	Latin America	Of which Venezuela	Europe	Of which Netherlands	Other			Number of passengers	Ship calls	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
1997	4,834,838	645,983	388,895	363,791	163,288	87,634	57,745	32,666	36,055	7.5	73.5	297,650	270	
1998	4,889,718	647,437	401,547	377,108	162,308	99,128	49,042	30,959	34,540	7.6	77.6	257,755	255	
1999	5,143,302	683,323	442,833	422,186	155,171	103,601	49,326	32,014	35,993	7.5	77.0	289,052	230	
2000	5,247,824	721,224	478,726	458,132	162,474	112,018	47,063	30,575	32,961	7.3	76.0	490,005	331	
1999	I	1,316,201	164,364	114,754	106,513	32,240	19,151	10,601	6,801	6,769	8.0	78.7	133,464	106
	II	1,139,777	161,810	111,893	107,941	30,316	19,589	10,950	7,245	8,651	7.0	73.4	27,965	26
	III	1,356,151	183,234	100,977	98,400	57,308	42,491	13,670	9,207	11,279	7.4	77.4	1,969	9
	IV	1,331,173	173,915	115,209	109,332	35,307	22,370	14,105	8,761	9,294	7.7	78.9	125,654	89
2000	I	1,380,946	179,192	131,850	122,789	29,131	17,703	11,418	7,529	6,793	7.7	81.6	208,820	150
	II	1,199,727	175,941	120,421	117,296	36,672	23,998	10,989	7,157	7,859	6.8	71.8	85,535	50
	III	1,402,755	196,820	112,711	109,831	61,999	47,076	12,233	7,906	9,877	7.1	76.6	35,349	22
	IV	1,264,396	169,271	113,744	108,216	34,672	23,241	12,423	7,983	8,432	7.5	73.8	160,301	109
2001	I	1,371,383	183,572	140,578	131,479	26,476	16,637	10,945	7,112	5,573	7.5	83.6	195,718	126

Source: Aruba Tourism Authority, Central Bureau of Statistics, Aruba Hotel and Tourism Association, Cruise Tourism Authority.

**TABLE 1.2: GROWTH IN STAY-OVER TOURISM**

	Total visitor nights	Total visitors	North America	Of which USA	Latin America	Of which Venezuela	Europe	Of which Nether- lands	Other
period	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Quarterly percentage changes 1)</i>									
1999 I	1.5	-2.4	-4.7	-1.5	10.2	35.3	-14.3	-6.2	6.0
II	1.6	3.3	11.8	12.1	-19.6	-15.3	3.9	8.0	3.3
III	7.1	10.5	21.2	21.6	-2.0	7.9	2.0	3.1	5.9
IV	10.6	11.1	17.8	19.1	-4.2	-0.4	10.8	8.6	1.7
2000 I	4.9	9.0	14.9	15.3	-9.6	-7.6	7.7	10.7	0.4
II	5.3	8.7	7.6	8.7	21.0	22.5	0.4	-1.2	-9.2
III	3.4	7.4	11.6	11.6	8.2	10.8	-10.5	-14.1	-12.4
IV	-5.0	-2.7	-1.3	-1.0	-1.8	3.9	-11.9	-8.9	-9.3
2001 I	-0.7	2.4	6.6	7.1	-9.1	-6.0	-4.1	-5.5	-18.0
<i>Cumulative percentage changes 2)</i>									
1999 I	1.5	-2.4	-4.7	-1.5	10.2	35.3	-14.3	-6.2	6.0
II	1.5	0.3	2.8	4.9	-6.6	3.9	-5.9	0.6	4.5
III	3.4	3.8	7.8	9.6	-4.4	6.0	-3.0	1.6	5.1
IV	5.2	5.5	10.3	12.0	-4.4	4.5	0.6	3.4	4.2
2000 I	4.9	9.0	14.9	15.3	-9.6	-7.6	7.7	10.7	0.4
II	5.1	8.9	11.3	12.0	5.2	7.6	4.0	4.6	-5.0
III	4.5	8.4	11.4	11.8	6.6	9.3	-1.6	-2.8	-8.1
IV	2.0	5.5	8.1	8.5	4.7	8.1	-4.6	-4.5	-8.4
2001 I	-0.7	2.4	6.6	7.1	-9.1	-6.0	-4.1	-5.5	-18.0

1) As compared to a year earlier.

2) From the beginning of the year to the end of the indicated period as compared to the corresponding period of a year

**TABLE 1.3: CONSUMER PRICE INDICES**

(August 1994 = 100)

(September 2000 = 100)

	Total index	Food	Beverage & tobacco	Clothing & footwear	Housing	House-keeping & furnishing	Health	Transport & communication	Recreation & education	Other
<b>Weights (September 1994 = 100)</b>	<b>10,000</b>	<b>1,625</b>	<b>254</b>	<b>1,134</b>	<b>1,786</b>	<b>1,039</b>	<b>307</b>	<b>2,072</b>	<b>808</b>	<b>975</b>
<b>Weights (September 2000 = 100)</b>	<b>10,000</b>	<b>1,469</b>	<b>219</b>	<b>1,086</b>	<b>2,296</b>	<b>1,002</b>	<b>88</b>	<b>1,967</b>	<b>799</b>	<b>1,074</b>
End of period	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1997	110.1	111.8	108.0	120.6	110.6	110.4	112.1	104.1	110.9	106.1
1998	111.7	114.2	108.5	129.6	109.0	113.1	112.7	103.3	112.6	107.3
1999	115.8	116.3	111.3	134.0	118.0	117.7	113.1	105.9	117.1	109.9
2000	100.8	100.8	100.0	101.5	101.1	101.4	100.0	100.1	100.5	100.8
1999 I	112.1	114.9	109.3	130.7	108.7	114.3	112.6	103.1	113.9	107.8
II	112.9	115.6	109.5	131.9	109.3	115.1	112.7	104.6	114.3	108.2
III	114.3	116.0	110.4	132.4	113.6	115.7	112.9	105.6	115.6	108.9
IV	115.8	116.3	111.3	134.0	118.0	117.7	113.1	105.9	117.1	109.9
2000 I	116.9	116.7	111.3	136.0	119.3	118.2	113.2	107.3	118.5	110.7
II	117.9	117.3	111.4	138.5	120.6	119.4	113.2	108.0	119.2	111.7
III	118.9	118.3	111.8	141.4	121.8	119.9	113.3	108.3	120.2	112.7
IV d	100.8	100.8	100.0	101.5	101.1	101.4	100.0	100.1	100.5	100.8
2001 I	101.3	101.6	99.0	104.3	100.9	102.2	100.0	100.1	100.5	101.4

Source: Central Bureau of Statistics.

**TABLE 1.4: PERCENTAGE PRICE CHANGES**

(August 1994 = 100)

(September 2000 = 100)

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End of period	Percentage change				
	All groups index	Over previous month	Over 3 months earlier	Over a year earlier	Last 12 months over previous 12 months
1997	110.1	0.3	0.9	2.8	3.0
1998	111.7	0.1	0.5	1.5	1.9
1999	115.8	0.3	1.3	3.7	2.3
2000	100.8	0.3	0.8	3.5	4.0
1999 I	112.1	0.1	0.4	1.4	1.8
II	112.9	0.2	0.7	2.0	1.7
III	114.3	0.3	1.2	2.9	1.9
IV	115.8	0.3	1.3	3.7	2.3
2000 I	116.9	0.6	0.9	4.3	2.9
II	117.9	0.3	0.9	4.4	3.5
III	118.9	0.2	0.8	4.0	4.0
IV d	100.8	0.3	0.8	3.5	4.0
2001 I	101.3	0.1	0.5	3.0	3.9

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**TABLE 1.5: UTILITIES**

	1997	1998	1999	2000	1999				2000				2001
					I	II	III	IV	I	II	III	IV	I
1. a. Water (x1,000 m3) 1)	9,587	10,280	10,406	10,929	2,492	2,690	2,777	2,447	2,604	2,938	2,700	2,687	2,831
b. Connected premises	27,180	28,283	29,211	30,225	28,426	28,751	28,998	29,211	29,386	29,682	29,951	30,225	30,409
2. a. Electricity (x 1,000 KWH)	551,849	600,767	614,931	644,348	138,070	152,431	165,780	158,650	144,507	158,585	172,196	169,060	151,513
b. Connections	33,337	35,496	35,496	36,448	34,505	34,792	35,015	35,496	35,668	35,775	36,016	36,448	36,575
c. Number of users	28,708	29,861	30,971	32,062	29,889	30,290	30,562	30,971	31,199	31,346	31,700	32,062	32,281
3. a. Gas (x 1,000 pounds)	15,606	15,633	16,345	17,162	3,869	3,985	3,974	4,517	4,135	4,169	4,215	4,305	
b. Household	6,929	6,958	7,215	7,354	1,638	1,751	1,722	2,104	1,673	1,797	1,760	2,124	
c. Commercial	8,678	8,675	9,130	9,808	2,231	2,234	2,251	2,413	2,462	2,353	2,468	2,525	
4. Utilities index 2)	104.9	112.9	115.2	121.4	104.6	113.8	121.1	113.5	110.1	121.6	124.1	138.6	

1) Sale of water, excluding to Coastal Aruba N.V. and vessels.

2) For annual data, base: 1996 = 100

For quarterly data, base: quarterly average 1996 = 100

Source: WEB Aruba N.V., N.V. ELMAR, Arugas N.V.

**TABLE 1.6: OIL REFINING**

	1998	1999	2000	1999				2000				2001
				I	II	III	IV	I	II	III	IV	I
1. Export of oil (x AFL million)	1,290	2,192	2,331	394	504	564	730	445	546	558	783	537
2. Import of crude (x AFL million)	704	2,092	1,922	319	537	569	667	277	550	534	561	454
3. Quantity of oil refined (x 1,000 barrels)	58,388	73,713	83,553	20,574	18,445	17,478	17,216	16,808	21,569	21,876	23,300	22,242
4. Number of employees (at end-December) 1)	541	520	564	502	534	529	520	568	577	571	564	564

1) Excluding persons employed with contractors.

Source: Coastal Aruba Refining Co., N.V.

**TABLE 2.1: MONETARY SURVEY**

End of period	1997	1998	1999	2000	1999				2000				2001
					I	II	III	I	I	II	III	I	I
<b>I. Net domestic assets</b>	<b>967.2</b>	<b>985.7</b>	<b>1,127.5</b>	<b>1,207.8</b>	<b>971.9</b>	<b>1,002.2</b>	<b>1,052.6</b>	<b>1,127.5</b>	<b>1,164.5</b>	<b>1,188.4</b>	<b>1,221.1</b>	<b>1,207.8</b>	<b>1,194.0</b>
A) Domestic credit	1,175.9	1,244.1	1,394.5	1,507.2	1,232.7	1,260.9	1,323.4	1,394.5	1,458.4	1,493.0	1,517.6	1,507.2	1,521.4
1) Net claims on public sector	-9.7	-8.9	12.4	-1.1	-24.7	-14.3	-16.5	12.4	14.1	2.3	3.5	-1.1	0.8
a) Gross claims	74.5	67.9	75.9	65.8	70.7	75.3	75.6	75.9	75.9	85.2	68.5	65.8	68.5
b) Government's deposits	-74.4	-67.0	-54.2	-44.3	-86.0	-80.3	-82.6	-54.2	-52.4	-53.6	-42.6	-44.3	-38.9
c) Development funds	-9.8	-9.8	-9.4	-22.6	-9.5	-9.4	-9.5	-9.4	-9.4	-29.3	-22.4	-22.6	-28.8
2) Claims on private sector	1,185.5	1,253.0	1,382.2	1,508.3	1,257.4	1,275.2	1,340.0	1,382.2	1,444.5	1,490.7	1,514.1	1,508.3	1,520.6
a) Enterprises	635.8	636.3	670.0	725.5	631.3	626.1	658.2	670.0	717.5	733.6	739.2	725.5	734.8
b) Individuals	532.4	588.7	686.1	757.6	598.1	621.8	656.4	686.1	700.8	731.0	749.6	757.6	763.7
1) Consumer credit	269.2	287.9	335.6	357.2	292.4	302.7	317.8	335.6	340.3	351.6	354.7	357.2	355.9
2) Housing mortgages	263.2	300.8	350.4	400.4	305.7	319.0	338.7	350.4	360.5	379.4	394.9	400.4	407.9
c) Other	17.3	28.0	26.1	25.2	28.0	27.4	25.3	26.1	26.0	26.1	25.2	25.2	22.1
B) Other items, net	-208.7	-258.4	-267.0	-299.4	-260.8	-258.7	-270.9	-267.0	-293.9	-304.6	-296.5	-299.4	-327.4
<b>II. Net foreign assets</b>	<b>393.6</b>	<b>553.1</b>	<b>571.6</b>	<b>530.7</b>	<b>648.4</b>	<b>630.9</b>	<b>628.1</b>	<b>571.6</b>	<b>603.5</b>	<b>588.5</b>	<b>555.7</b>	<b>530.7</b>	<b>617.3</b>
A) Centrale Bank van Aruba	316.4	408.2	412.7	386.4	484.6	458.0	430.7	412.7	408.3	421.5	413.8	386.4	422.8
B) Commercial banks	77.2	144.9	158.9	144.3	163.8	172.8	197.4	158.9	195.1	167.0	141.9	144.3	194.5
<b>III Broad money</b>	<b>1,360.8</b>	<b>1,538.8</b>	<b>1,699.1</b>	<b>1,738.5</b>	<b>1,620.3</b>	<b>1,633.1</b>	<b>1,680.7</b>	<b>1,699.1</b>	<b>1,768.0</b>	<b>1,776.9</b>	<b>1,776.9</b>	<b>1,738.5</b>	<b>1,811.3</b>
A) Money	473.1	547.0	590.4	596.5	563.9	570.6	587.8	590.4	591.1	629.7	606.8	596.5	626.2
B) Quasi-money	887.7	991.8	1,108.7	1,142.0	1,056.4	1,062.5	1,092.9	1,108.7	1,176.9	1,147.2	1,170.1	1,142.0	1,185.1

**TABLE 2.2: COMPONENTS OF BROAD MONEY**

End of period	Currency		Demand deposits			Money	Other deposits		Trea- sury bills	Quasi- money	Broad money	
	Issued	At banks	Outside banks	AFL	Foreign currency		Total	Savings				Time
	(1)	(2)	(3= 1-2)	(4)	(5)	(6= 4+5)	(7= 3+6)	(8)	(9)	(10)	(11= 8+9+10)	(12= 7+11)
1997	126.8	25.2	101.6	311.8	59.8	371.5	473.1	366.6	517.1	4.0	887.7	1,360.8
1998	133.3	28.4	104.9	378.2	63.9	442.1	547.0	382.5	609.3	0.0	991.8	1,538.8
1999	146.3	24.0	122.4	398.0	70.1	468.1	590.4	391.6	715.6	1.5	1,108.7	1,699.1
2000	151.0	29.6	121.5	406.3	68.7	475.0	596.5	404.6	729.0	8.4	1,142.0	1,738.5
1999 I	126.5	24.3	102.2	381.0	80.7	461.7	563.9	389.4	667.0	0.0	1,056.4	1,620.3
II	132.0	23.4	108.6	395.0	67.0	462.0	570.6	393.5	663.5	5.5	1,062.5	1,633.1
III	128.0	22.1	105.9	417.8	64.1	481.9	587.8	387.5	703.9	1.5	1,092.9	1,680.7
IV	146.3	24.0	122.4	398.0	70.1	468.1	590.4	391.6	715.6	1.5	1,108.7	1,699.1
2000 I	139.3	24.1	115.2	401.2	74.6	475.8	591.1	403.4	760.0	13.5	1,176.9	1,768.0
II	144.7	23.9	120.8	443.3	65.6	509.0	629.7	410.8	726.4	10.0	1,147.2	1,776.9
III	140.3	23.6	116.8	420.0	70.0	490.0	606.8	403.3	763.8	3.0	1,170.1	1,776.9
IV	151.0	29.6	121.5	406.3	68.7	475.0	596.5	404.6	729.0	8.4	1,142.0	1,738.5
2001 I	140.1	24.0	116.1	424.7	85.4	510.1	626.2	412.6	767.5	5.0	1,185.1	1,811.3

**TABLE 2.3: CAUSES OF CHANGES IN BROAD MONEY**

During period	1997	1998	1999	2000	1999			2000			2001		
					I	II	III	I	I	II	III	I	I
<b>I. Net domestic money creation</b>	<b>99.4</b>	<b>18.5</b>	<b>141.8</b>	<b>80.3</b>	<b>-13.8</b>	<b>30.3</b>	<b>50.4</b>	<b>74.9</b>	<b>37.0</b>	<b>23.9</b>	<b>32.7</b>	<b>-13.3</b>	<b>-13.8</b>
A) Domestic credit	93.4	68.2	150.4	112.7	-11.4	28.2	62.5	71.1	63.9	34.6	24.6	-10.4	14.2
1) Net claims on public sector	31.8	0.8	21.3	-13.4	-15.8	10.4	-2.2	28.9	1.7	-11.7	1.2	-4.6	1.9
a) Recourse to monetary system	4.5	-6.6	8.0	-10.1	2.8	4.6	0.2	0.4	0.0	9.2	-16.7	-2.7	2.7
b) Drawing down of bank balances	27.3	7.3	13.3	-3.3	-18.6	5.8	-2.4	28.5	1.7	-21.0	17.9	-1.9	-0.8
1) Government's deposits	34.5	7.4	12.8	9.9	-19.0	5.7	-2.4	28.4	1.8	-1.1	10.9	-1.7	5.4
2) Development funds	-7.1	-0.1	0.5	-13.2	0.3	0.1	-0.1	0.1	-0.1	-19.9	6.9	-0.2	-6.3
2) Claims on private sector	61.6	67.4	129.2	126.2	4.4	17.8	64.7	42.2	62.2	46.4	23.4	-5.8	12.3
a) Enterprises	15.9	0.4	33.8	55.5	-4.9	-5.2	32.2	11.8	47.5	16.1	5.6	-13.7	9.3
b) Individuals	56.1	56.3	97.4	71.6	9.5	23.6	34.7	29.6	14.7	30.2	18.6	8.0	6.1
1) Consumer credit	36.0	18.7	47.7	21.6	4.5	10.3	15.0	17.9	4.6	11.4	3.1	2.5	-1.4
2) Housing mortgages	20.0	37.6	49.7	50.0	5.0	13.3	19.6	11.8	10.1	18.9	15.6	5.5	7.5
c) Other	-10.3	10.7	-2.0	-0.9	-0.1	-0.5	-2.1	0.8	-0.1	0.1	-0.8	-0.1	-3.1
B) Other domestic factors	6.0	-49.7	-8.6	-32.4	-2.4	2.1	-12.2	3.8	-26.9	-10.7	8.1	-2.9	-28.0
<b>II. Inflow of foreign funds</b>	<b>-39.7</b>	<b>159.5</b>	<b>18.5</b>	<b>-40.9</b>	<b>95.3</b>	<b>-17.6</b>	<b>-2.7</b>	<b>-56.5</b>	<b>31.9</b>	<b>-15.0</b>	<b>-32.8</b>	<b>-25.1</b>	<b>86.6</b>
<b>III Broad money</b>	<b>59.7</b>	<b>178.0</b>	<b>160.3</b>	<b>39.4</b>	<b>81.5</b>	<b>12.8</b>	<b>47.6</b>	<b>18.4</b>	<b>68.9</b>	<b>9.0</b>	<b>-0.1</b>	<b>-38.4</b>	<b>72.8</b>
1) Money	28.1	73.9	43.4	6.1	16.9	6.7	17.2	2.6	0.7	38.7	-23.0	-10.3	29.7
2) Quasi-money	31.6	104.2	116.9	33.3	64.6	6.1	30.4	15.7	68.2	-29.7	22.9	-28.1	43.1

**TABLE 2.4: FOREIGN ASSETS**

End of period	Centrale Bank van Aruba				Commercial banks			Total	Revaluation differences	Total excl. (9)	Broad money	Import of goods (excl. oil) during a 12-month period	Percentages	
	Gold	Other assets	Liabilities	Net	Assets	Liabilities	Net						Broad money coverage	Import coverage
	(1)	(2)	(3)	(4=1+2-3)	(5)	(6)	(7=5-6)						(8=4+7)	(9)
1997	50.1	308.5	2.5	356.1	465.9	388.7	77.2	433.3	39.7	393.6	1,360.8	1,425.1	28.9	30.4
1998	41.0	397.7	1.7	437.0	486.4	341.5	144.9	581.9	28.8	553.1	1,538.8	1,521.0	35.9	38.3
1999	41.0	393.7	0.1	434.6	501.1	342.2	158.9	593.6	22.0	571.6	1,699.1	1,350.0	33.6	44.0
2000	41.0	376.2	2.3	414.9	538.8	394.4	144.3	559.2	28.5	530.7	1,738.5	1,264.4	30.5	44.2
1999 I	41.0	468.6	1.6	507.9	466.4	302.6	163.8	671.7	23.3	648.4	1,620.3	1,515.5	40.0	44.3
II	41.0	442.2	1.8	481.4	485.0	312.2	172.8	654.2	23.3	630.9	1,633.1	1,517.8	38.6	43.1
III	41.0	415.1	5.1	450.9	512.6	315.2	197.4	648.3	20.2	628.1	1,680.7	1,453.5	37.4	44.6
I	41.0	393.7	0.1	434.6	501.1	342.2	158.9	593.6	22.0	571.6	1,699.1	1,350.0	33.6	44.0
2000 I	41.0	391.3	1.1	431.2	544.8	349.7	195.1	626.3	22.8	603.5	1,768.0	1,314.1	34.1	47.7
II	41.0	404.3	0.1	445.2	519.9	352.9	167.0	612.2	23.7	588.5	1,776.9	1,280.2	33.1	47.8
III	41.0	399.2	3.1	437.1	518.1	376.2	141.9	579.1	23.3	555.7	1,776.9	1,284.4	31.3	45.1
I	41.0	376.2	2.3	414.9	538.8	394.4	144.3	559.2	28.5	530.7	1,738.5	1,264.4	30.5	44.2
2001 I	41.0	411.5	0.9	451.6	558.0	363.5	194.5	646.1	28.8	617.3	1,811.3	1,240.7	34.1	52.1

**TABLE 3.1: CONSOLIDATED BALANCE SHEET OF THE MONEY-CREATING INSTITUTIONS**

End of period	1997	1998	1999	2000	1999				2000				2001
					I	II	III	IV	I	II	III	IV	I
<b>ASSETS</b>													
1. Claims on money-creating institutio	197.6	265.9	298.2	239.1	323.5	305.0	287.5	298.2	271.5	267.6	285.2	239.1	258.6
a) Monetary authorities	147.4	241.6	261.9	210.4	287.5	274.3	262.5	261.9	244.8	238.7	258.0	210.4	239.8
b) Commercial banks	50.2	24.3	36.3	28.8	35.9	30.7	25.0	36.3	26.7	28.9	27.1	28.8	18.8
2. Claims on the public sector	74.5	67.9	75.9	65.8	70.7	75.3	75.6	75.9	75.9	85.2	68.5	65.8	68.5
a) Short-term	48.2	45.1	65.2	56.1	49.4	64.6	64.8	65.2	66.3	74.3	58.2	56.1	58.8
b) Long-term	26.3	22.8	10.7	9.7	21.3	10.7	10.7	10.7	9.6	10.9	10.3	9.7	9.7
3. Claims on the private sector	1,185.5	1,253.0	1,382.2	1,508.3	1,257.4	1,275.2	1,340.0	1,382.2	1,444.3	1,490.7	1,514.1	1,508.3	1,520.6
a) Enterprises	635.8	636.3	670.0	725.5	631.3	626.1	658.2	670.0	717.5	733.6	739.2	725.5	734.8
b) Individuals	532.4	588.7	686.1	757.6	598.1	621.8	656.4	686.1	700.8	731.0	749.6	757.6	763.7
1) Consumer credit	269.2	287.9	335.6	357.2	292.4	302.7	317.8	335.6	340.3	351.6	354.7	357.2	355.9
2) Housing mortgages	263.2	300.8	350.4	400.4	305.7	319.0	338.7	350.4	360.5	379.4	394.9	400.4	407.9
c) Capital market investmen	12.5	14.2	11.8	11.8	14.3	13.8	11.7	11.8	11.7	11.9	11.8	11.8	9.2
d) Other	4.8	13.8	14.2	13.3	13.7	13.6	13.6	14.2	14.3	14.2	13.4	13.3	13.0
4. Foreign assets	824.4	925.1	935.9	955.9	975.9	968.2	968.6	935.9	977.1	965.2	958.3	955.9	1,010.5
a) Gold	50.1	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0
b) Short-term	641.2	738.0	740.0	758.9	788.4	783.7	791.1	740.0	782.7	770.1	755.9	758.9	815.2
c) Long-term	133.1	146.1	154.9	156.1	146.6	143.5	136.6	154.9	153.4	154.1	161.4	156.1	154.4
5. Other domestic assets	0.4	-21.2	-40.6	-14.2	-24.1	-31.3	-38.2	-40.6	-33.0	-35.9	-6.1	-14.2	-17.8
<b>6. Total assets</b>	<b>2,282.4</b>	<b>2,490.7</b>	<b>2,651.6</b>	<b>2,755.0</b>	<b>2,603.5</b>	<b>2,592.4</b>	<b>2,633.5</b>	<b>2,651.6</b>	<b>2,735.9</b>	<b>2,772.8</b>	<b>2,820.1</b>	<b>2,755.0</b>	<b>2,840.5</b>

**TABLE 3.1: CONSOLIDATED BALANCE SHEET OF THE MONEY-CREATING INSTITUTIONS**  
(continued)

End of period	1997	1998	1999	2000	1999			2000			2001		
					I	II	III	I	I	II	III	I	I
<b>LIABILITIES</b>													
7. Broad money	1,360.8	1,538.8	1,699.1	1,738.5	1,620.3	1,633.1	1,680.7	1,699.1	1,768.0	1,776.5	1,776.9	1,738.5	1,811.3
a) Money	473.1	547.0	590.4	596.5	563.9	570.6	587.8	590.4	591.1	629.7	606.8	596.5	626.2
b) Quasi-money	887.7	991.8	1,108.7	1,142.0	1,056.4	1,062.5	1,092.9	1,108.7	1,176.9	1,147.2	1,170.1	1,142.0	1,185.1
8. Money-creating institutions	170.3	266.0	271.6	229.6	308.2	295.7	285.9	271.6	262.8	253.4	275.2	229.6	263.3
a) Monetary authorities	147.0	236.7	245.6	202.5	281.2	274.8	255.1	245.6	236.0	224.6	253.0	202.5	239.3
b) Commercial banks	23.3	29.3	26.0	27.1	27.0	20.9	30.7	26.0	26.8	28.8	22.2	27.1	24.0
9. Public sector deposits	84.2	76.8	63.6	66.9	95.5	89.7	92.1	63.6	61.9	82.8	65.0	66.9	67.7
a) Government	74.4	67.0	54.2	44.3	86.0	80.3	82.6	54.2	52.4	53.6	42.6	44.3	38.9
b) Development funds	9.8	9.8	9.4	22.6	9.5	9.4	9.5	9.4	9.4	29.3	22.4	22.6	28.8
10. Long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
a) Government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b) Private sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11. Subordinated debt	7.8	11.3	11.3	13.8	11.3	11.3	11.3	11.3	11.3	11.3	13.8	13.8	13.8
12. Capital and reserves	138.4	140.4	140.1	165.9	140.2	129.7	127.3	140.1	155.9	160.3	159.5	165.9	172.1
13. Foreign liabilities	391.1	343.2	342.3	396.8	304.2	314.0	320.3	342.3	350.8	353.0	379.3	396.8	364.4
b) Short-term	358.4	307.8	310.5	370.5	273.3	282.1	286.0	310.5	317.5	325.5	351.5	370.5	328.6
c) Long-term	32.7	35.4	31.8	26.2	31.0	31.8	34.2	31.8	33.2	27.5	27.8	26.2	35.9
14. Revaluation differences	39.7	28.8	22.0	28.5	23.3	23.3	20.2	22.0	22.8	23.7	23.3	28.5	28.8
15. Other domestic liabilities	90.2	85.3	101.5	115.1	100.5	95.7	95.7	101.5	102.4	111.3	127.0	115.1	118.9
<b>16. Total liabilities</b>	<b>2,282.4</b>	<b>2,490.7</b>	<b>2,651.6</b>	<b>2,755.0</b>	<b>2,603.5</b>	<b>2,592.4</b>	<b>2,633.5</b>	<b>2,651.6</b>	<b>2,735.9</b>	<b>2,772.8</b>	<b>2,820.1</b>	<b>2,755.0</b>	<b>2,840.5</b>

**TABLE 3.2: DETAILED BALANCE SHEET OF THE CENTRALE BANK VAN ARUBA**

End of period	Domestic assets		Total domestic assets	Foreign assets			Total foreign assets	Total assets	
	Government	Other		Gold and claims in gold	Claims on				
	(1)	(2)	(3)		(4)	Banks	Governments	(5)	(6)
1997	0.0	17.6	17.6	50.1	308.5	0.0	358.5	376.1	
1998	0.0	17.9	17.9	41.0	397.7	0.0	438.7	456.5	
1999	0.0	19.7	19.7	41.0	393.7	0.0	434.7	454.5	
2000	0.0	18.4	18.4	41.0	376.2	0.0	417.2	435.6	
1999 I	0.0	16.5	16.5	41.0	468.6	0.0	509.5	526.0	
II	0.0	17.9	17.9	41.0	442.2	0.0	483.1	501.0	
III	0.0	17.4	17.4	41.0	415.1	0.0	456.0	473.4	
IV	0.0	19.7	19.7	41.0	393.7	0.0	434.7	454.5	
2000 I	0.0	18.2	18.2	41.0	391.3	0.0	432.3	450.5	
II	0.0	17.8	17.8	41.0	404.3	0.0	445.3	463.1	
III	0.0	20.0	20.0	41.0	399.2	0.0	440.2	460.2	
IV	0.0	18.4	18.4	41.0	376.2	0.0	417.2	435.6	
2001 I	0.0	19.5	19.5	41.0	411.5	0.0	452.5	472.0	

**TABLE 3.2: DETAILED BALANCE SHEET OF THE CENTRALE BANK VAN ARUBA**

(continued)

End of period	Domestic liabilities										Total domestic liabilities	Total foreign liabilities	Revaluation of gold and foreign exchange holdings	Total liabilities
	Capital and reserves	Bank notes issued	Government	Development funds	Official entities	Commercial banks deposits		Other fin.inst. deposits	Private sector deposits	Other deposits				
						Demand	Time							
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
1997	36.5	115.8	58.5	9.8	3.0	17.7	76.2	0.0	2.7	13.9	334.0	2.5	39.7	376.1
1998	42.9	121.3	55.7	9.8	2.5	43.5	132.8	0.0	6.0	11.5	426.1	1.7	28.8	456.5
1999	44.0	133.3	46.3	9.4	3.2	42.8	140.3	0.0	5.4	7.7	432.4	0.1	22.0	454.5
2000	52.1	137.1	35.3	22.6	1.3	25.5	118.5	0.0	2.7	9.7	404.8	2.3	28.5	435.6
1999 I	42.9	114.4	79.6	9.5	3.6	25.7	199.2	0.0	7.8	18.5	501.1	1.6	23.3	526.0
II	42.9	119.7	68.0	9.4	2.9	54.6	162.3	0.0	4.7	11.4	475.9	1.8	23.3	501.0
III	42.9	115.5	69.8	9.5	1.7	39.7	154.9	0.0	4.4	9.8	448.1	5.1	20.2	473.4
IV	44.0	133.3	46.3	9.4	3.2	42.8	140.3	0.0	5.4	7.7	432.4	0.1	22.0	454.5
2000 I	44.0	126.1	46.6	9.4	4.3	25.5	159.9	0.0	4.3	6.5	426.5	1.1	22.8	450.5
II	44.0	131.4	46.9	29.3	3.3	16.7	154.0	0.0	3.9	9.8	439.3	0.1	23.7	463.1
III	44.0	126.9	37.8	11.5	3.7	38.8	153.6	0.0	1.8	15.7	433.8	3.1	23.3	460.2
IV	52.1	137.1	35.3	22.6	1.3	25.5	118.5	0.0	2.7	9.7	404.8	2.3	28.5	435.6
2001 I	52.1	126.0	35.4	28.8	2.0	21.6	158.7	0.0	2.1	15.5	442.3	0.9	28.8	472.0

**TABLE 3.3: BANK NOTES ISSUED**

End of period	Denominations: number (x 1,000)						Total number of notes issued
	5	10	25	50	100	500	
	(1)	(2)	(3)	(4)	(5)	(6)	
1997	273	419	338	155	865	15	2,065
1998	256	468	360	165	899	16	2,165
1999	251	479	445	176	970	21	2,342
2000	250	494	450	182	1,013	18	2,409
1999 I	253	418	341	150	850	16	2,028
II	252	436	388	155	884	16	2,132
III	252	430	401	155	840	16	2,093
IV	251	479	445	176	970	21	2,342
2000 I	251	447	416	165	929	18	2,225
II	250	454	439	163	964	20	2,290
III	251	459	416	157	929	20	2,231
IV	250	494	450	182	1,013	18	2,409
2001 I	250	453	428	162	918	19	2,231

End of period	Denominations: value (AFL million)						Total value of notes issued
	5	10	25	50	100	500	
	(1)	(2)	(3)	(4)	(5)	(6)	
1997	1.4	4.2	8.4	7.8	86.5	7.5	115.8
1998	1.3	4.7	9.0	8.3	89.9	8.2	121.3
1999	1.3	4.8	11.1	8.8	97.0	10.4	133.3
2000	1.3	4.9	11.3	9.1	101.3	9.2	137.1
1999 I	1.3	4.2	8.5	7.5	85.0	7.9	114.4
II	1.3	4.4	9.7	7.8	88.4	8.2	119.7
III	1.3	4.3	10.0	7.7	84.0	8.2	115.5
IV	1.3	4.8	11.1	8.8	97.0	10.4	133.3
2000 I	1.3	4.5	10.4	8.2	92.9	8.8	126.1
II	1.3	4.5	11.0	8.1	96.4	10.1	131.4
III	1.3	4.6	10.4	7.8	92.9	9.9	126.9
IV	1.3	4.9	11.3	9.1	101.3	9.2	137.1
2001 I	1.3	4.5	10.7	8.1	91.8	9.6	126.0

**TABLE 3.4: COINS ISSUED**

	Denominations: number (x 1,000)							Com- memo- rative coins	Total value of coins issued excl. (8) (AFL million)
	Cents				Florin				
	5	10	25	50	1	2 ½	5		
End of period	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1997	7,781	7,877	5,513	2,949	4,081	65	512	10	11
1998	8,693	8,821	6,074	3,254	4,382	67	576	10	12
1999	9,509	9,822	6,589	3,493	4,759	68	617	11	13
2000	10,387	10,573	6,929	3,768	5,084	69	670	11	14
1999 I	8,888	9,090	6,080	3,256	4,383	68	586	10	12
II	9,086	9,272	6,201	3,307	4,480	68	587	11	12
III	9,334	9,560	6,391	3,406	4,561	68	587	11	12
IV	9,509	9,822	6,589	3,493	4,759	68	617	11	13
2000 I	9,724	10,066	6,693	3,560	4,866	68	625	11	13
II	9,938	10,268	6,812	3,610	4,891	68	626	11	13
III	10,124	10,414	6,912	3,641	4,897	69	634	11	13
IV	10,387	10,573	6,929	3,768	5,084	69	670	11	14
2001 I	10,730	10,797	7,076	3,801	5,095	69	670	11	14

**TABLE 4.1: COMMERCIAL BANKS: SUMMARY ACCOUNT**

End of period	Assets				Total assets Total liabilities	Liabilities		
	Cash and claims on banks	Investments	Loans	Other		Deposits	Capital and reserves	Other
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1997	458.2	90.0	1,286.6	126.7	1,961.4	1,638.9	118.1	204.5
1998	536.7	91.5	1,343.2	123.2	2,094.5	1,775.1	117.2	202.3
1999	559.6	104.0	1,485.7	121.5	2,270.8	1,909.2	115.9	245.7
2000	526.5	88.3	1,641.4	117.7	2,373.8	2,006.7	136.0	231.2
1999 I	573.3	103.7	1,343.6	121.1	2,141.6	1,813.3	117.0	211.3
II	568.0	109.4	1,357.2	122.0	2,156.5	1,827.3	106.5	222.7
III	583.2	107.7	1,411.1	127.2	2,229.1	1,898.4	104.1	226.6
IV	559.6	104.0	1,485.7	121.5	2,270.8	1,909.2	115.9	245.7
2000 I	582.9	92.2	1,555.8	121.0	2,351.8	1,987.3	131.7	232.8
II	553.0	89.7	1,623.3	115.0	2,381.0	2,001.5	136.0	243.5
III	557.9	96.9	1,635.7	114.8	2,405.2	2,038.0	137.8	229.4
IV	526.5	88.3	1,641.4	117.7	2,373.8	2,006.7	136.0	231.2
2001 I	561.8	91.7	1,653.6	119.8	2,426.9	2,048.8	142.2	235.9

**TABLE 4.2: COMMERCIAL BANKS: PRUDENTIAL RATIOS**

End of period	Liquidity	Loan/deposit	Capital/risk value of assets
	(1)	(2)	(3)
1997	25.3	72.5	11.1
1998	29.3	69.8	10.6
1999	29.1	71.2	8.8
2000	26.1	76.5	9.4
1999 I	31.1	68.1	10.3
II	31.1	67.8	9.3
III	30.9	67.9	7.9
IV	29.1	71.2	8.8
2000 I	28.5	72.3	9.7
II	26.7	74.9	9.8
III	27.2	75.4	8.8
IV	26.1	76.5	9.4
2001 I	27.3	75.2	10.7

**TABLE 4.3: COMMERCIAL BANKS: DETAILED BALANCE SHEET**

Domestic assets										
End of period	Notes and coins	Central Bank		Investments		Loans and advances				
		Current account	Time deposits	Government securities	Non government securities	Enterprises	Mortgages	Individuals	Government	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1997	25.2	36.5	57.7	57.2	12.5	501.8	393.0	269.2	2.3	
1998	28.4	58.1	123.0	54.8	14.2	498.0	434.3	287.9	1.1	
1999	24.0	35.7	163.8	60.8	11.8	511.9	503.2	335.6	0.7	
2000	29.6	25.4	126.4	43.1	11.8	558.6	561.4	357.2	0.3	
1999	I	24.3	32.3	198.9	54.3	14.3	484.9	447.4	292.4	4.3
	II	23.4	50.4	166.1	56.8	13.8	479.5	460.7	302.7	0.8
	III	22.1	55.7	146.2	60.8	11.7	507.6	484.2	317.8	0.8
	IV	24.0	35.7	163.8	60.8	11.8	511.9	503.2	335.6	0.7
2000	I	24.1	26.7	167.5	48.8	11.7	557.2	515.6	340.3	0.4
	II	23.9	29.0	155.7	46.4	11.9	561.2	546.5	351.6	15.4
	III	23.6	39.3	158.2	51.7	11.8	556.6	572.0	354.7	0.4
	IV	29.6	25.4	126.4	43.1	11.8	558.6	561.4	357.2	0.3
2001	I	24.0	22.5	158.3	49.1	9.2	570.0	566.4	355.9	0.4

**TABLE 4.3: COMMERCIAL BANKS: DETAILED BALANCE SHEET**  
(continued)

End of period	Domestic assets (cont'd)				Total domestic assets	Foreign assets					Total foreign assets	Total assets
	Premises	Subsidiaries	Accounts receivable	Other (net)		Cash	Due from banks	Investments	Loans	Other		
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
1997	64.1	4.8	21.0	26.9	1,472.2	8.2	280.3	20.3	120.2	36.8	465.9	1,938.1
1998	54.7	13.8	15.4	-5.0	1,578.8	11.0	291.8	22.5	121.9	39.4	486.4	2,065.2
1999	54.9	14.2	16.8	10.3	1,743.5	11.6	288.4	31.4	134.4	35.5	501.1	2,244.6
2000	58.6	13.3	18.8	1.7	1,806.2	13.0	303.3	33.3	163.9	27.0	538.8	2,345.0
1999 I	53.9	13.7	18.5	8.9	1,648.2	10.7	271.1	35.1	114.5	35.0	466.4	2,114.6
II	53.5	13.6	19.5	9.8	1,650.6	10.5	287.1	38.8	113.5	35.3	485.0	2,135.6
III	53.2	13.6	17.8	-5.7	1,685.7	12.8	321.3	35.2	100.8	42.5	512.6	2,198.3
IV	54.9	14.2	16.8	10.3	1,743.5	11.6	288.4	31.4	134.4	35.5	501.1	2,244.6
2000 I	53.6	14.3	18.6	-0.1	1,778.8	10.4	327.4	31.6	142.3	34.4	544.8	2,323.6
II	55.9	14.2	18.9	0.2	1,830.9	9.4	306.0	31.4	148.6	26.0	519.9	2,350.7
III	56.8	13.4	19.8	5.0	1,863.3	9.9	299.8	33.4	152.0	24.7	518.1	2,381.4
IV	58.6	13.3	18.8	1.7	1,806.2	13.0	303.3	33.3	163.9	27.0	538.8	2,345.0
2001 I	59.0	13.0	20.5	-5.2	1,843.0	11.3	326.9	33.4	161.0	27.3	558.0	2,401.0

**TABLE 4.3: COMMERCIAL BANKS: DETAILED BALANCE SHEET**  
(continued)

Domestic liabilities										
End of period	Demand deposits				Time deposits				Savings deposit	Other liabilities
	Individuals	Companies	Other fin.inst.	Government	Individuals	Companies	Other fin.inst.	Development funds		
	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)		
1997	47.9	261.3	56.7	15.9	182.4	134.2	200.3	0.0	366.6	174.4
1998	84.4	297.4	52.0	11.3	196.7	184.3	228.0	0.0	382.5	178.2
1999	90.9	321.8	46.9	7.9	212.2	247.6	255.7	0.0	391.6	220.4
2000	99.5	312.9	58.9	9.0	228.8	258.1	242.0	0.0	404.6	209.3
1999 I	81.4	312.6	56.5	6.4	207.2	214.0	245.7	0.0	389.4	190.3
II	90.0	301.4	63.2	12.3	225.6	208.9	228.9	0.0	393.5	201.7
III	83.5	334.0	58.5	12.9	217.4	246.5	239.9	0.0	387.5	207.4
IV	90.9	321.8	46.9	7.9	212.2	247.6	255.7	0.0	391.6	220.4
2000 I	92.6	322.8	52.0	5.9	212.1	302.3	245.4	0.0	403.4	214.1
II	102.6	337.4	61.9	6.6	212.4	270.3	243.5	0.0	410.8	224.6
III	99.8	330.4	54.6	4.8	197.7	292.7	273.2	10.8	403.3	208.5
IV	99.5	312.9	58.9	9.0	228.8	258.1	242.0	0.0	404.6	209.3
2001 I	95.0	338.6	72.6	3.5	235.8	288.0	243.6	0.0	412.6	214.0

**TABLE 4.3: COMMERCIAL BANKS: DETAILED BALANCE SHEET**  
(continued)

End of period	Domestic liabilities (cont'd)		Total domestic liabilities	Foreign liabilities						Other	Foreign liabilities	Liabilities
	Capital base			Demand deposits		Time deposits		Savings deposits	Capital and reserves and subordinated debt			
	Capital and reserves	Subordinated debt	Banks	Non-banks	Banks	Non-banks						
	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
1997	101.9	7.8	1,549.4	23.2	56.2	31.9	201.7	37.2	8.4	30.1	388.7	1,938.1
1998	97.5	11.3	1,723.7	35.3	54.1	53.5	130.7	35.4	8.4	24.1	341.5	2,065.2
1999	96.2	11.3	1,902.5	18.4	49.3	57.6	145.8	37.5	8.4	25.2	342.2	2,244.6
2000	113.7	13.8	1,950.5	28.9	76.4	68.1	150.9	41.6	8.4	20.1	394.4	2,345.0
1999 I	97.3	11.3	1,812.0	10.8	50.3	41.6	134.2	36.3	8.4	21.0	302.6	2,114.6
II	86.7	11.3	1,823.4	20.3	52.3	41.5	130.5	38.1	8.4	21.0	312.2	2,135.6
III	84.4	11.3	1,883.1	25.1	48.6	34.0	144.8	35.1	8.4	19.2	315.2	2,198.3
IV	96.2	11.3	1,902.5	18.4	49.3	57.6	145.8	37.5	8.4	25.2	342.2	2,244.6
2000 I	111.9	11.3	1,973.9	27.0	61.7	56.0	139.9	39.4	8.4	17.3	349.7	2,323.6
II	116.3	11.3	1,997.8	19.1	69.1	55.4	142.0	41.4	8.4	17.3	352.9	2,350.7
III	115.5	13.8	2,005.2	13.8	90.9	55.3	145.0	43.5	8.4	19.3	376.2	2,381.4
IV	113.7	13.8	1,950.5	28.9	76.4	68.1	150.9	41.6	8.4	20.1	394.4	2,345.0
2001 I	120.0	13.8	2,037.5	9.7	74.2	54.1	157.1	40.2	8.4	19.9	363.5	2,401.0

**TABLE 5.1: FINANCIAL SURVEY**

End of March 2001	Central Bank and Treasury	Commercial Banks	Monetary Sector	Nonmonetary Financial Institutions	Financial Sector
	(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)+(4)
1. Foreign assets	452.5	558.0	1,010.5	536.2	1,546.7
2. Domestic claims	60.3	1,473.2	1,533.5	865.2	2,398.7
a) Government	54.0	14.5	68.5	271.9	340.4
b) Non-financial public enterprises	0.0	37.0	37.0	29.0	66.0
c) Enterprises	0.0	664.2	664.2	76.1	740.3
d) Individuals	6.3	757.5	763.7	488.3	1,252.0
1) Consumer credit	0.0	355.9	355.9	62.0	417.9
2) Housing mortgages	6.3	401.6	407.9	426.3	834.2
3. Other domestic claims	13.2	393.8	407.0	784.7	1,191.7
<b>4. TOTAL ASSETS=TOTAL LIABILITIE</b>	<b>526.0</b>	<b>2,425.0</b>	<b>2,951.0</b>	<b>2,186.1</b>	<b>5,137.2</b>
5. Foreign liabilities	29.7	363.5	393.2	116.3	509.6
6. Deposits and borrowings	68.3	1689.6	1757.9	66.8	1824.7
a) Government	64.2	3.5	67.7	36.6	104.3
b) Other residents	4.1	1,686.1	1,690.2	30.1	1,720.4
7. Pension fund provisions	0.0	0.0	0.0	917.3	917.3
8. Insurance reserve fund	0.0	0.0	0.0	241.7	241.7
9. Other domestic liabilities	428.0	371.8	799.8	844.1	1,643.9

TABLE 6.1: INTEREST RATES OF COMMERCIAL BANKS 1)

Period	Time deposits		Savings deposits	Weighted average rate of interest on deposits	Loans				Weighted average rate of interest on loans	Interest rate margin
	≤ 12-months	>12 months			Individual		Commercial			
					Consumer credit	Housing mortgages	Mortgages	Other loans 2)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10=9-4)
1998 3)	5.8	7.8	3.8	6.2	17.1	11.1	10.5	11.4	13.1	6.9
1999	5.8	7.7	3.8	6.2	17.1	10.9	10.4	10.8	13.0	6.8
2000	6.0	7.7	3.9	6.2	17.2	10.7	10.8	10.4	12.0	5.8
1999 I	6.6	8.1	3.6	6.8	17.1	10.9	11.0	11.3	13.5	6.7
II	5.7	7.6	3.6	6.2	17.6	11.0	9.7	10.6	13.4	7.2
III	4.9	7.7	3.9	5.5	16.9	10.7	10.7	10.9	13.2	7.7
IV	6.2	7.4	4.1	6.3	16.9	10.8	10.4	10.6	12.2	6.0
2000 I	6.3	7.5	4.0	6.4	17.2	10.8	10.8	10.2	11.8	5.4
II	5.8	7.5	3.9	5.9	17.1	10.7	10.5	10.6	12.3	6.4
III	5.7	7.8	3.9	6.3	17.3	10.8	10.6	10.7	12.2	5.9
IV	6.1	7.7	3.9	6.2	17.1	10.7	11.2	10.4	11.7	5.5
2001 I	5.7	7.8	3.8	6.0	17.7	10.7	10.9	10.3	11.8	5.8

1) Weighted averages related to transactions during the indicated period.

2) Including current account overdraft facilities.

3) Based on September - December figures.

**TABLE 6.2: CENTRAL BANK LENDING RATES**

In % per annum As from	Redis- count (1)	Advance (2)
January 1, 1986	8.0	9.0
July 1, 1986	8.5	9.5
April 1, 1999		6.5

**TABLE 6.3: CENTRAL BANK-OFFERED RATES ON COMMERCIAL BANKS' DEPOSITS 1)**

Period averages in % per annum	7-day (1)	30-day (2)	90-day (3)
1997	3.0	3.4	3.4
1998	2.8	3.4	3.4
1999	2.6	3.0	3.1
2000	3.4	3.5	3.5
1999 I	2.3	3.1	3.0
II	2.4	2.8	2.9
III	2.7	3.0	3.1
IV	3.0	3.2	3.4
2000 I	3.1	3.3	3.4
II	3.3	3.4	3.5
III	3.5	3.6	3.6
IV	3.6	3.7	3.7
2001 I	3.2	3.2	3.5

**TABLE 6.4: LONDON INTERBANK-OFFERED RATES ON US DOLLAR DEPOSITS**

Period averages in % per annum	7-day (1)	30-day (2)	90-day (3)
1997	5.6	5.6	5.8
1998		5.6	5.6
1999		5.3	5.4
2000			
1999 I		5.0	5.0
II		5.0	5.1
III		5.3	5.4
IV		5.8	6.1
2000 I		5.9	6.1

Source: International Financial Statistics.

1) For deposits of AFL 1 million to less than AFL 3 million.

**TABLE 6.5: GOVERNMENT SECURITY MARKETS**

3-month treasury bills					6-month cash loan certificates				
End of period	Date of issue	Amount (AFL million)	Average price per AFL 100	Yield per annum (%)	End of period	Date of issue	Amount (AFL million)	Average price per AFL 100	Yield per annum (%)
	(1)	(2)	(3)	(4)		(1)	(2)	(3)	(4)
1998	January	17.0	98.34	6.54	1999	June	8.0	97.63	4.86
	February	15.0	98.32	6.80		December	8.0	96.95	6.29
	April	17.0	98.31	6.83	2000	June	8.0	96.95	6.29
	May	15.0	98.30	6.82		December	8.0	96.55	7.15
	July	17.0	98.29	6.89	2001	June	8.0	96.69	6.49
	August	15.0	98.30	6.84					
	October	17.0	98.31	6.78					
	November	15.0	98.30	6.83					
1999	January	17.0	98.41	6.46					
	February	15.0	98.38	6.49					
	April	17.0	98.56	5.79					
	May	15.0	98.69	5.18					
	July	17.0	98.85	4.56					
	August	15.0	98.81	4.86					
	October	17.0	98.88	4.44					
	November	15.0	98.83	4.64					
2000	January	17.0	98.35	6.57					
	February	15.0	98.41	6.34					
	April	17.0	98.36	6.13					
	May	15.0	98.48	6.12					
	July	17.0	98.35	6.20					
	August	15.0	98.45	6.21					
	October	17.0	98.34	6.10					
	November	12.4	98.28	6.91					
2001	January	17.0	98.28	6.93					
	February	15.0	98.29	6.77					
	April	17.0	98.39	6.54					
	May	15.0	98.38	6.56					
	July	17.0	98.46	6.13					

Government bonds				
End of period	Date of issue	Maturity in years	Amount (AFL million)	Yield per annum (%)
	(1)	(2)	(3)	(4)
1996	June	5	5.4	7.625
	June	7	24.6	8.000
	September	6	27.3	7.875
	September	8	14.7	8.000
1997	June	4	10.4	7.625
	June	9	15.4	8.125
2000	April	5	30.0	8.250

**TABLE 7.1: GOVERNMENT FINANCIAL OPERATIONS 1)**

	1997	1998	1999	2000	1999				2000				2001
					I	II	III	IV	I	II	III	IV	I
<b>1. Total revenue and grants</b>	<b>627.6</b>	<b>646.4</b>	<b>701.5</b>	<b>744.7</b>	<b>152.0</b>	<b>163.7</b>	<b>191.8</b>	<b>194.0</b>	<b>157.6</b>	<b>181.9</b>	<b>162.2</b>	<b>243.1</b>	<b>162.2</b>
<b>A. Tax revenue</b>	<b>499.7</b>	<b>535.4</b>	<b>608.6</b>	<b>624.5</b>	<b>138.7</b>	<b>129.7</b>	<b>176.6</b>	<b>163.6</b>	<b>144.0</b>	<b>136.1</b>	<b>140.5</b>	<b>203.9</b>	<b>142.3</b>
1. Taxes on income and profit	231.6	251.6	309.0	309.6	65.3	58.5	105.2	80.1	63.5	61.0	71.7	113.4	64.7
2. Taxes on commodities	183.5	187.7	198.0	212.6	41.9	47.6	48.2	60.3	47.9	51.1	52.7	60.8	45.5
3. Taxes on property	26.5	32.3	35.2	34.3	13.4	5.6	8.5	7.8	14.3	4.1	5.1	10.8	12.1
4. Taxes on services	41.3	43.7	44.8	44.4	12.9	13.1	9.3	9.4	12.8	11.0	9.2	11.4	15.0
5. Foreign exchange tax	16.8	20.2	21.6	23.6	5.2	4.9	5.5	6.0	5.6	8.8	1.7	7.5	5.1
<b>B. Nontax revenue</b>	<b>89.6</b>	<b>95.3</b>	<b>91.5</b>	<b>103.4</b>	<b>13.2</b>	<b>33.7</b>	<b>14.8</b>	<b>29.7</b>	<b>13.5</b>	<b>28.9</b>	<b>21.7</b>	<b>39.2</b>	<b>19.9</b>
<b>C. Grants</b>	<b>38.3</b>	<b>15.7</b>	<b>1.4</b>	<b>16.9</b>	<b>0.0</b>	<b>0.3</b>	<b>0.4</b>	<b>0.7</b>	<b>0.0</b>	<b>16.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>2. Expenditure and items n.i.e.</b>	<b>674.5</b>	<b>664.2</b>	<b>725.5</b>	<b>775.3</b>	<b>157.8</b>	<b>172.6</b>	<b>187.8</b>	<b>207.4</b>	<b>158.2</b>	<b>175.4</b>	<b>177.8</b>	<b>263.9</b>	<b>168.3</b>
a. Wages	212.1	213.1	222.3	246.3	49.8	62.9	53.0	56.6	53.9	69.4	58.8	64.2	57.8
b. Employer's contribution	42.0	29.0	29.0	38.9	9.2	6.5	5.9	7.4	11.8	8.6	8.5	10.1	4.5
c. Wage subsidies	58.3	76.8	85.6	89.7	19.3	23.7	19.9	22.7	19.8	24.8	21.4	23.8	22.4
d. Goods and services	162.6	177.1	197.4	192.7	47.7	45.2	50.0	54.4	46.1	39.2	42.6	64.7	30.1
e. Interest	23.6	29.0	33.4	30.2	2.8	8.9	11.3	10.4	3.5	7.6	8.9	10.2	6.9
f. Development fund spending	29.1	16.1	6.6	0.0	0.3	0.4	5.1	0.8	0.0	0.0	0.0	0.0	0.0
g. Investment	50.7	31.8	24.8	28.3	4.8	3.2	8.0	8.8	5.0	3.3	3.9	16.1	4.9
h. Items n.i.e. 2)	96.2	91.2	126.4	149.3	23.8	21.7	34.6	46.3	18.1	22.6	33.7	74.9	41.8
<b>3. Financial deficit (-)</b>	<b>-46.8</b>	<b>-17.8</b>	<b>-24.1</b>	<b>-30.5</b>	<b>-5.8</b>	<b>-8.9</b>	<b>4.0</b>	<b>-13.4</b>	<b>-0.6</b>	<b>6.5</b>	<b>-15.6</b>	<b>-20.8</b>	<b>-6.1</b>
<b>4. Net foreign capital</b>	<b>-16.0</b>	<b>39.7</b>	<b>13.3</b>	<b>60.8</b>	<b>26.7</b>	<b>-1.0</b>	<b>0.0</b>	<b>-12.4</b>	<b>-0.2</b>	<b>-0.6</b>	<b>35.7</b>	<b>25.9</b>	<b>-1.8</b>
a. Loans received 3)	0.0	55.6	26.7	73.4	26.7	0.0	0.0	0.0	0.0	0.0	35.8	37.6	0.0
b. Repayments on loans	-16.0	-15.9	-13.4	-12.6	0.0	-1.0	0.0	-12.4	-0.2	-0.6	-0.1	-11.7	-1.8
<b>5. Net domestic capital 4)</b>	<b>31.0</b>	<b>-22.7</b>	<b>-10.5</b>	<b>-16.9</b>	<b>-5.1</b>	<b>-0.5</b>	<b>-1.8</b>	<b>-3.1</b>	<b>-0.9</b>	<b>5.8</b>	<b>-21.3</b>	<b>-0.5</b>	<b>6.0</b>
a. Loans received	63.4	19.9	0.0	33.5	0.0	0.0	0.0	0.0	0.0	30.0	3.5	0.0	6.0
b. Repayments on loans	-32.4	-42.6	-10.5	-50.4	-5.1	-0.5	-1.8	-3.1	-0.9	-24.2	-24.8	-0.5	0.0
<b>6. Net recourse to the monetary system (-)</b>	<b>-31.8</b>	<b>-0.8</b>	<b>-21.3</b>	<b>13.4</b>	<b>15.8</b>	<b>-10.4</b>	<b>2.2</b>	<b>-28.9</b>	<b>-1.7</b>	<b>11.7</b>	<b>-1.2</b>	<b>4.6</b>	<b>-1.9</b>
a. Loans received	-2.7	7.6	1.0	8.4	-2.7	3.5	0.1	0.1	0.2	-9.1	16.7	0.6	0.0
b. Drawings on deposits	-27.3	-7.4	-13.2	3.3	18.7	-5.8	2.4	-28.5	-1.7	20.9	-17.8	1.9	0.8
-Earmarked	-48.4	10.2	-6.8	-8.4	-1.0	-0.4	-3.6	-1.8	-1.1	-6.8	-1.2	0.7	-0.5
-Free	21.1	-17.5	-6.6	11.7	19.5	-5.3	6.0	-26.8	-0.5	27.7	-16.7	1.3	1.2
c. Other	-1.8	-1.0	-9.0	1.7	-0.1	-8.2	-0.2	-0.5	-0.2	-0.1	-0.2	2.2	-2.7
<b>7. Memorandum items</b>													
a. Unmet financing requirements 5)	100.8	138.6	158.2	41.3	151.4	162.2	183.7	158.2	193.8	214.8	254.3	41.3	59.2

1) Preliminary figures and estimates on a cash basis.

2) Residual item, including errors and omissions. Also included is the transfer of AFL 36.9 million to the Netherlands Antilles to settle the debt resulting from the separation of funds associated with the Status Aparte in 1986.

3) Includes borrowing on behalf of public institutions.

4) Net long-term capital attracted from nonmonetary sectors mainly by issuing government bonds. The commercial bank's purchases of such bonds are included under item 6a. For the third quarter of 2000, AFL 6 million certificates of deposit by the Fondo Desaroyo Aruba at the Aruba Investment Bank is included.

TABLE 7.2: GOVERNMENT REVENUE

	1997	1998	1999	2000	1999				2000				2001
					I	II	III	IV	I	II	III	IV	I
<b>TOTAL REVENUE AND GRANTS</b>	<b>627.6</b>	<b>646.4</b>	<b>701.5</b>	<b>744.7</b>	<b>152.0</b>	<b>163.7</b>	<b>191.8</b>	<b>194.0</b>	<b>157.6</b>	<b>181.9</b>	<b>162.2</b>	<b>243.1</b>	<b>162.2</b>
<b>TAX REVENUE</b>	<b>499.7</b>	<b>535.4</b>	<b>608.6</b>	<b>624.5</b>	<b>138.7</b>	<b>129.7</b>	<b>176.6</b>	<b>163.6</b>	<b>144.0</b>	<b>136.1</b>	<b>140.5</b>	<b>203.9</b>	<b>142.3</b>
<b>Taxes on income and profit</b>	<b>231.6</b>	<b>251.6</b>	<b>309.0</b>	<b>309.6</b>	<b>65.3</b>	<b>58.5</b>	<b>105.2</b>	<b>80.1</b>	<b>63.5</b>	<b>61.0</b>	<b>71.7</b>	<b>113.4</b>	<b>64.7</b>
Of which:													
-Wage tax	159.9	176.2	200.6	202.3	54.1	43.8	54.7	48.0	53.0	50.0	48.4	50.9	53.6
-Income tax	8.8	13.1	28.1	25.8	4.2	4.1	16.8	3.1	2.3	4.3	1.1	18.1	1.8
-Profit tax	62.8	62.0	80.1	81.4	6.9	10.6	33.7	29.0	8.2	6.7	22.2	44.3	9.3
-Solidarity tax	0.1	0.3	0.2	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Taxes on commodities</b>	<b>183.5</b>	<b>187.7</b>	<b>198.0</b>	<b>212.6</b>	<b>41.9</b>	<b>47.6</b>	<b>48.2</b>	<b>60.3</b>	<b>47.9</b>	<b>51.1</b>	<b>52.7</b>	<b>60.8</b>	<b>45.5</b>
Of which:													
-Excises on gasoline	54.9	58.4	59.9	62.6	14.3	14.9	15.2	15.4	15.1	16.0	16.1	15.5	14.7
-Excises on tobacco	9.8	9.9	10.4	11.4	2.4	3.1	2.5	2.4	2.1	3.3	2.4	3.6	2.4
-Excises on beer	19.7	20.1	19.3	20.3	3.4	5.0	4.3	6.7	4.3	4.1	5.4	6.5	4.3
-Excises on liquor	11.0	10.5	11.0	12.2	1.8	2.6	2.5	4.1	2.3	2.3	3.5	4.1	3.0
-Import duties	88.1	88.8	97.4	106.1	20.1	21.9	23.7	31.7	24.2	25.3	25.4	31.2	21.2
<b>Taxes on property</b>	<b>26.5</b>	<b>32.3</b>	<b>35.2</b>	<b>34.3</b>	<b>13.4</b>	<b>5.6</b>	<b>8.5</b>	<b>7.8</b>	<b>14.3</b>	<b>4.1</b>	<b>5.1</b>	<b>10.8</b>	<b>12.1</b>
Of which:													
-Motor vehicle fees	10.7	13.2	11.8	12.8	6.0	1.4	1.8	2.5	7.0	1.4	1.8	2.6	6.9
-Succession tax	1.4	1.7	1.6	0.9	0.1	0.2	1.2	0.1	0.1	-0.1	0.0	0.8	0.3
-Land tax	9.4	12.1	14.7	11.6	4.5	2.3	4.0	4.0	2.8	1.4	0.8	6.6	3.4
-Transfer tax	5.0	5.3	7.2	9.0	2.7	1.8	1.5	1.1	4.5	1.3	2.4	0.9	1.5
<b>Taxes on services</b>	<b>41.3</b>	<b>43.7</b>	<b>44.8</b>	<b>44.4</b>	<b>12.9</b>	<b>13.1</b>	<b>9.3</b>	<b>9.4</b>	<b>12.8</b>	<b>11.0</b>	<b>9.2</b>	<b>11.4</b>	<b>15.0</b>
Of which:													
-Gambling licenses	14.5	15.2	17.5	15.2	4.3	6.4	3.1	3.7	5.3	3.4	3.2	3.4	4.6
-Hotel room tax	17.4	18.8	19.3	21.9	6.2	4.9	4.3	3.8	5.8	6.0	4.6	5.6	8.8
-Stamp duties	1.9	2.7	2.8	3.0	1.1	0.6	0.7	0.5	0.6	0.5	0.7	1.2	0.5
-Other	7.5	7.0	5.2	4.4	1.3	1.3	1.2	1.4	1.1	1.2	0.9	1.2	1.1
<b>Foreign exchange tax</b>	<b>16.8</b>	<b>20.2</b>	<b>21.6</b>	<b>23.6</b>	<b>5.2</b>	<b>4.9</b>	<b>5.5</b>	<b>6.0</b>	<b>5.6</b>	<b>8.8</b>	<b>1.7</b>	<b>7.5</b>	<b>5.1</b>
<b>NONTAX REVENUE</b>	<b>89.6</b>	<b>95.3</b>	<b>91.5</b>	<b>103.4</b>	<b>13.2</b>	<b>33.7</b>	<b>14.8</b>	<b>29.7</b>	<b>13.5</b>	<b>28.9</b>	<b>21.7</b>	<b>39.2</b>	<b>19.9</b>
<b>GRANTS</b>	<b>38.3</b>	<b>15.7</b>	<b>1.4</b>	<b>16.9</b>	<b>0.0</b>	<b>0.3</b>	<b>0.4</b>	<b>0.7</b>	<b>0.0</b>	<b>16.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: Tax Collector's Office, Centrale Bank van Aruba.

**TABLE 7.3: GOVERNMENT'S POSITION WITH THE MONETARY SYSTEM**

End of period	Domestic deposits						Gross liquidity position	Liabilities to			Net liability to the monetary system	Change in net liability during period
	Central Bank			Commercial banks				Monetary authorities	Commercial banks	Total		
	Free funds	Earmarked funds	Development funds	Total	Demand funds	Development funds						
	(1)	(2)	(3)	(4= 1+2+3)	(5)	(6)		(7= 4+5+6)	(8)	(9)		
1997	18.2	40.3	9.8	68.3	15.9	0.0	84.2	43.0	31.5	74.5	-9.7	31.8
1998	5.3	50.5	9.8	65.6	11.3	0.0	76.8	44.0	23.9	67.9	-8.9	0.8
1999	2.6	43.7	9.4	55.6	7.9	0.0	63.6	53.0	22.9	75.9	12.4	21.3
2000	0.0	35.3	22.6	57.8	9.0	0.0	66.9	51.3	14.5	65.8	-1.1	-13.4
1999 I	30.1	49.5	9.5	89.0	6.4	0.0	95.5	44.1	26.6	70.7	-24.7	-15.8
II	18.9	49.1	9.4	77.4	12.3	0.0	89.7	52.3	23.1	75.3	-14.3	10.4
III	24.2	45.5	9.5	79.2	12.9	0.0	92.1	52.5	23.0	75.6	-16.5	-2.2
IV	2.6	43.7	9.4	55.6	7.9	0.0	63.6	53.0	22.9	75.9	12.4	28.9
2000 I	4.0	42.6	9.4	56.0	5.9	0.0	61.9	53.2	22.7	75.9	14.1	1.7
II	11.1	35.8	29.3	76.2	6.6	0.0	82.8	53.3	31.8	85.2	2.3	-11.7
III	3.2	34.6	11.5	49.3	4.8	10.8	65.0	53.5	15.1	68.5	3.5	1.2
IV	0.0	35.3	22.6	57.8	9.0	0.0	66.9	51.3	14.5	65.8	-1.1	-4.6
2001 I	0.5	34.8	28.8	64.2	3.5	0.0	67.7	54.0	14.5	68.5	0.8	1.9

TABLE 8.1: BALANCE OF PAYMENTS 1)

During period	1997	1998	1999	2000	1999				2000				2001
					I	II	III	IV	I	II	III	IV	I
<b>1. Current account (net)</b>	<b>-350.9</b>	<b>-33.6</b>	<b>-585.0</b>	<b>508.0</b>	<b>204.6</b>	<b>-385.8</b>	<b>-213.0</b>	<b>-190.8</b>	<b>507.8</b>	<b>-259.9</b>	<b>157.8</b>	<b>102.3</b>	<b>600.7</b>
A. Goods and services	-300.3	-25.7	-552.1	581.8	178.9	-387.6	-173.0	-170.4	522.0	-241.7	143.8	157.7	608.6
1. Goods	-700.1	-632.5	-1063.5	-58.5	-45.5	-491.2	-217.7	-309.1	258.5	-374.4	15.8	41.6	322.9
2. Services	399.8	606.8	511.4	640.3	224.4	103.6	44.7	138.7	263.5	132.7	128.0	116.1	285.7
B. Income	-30.8	0.7	-57.3	-8.1	4.8	-10.8	-42.1	-9.2	2.3	-6.7	2.2	-5.9	-1.1
C. Current transfers	-19.8	-8.6	24.4	-65.7	20.9	12.6	2.1	-11.2	-16.5	-11.5	11.8	-49.5	-6.8
<b>2. Capital and financial account (net)</b>	<b>315.7</b>	<b>192.0</b>	<b>618.4</b>	<b>-555.5</b>	<b>-104.0</b>	<b>371.6</b>	<b>215.2</b>	<b>135.6</b>	<b>-473.9</b>	<b>237.8</b>	<b>-189.7</b>	<b>-129.7</b>	<b>-513.9</b>
A. Capital account	37.6	9.3	0.0	17.8	-0.1	-0.2	-0.1	0.4	0.6	16.7	0.6	-0.1	-0.5
1. Capital transfers	37.6	9.3	0.0	17.8	-0.1	-0.2	-0.1	0.4	0.6	16.7	0.6	-0.1	-0.5
2. Acquisition/disposal of non-produced, nonfinancial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial account	278.1	182.7	618.4	-573.3	-103.9	371.8	215.3	135.2	-474.5	221.1	-190.3	-129.6	-513.4
1. Direct investment	353.7	147.1	715.8	-425.9	-64.5	429.0	186.2	165.1	-413.0	303.8	-148.5	-168.2	-488.4
2. Portfolio investment	80.0	-85.1	-86.0	-73.6	-7.4	-59.4	37.2	-56.4	-11.7	-22.1	-45.4	5.6	20.2
3. Other investment	-155.6	120.7	-11.4	-73.8	-32.0	2.2	-8.1	26.5	-49.8	-60.6	3.6	33.0	-45.2
<b>3. Items not yet classified 2)</b>	<b>-4.5</b>	<b>1.1</b>	<b>-14.9</b>	<b>6.5</b>	<b>-5.3</b>	<b>-3.4</b>	<b>-4.9</b>	<b>-1.3</b>	<b>-2.0</b>	<b>7.1</b>	<b>-0.9</b>	<b>2.3</b>	<b>-0.2</b>
<b>4. Overall balance (1+2+3)</b>	<b>-39.7</b>	<b>159.5</b>	<b>18.5</b>	<b>-40.9</b>	<b>95.3</b>	<b>-17.6</b>	<b>-2.7</b>	<b>-56.5</b>	<b>31.9</b>	<b>-15.0</b>	<b>-32.8</b>	<b>-25.1</b>	<b>86.6</b>
<b>5. Banking transactions 3)</b>	<b>6.9</b>	<b>-67.7</b>	<b>-14.0</b>	<b>14.5</b>	<b>-18.9</b>	<b>-9.0</b>	<b>-24.6</b>	<b>38.5</b>	<b>-36.2</b>	<b>28.1</b>	<b>25.1</b>	<b>-2.5</b>	<b>-50.1</b>
<b>6. Increase (-) in official reserves 4)</b>	<b>32.8</b>	<b>-91.8</b>	<b>-4.5</b>	<b>26.4</b>	<b>-76.4</b>	<b>26.6</b>	<b>27.3</b>	<b>18.0</b>	<b>4.3</b>	<b>-13.1</b>	<b>7.7</b>	<b>27.6</b>	<b>-36.5</b>
A. Monetary gold	0.0	9.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Foreign exchange holdings	32.8	-100.9	-4.5	26.4	-76.4	26.6	27.3	18.0	4.3	-13.1	7.7	27.6	-36.5

1) On a cash basis.

2) Including errors and omissions.

3) Minus (-) sign denotes an increase in assets and a decrease in liabilities.

4) Excluding revaluation differences of gold and official foreign exchange holdings.

TABLE 8.2: COMPONENTS OF THE CURRENT ACCOUNT

During period	1997	1998	1999	2000	1999				2000				2001
					I	II	III	IV	I	II	III	IV	I
<b>1. Goods and services</b>	<b>-300.3</b>	<b>-25.7</b>	<b>-552.1</b>	<b>581.8</b>	<b>178.9</b>	<b>-387.6</b>	<b>-173.0</b>	<b>-170.4</b>	<b>522.0</b>	<b>-241.7</b>	<b>143.8</b>	<b>157.7</b>	<b>608.6</b>
A. Goods	-700.1	-632.5	-1,063.5	-58.5	-45.5	-491.2	-217.7	-309.1	258.5	-374.4	15.8	41.6	322.9
1. Exports f.o.b.	3,087.3	2,085.0	2,533.6	4,616.5	567.0	606.5	650.9	709.2	1,041.4	938.7	1,177.6	1,458.8	1,216.9
2. Imports f.o.b.	3,787.4	2,717.5	3,597.1	4,675.0	612.5	1,097.7	868.6	1,018.3	782.9	1,313.1	1,161.8	1,417.2	894.0
B. Services	<b>399.8</b>	<b>606.8</b>	<b>511.4</b>	<b>640.3</b>	<b>224.4</b>	<b>103.6</b>	<b>44.7</b>	<b>138.7</b>	<b>263.5</b>	<b>132.7</b>	<b>128.0</b>	<b>116.1</b>	<b>285.7</b>
1. Receipts	<b>1,466.8</b>	<b>1,596.8</b>	<b>1,784.8</b>	<b>1,861.7</b>	<b>488.0</b>	<b>411.7</b>	<b>397.8</b>	<b>487.3</b>	<b>541.2</b>	<b>446.8</b>	<b>437.0</b>	<b>436.7</b>	<b>536.6</b>
1.1 Transportation	89.0	117.3	146.0	136.3	39.1	34.6	38.4	33.9	38.5	43.1	36.6	18.1	20.8
1.1.1 Passenger	75.5	81.3	96.6	64.9	28.1	22.8	23.8	21.9	19.0	23.7	21.1	1.1	0.0
1.1.2 Freight	3.0	1.8	3.4	1.2	1.3	0.8	0.7	0.6	0.4	0.1	0.1	0.6	0.3
1.1.3 Other	10.5	34.2	46.0	70.2	9.7	11.0	13.9	11.4	19.1	19.3	15.4	16.4	20.5
1.2 Travel	1,237.6	1,322.0	1,424.9	1,524.6	404.9	337.3	314.5	368.2	457.1	353.6	353.6	360.3	469.9
1.2.1 Tourism	1,196.3	1,306.5	1,411.6	1,514.2	401.8	333.6	311.0	365.2	454.7	351.3	350.0	358.2	468.3
1.2.2 Other	41.3	15.5	13.3	10.4	3.1	3.7	3.5	3.0	2.4	2.3	3.6	2.1	1.6
1.3 Government services, n.i.e.	30.8	26.7	31.7	30.3	4.1	5.6	9.1	12.9	5.8	11.0	5.7	7.8	7.2
1.4 Other services	109.4	130.8	182.2	170.5	39.9	34.2	35.8	72.3	39.8	39.1	41.1	50.5	38.7
1.4.1 Construction services	11.2	15.0	18.5	2.2	2.8	7.0	5.6	3.1	0.2	0.0	0.3	1.7	1.9
1.4.2 Other business services	59.7	69.3	79.5	115.2	18.0	16.5	17.8	27.2	28.9	25.7	25.7	34.9	29.1
1.4.3 Other services, n.i.e.	38.5	46.5	84.2	53.1	19.1	10.7	12.4	42.0	10.7	13.4	15.1	13.9	7.7
2. Payments	<b>1,067.0</b>	<b>990.0</b>	<b>1,273.4</b>	<b>1,221.4</b>	<b>263.6</b>	<b>308.1</b>	<b>353.1</b>	<b>348.6</b>	<b>277.7</b>	<b>314.1</b>	<b>309.0</b>	<b>320.6</b>	<b>250.9</b>
2.1 Transportation	421.0	294.2	375.8	484.3	59.5	110.5	97.1	108.7	79.5	131.0	126.8	147.0	98.5
2.1.1 Passenger	10.6	9.4	14.3	16.2	2.3	2.1	6.1	3.8	2.9	2.4	6.8	4.1	3.9
2.1.2 Freight	385.1	273.3	349.1	455.2	55.0	105.1	87.2	101.8	73.1	124.5	117.2	140.4	91.3
2.1.3 Other	25.3	11.5	12.4	12.9	2.2	3.3	3.8	3.1	3.5	4.1	2.8	2.5	3.3
2.2 Travel	280.1	241.2	265.1	281.7	57.5	61.3	71.9	74.4	65.2	67.3	74.5	74.7	61.9
2.2.1 Tourism	234.6	198.1	217.8	238.5	45.4	51.8	58.6	62.0	56.1	58.5	61.3	62.6	52.5
2.2.2 Other	45.5	43.1	47.3	43.2	12.1	9.5	13.3	12.4	9.1	8.8	13.2	12.1	9.4
2.3 Government services, n.i.e.	70.6	44.7	50.3	41.2	13.7	11.8	13.4	11.4	11.6	10.2	11.3	8.1	8.4
2.4 Other services	295.3	409.9	582.2	414.2	132.9	124.5	170.7	154.1	121.4	105.6	96.4	90.8	82.1
2.4.1 Construction services	42.5	80.7	196.6	35.8	42.0	43.0	64.4	47.2	17.3	8.2	6.0	4.3	2.5
2.4.2 Other business services	105.5	151.7	188.7	199.3	39.5	36.0	52.7	60.5	57.4	51.1	46.5	44.3	42.8
2.4.3 Other services, n.i.e.	147.3	177.5	196.9	179.1	51.4	45.5	53.6	46.4	46.7	46.3	43.9	42.2	36.8
<b>2. Income</b>	<b>-30.8</b>	<b>0.7</b>	<b>-57.3</b>	<b>-8.1</b>	<b>4.8</b>	<b>-10.8</b>	<b>-42.1</b>	<b>-9.2</b>	<b>2.3</b>	<b>-6.7</b>	<b>2.2</b>	<b>-5.9</b>	<b>-1.1</b>
1. Receipts	37.1	72.5	67.6	85.6	18.7	12.0	18.8	18.1	19.0	18.4	23.8	24.4	16.8
1.1 Compensation of employees	1.7	0.7	1.3	0.2	0.2	0.2	0.7	0.2	0.1	0.0	0.1	0.0	0.0
1.2 Investment income	35.4	71.8	66.3	85.4	18.5	11.8	18.1	17.9	18.9	18.4	23.7	24.4	16.8
2. Payments	67.9	71.8	124.9	93.7	13.9	22.8	60.9	27.3	16.7	25.1	21.6	30.3	17.9
2.1 Compensation of employees	0.4	0.6	1.1	0.6	0.3	0.4	0.2	0.2	0.1	0.1	0.2	0.2	0.1
2.2 Investment income	67.5	71.2	123.8	93.1	13.6	22.4	60.7	27.1	16.6	25.0	21.4	30.1	17.8
<b>3. Current transfers</b>	<b>-19.8</b>	<b>-8.6</b>	<b>24.4</b>	<b>-65.7</b>	<b>20.9</b>	<b>12.6</b>	<b>2.1</b>	<b>-11.2</b>	<b>-16.5</b>	<b>-11.5</b>	<b>11.8</b>	<b>-49.5</b>	<b>-6.8</b>
1. Receipts	33.0	52.4	106.8	82.7	39.9	30.9	22.2	13.8	10.8	12.7	43.0	16.2	19.3
1.1 General government	13.2	22.1	26.5	26.1	4.9	7.7	9.2	4.7	5.4	5.6	7.2	7.9	3.8
1.2 Other sectors	19.8	30.3	80.3	56.6	35.0	23.2	13.0	9.1	5.4	7.1	35.8	8.3	15.5
1.2.1 Workers' remittances	1.6	2.2	6.7	2.4	0.4	0.2	5.3	0.8	0.6	0.8	0.5	0.5	0.7
1.2.2 Other transfers	18.2	28.1	73.6	54.2	34.6	23.0	7.7	8.3	4.8	6.3	35.3	7.8	14.8
2. Payments	52.8	61.0	82.4	148.4	19.0	18.3	20.1	25.0	27.3	24.2	31.2	65.7	26.1
2.1 General government	19.2	21.9	28.0	64.0	7.0	5.8	6.1	9.1	7.2	3.7	7.9	45.2	5.0
2.2 Other sectors	33.6	39.1	54.4	84.4	12.0	12.5	14.0	15.9	20.1	20.5	23.3	20.5	21.1
2.2.1 Workers' remittances	17.5	20.2	33.9	54.9	6.3	9.2	9.1	9.3	13.6	14.2	15.5	11.6	14.2
2.2.2 Other transfers	16.1	18.9	20.5	29.5	5.7	3.3	4.9	6.6	6.5	6.3	7.8	8.9	6.9
<b>4. Current account balance (1+2+3)</b>	<b>-350.9</b>	<b>-33.6</b>	<b>-585.0</b>	<b>508.0</b>	<b>204.6</b>	<b>-385.8</b>	<b>-213.0</b>	<b>-190.8</b>	<b>507.8</b>	<b>-259.9</b>	<b>157.8</b>	<b>102.3</b>	<b>600.7</b>

TABLE 8.3: COMPONENTS OF THE CAPITAL AND FINANCIAL ACCOUNT 1)

During period	1997	1998	1999	2000	1999				2000				2001
					I	II	III	IV	I	II	III	IV	I
<b>1. Nonbanks</b>	<b>315.7</b>	<b>192.0</b>	<b>618.4</b>	<b>-555.5</b>	<b>-104.0</b>	<b>371.6</b>	<b>215.2</b>	<b>135.6</b>	<b>-473.9</b>	<b>237.8</b>	<b>-189.7</b>	<b>-129.7</b>	<b>-513.9</b>
A. Capital account	37.6	9.3	0.0	17.8	-0.1	-0.2	-0.1	0.4	0.6	16.7	0.6	-0.1	-0.5
1. Capital transfers	37.6	9.3	0.0	17.8	-0.1	-0.2	-0.1	0.4	0.6	16.7	0.6	-0.1	-0.5
1.1 General government	38.3	15.7	1.4	16.9	0.0	0.3	0.4	0.7	0.0	16.9	0.0	0.0	0.0
1.2 Other sectors	-0.7	-6.4	-1.4	0.9	-0.1	-0.5	-0.5	-0.3	0.6	-0.2	0.6	-0.1	-0.5
1.2.1 Migrants' transfers	-0.7	-6.4	-1.4	0.9	-0.1	-0.5	-0.5	-0.3	0.6	-0.2	0.6	-0.1	-0.5
1.2.2 Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Acquisition/disposal of non-produced, nonfinancial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial account	278.1	182.7	618.4	-573.3	-103.9	371.8	215.3	135.2	-474.5	221.1	-190.3	-129.6	-513.4
1. Direct investment	353.7	147.1	715.8	-425.9	-64.5	429.0	186.2	165.1	-413.0	303.8	-148.5	-168.2	-488.4
1.1 Investment abroad	3.0	-2.5	15.0	-20.9	13.2	-1.9	-1.1	4.8	-1.6	-4.7	-4.8	-9.8	0.6
1.2 Investment in Aruba	350.7	149.6	700.8	-405.0	-77.7	430.9	187.3	160.3	-411.4	308.5	-143.7	-158.4	-489.0
2. Portfolio investment	80.0	-85.1	-86.0	-73.6	-7.4	-59.4	37.2	-56.4	-11.7	-22.1	-45.4	5.6	20.2
2.1 Domestic securities	111.1	-6.1	31.2	3.8	-0.1	-0.7	32.3	-0.3	-0.1	0.1	3.7	0.1	-0.4
2.2 Foreign securities	-31.1	-79.0	-117.2	-77.4	-7.3	-58.7	4.9	-56.1	-11.6	-22.2	-49.1	5.5	20.6
3. Other investment	-155.6	120.7	-11.4	-73.8	-32.0	2.2	-8.1	26.5	-49.8	-60.6	3.6	33.0	-45.2
3.1. Loans	-43.1	38.3	52.2	-30.1	14.0	-14.2	41.6	10.8	-17.5	-39.8	22.1	5.1	-18.4
3.1.1 General government	-16.0	39.7	13.4	60.8	26.8	-1.0	0.0	-12.4	-0.2	-0.6	35.7	25.9	-1.8
3.1.2 Other sectors	-27.1	-1.4	38.8	-90.9	-12.8	-13.2	41.6	23.2	-17.3	-39.2	-13.6	-20.8	-16.6
3.2. Other financial transactions	-112.5	82.4	-63.6	-43.7	-46.0	16.4	-49.7	15.7	-32.3	-20.8	-18.5	27.9	-26.8
<b>2. Banking transactions 2)</b>	<b>6.9</b>	<b>-67.7</b>	<b>-14.0</b>	<b>14.5</b>	<b>-18.9</b>	<b>-9.0</b>	<b>-24.6</b>	<b>38.5</b>	<b>-36.2</b>	<b>28.1</b>	<b>25.1</b>	<b>-2.5</b>	<b>-50.1</b>
A. Assets	-60.0	-20.5	-14.7	-37.7	20.0	-18.6	-27.6	11.5	-43.7	24.9	1.8	-20.7	-19.2
1. Investments	4.6	-2.2	-8.9	-1.9	-12.6	-3.7	3.6	3.8	-0.2	0.2	-2.0	0.1	-0.1
2. Loans	8.4	-1.7	-12.5	-29.5	7.4	1.0	12.7	-33.6	-7.9	-6.3	-3.4	-11.9	2.9
3. Other assets	-73.0	-16.6	6.7	-6.3	25.2	-15.9	-43.9	41.3	-35.6	31.0	7.2	-8.9	-22.0
B. Liabilities	66.9	-47.2	0.7	52.2	-38.9	9.6	3.0	27.0	7.5	3.2	23.3	18.2	-30.9
1. Subordinated debts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Other liabilities	66.9	-47.2	0.7	52.2	-38.9	9.6	3.0	27.0	7.5	3.2	23.3	18.2	-30.9
<b>3. (Total banks and nonbanks, net (1+2))</b>	<b>322.6</b>	<b>124.3</b>	<b>604.4</b>	<b>-541.0</b>	<b>-122.9</b>	<b>362.6</b>	<b>190.6</b>	<b>174.1</b>	<b>-510.1</b>	<b>265.9</b>	<b>-164.6</b>	<b>-132.2</b>	<b>-564.0</b>

1) Excluding official reserves.

2) Minus (-) sign denotes an increase in assets and a decrease in liabilities.

**Table 8.4: BALANCE OF PAYMENTS BY SECTORS 1)**

During period	1999-I				2000-I				2001-I			
	Oil sector	Free-zone	Rest of economy	Total	Oil sector	Free-zone	Rest of economy	Total	Oil sector	Free-zone	Rest of economy	Total
<b>1. Current account (net)</b>	<b>92.0</b>	<b>12.3</b>	<b>100.3</b>	<b>204.6</b>	<b>421.7</b>	<b>11.1</b>	<b>75.0</b>	<b>507.8</b>	<b>468.3</b>	<b>9.2</b>	<b>123.2</b>	<b>600.7</b>
A. Goods and services	93.7	12.3	72.9	178.9	423.7	11.1	87.2	522.0	471.1	9.2	128.3	608.6
1. Goods	164.3	22.5	-232.3	-45.5	499.1	14.8	-255.4	258.5	543.6	12.8	-233.5	322.9
1.1 Exports f.o.b.	440.3	116.6	10.1	567.0	979.0	50.6	11.8	1041.4	1162.3	45.6	9.0	1216.9
1.2 Imports f.o.b.	276.0	94.1	242.4	612.5	479.9	35.8	267.2	782.9	618.7	32.8	242.5	894.0
2. Services	-70.6	-10.2	305.2	224.4	-75.4	-3.7	342.6	263.5	-72.5	-3.6	361.8	285.7
2.1 Receipts	0.0	0.1	487.9	488.0	0.0	0.0	541.2	541.2	0.0	0.0	536.6	536.6
2.2 Payments	70.6	10.3	182.7	263.6	75.4	3.7	198.6	277.7	72.5	3.6	174.8	250.9
B. Income	0.0	0.0	4.8	4.8	0.0	0.0	2.3	2.3	0.0	0.0	-1.1	-1.1
1. Receipts	0.0	0.0	18.7	18.7	0.0	0.0	19.0	19.0	0.0	0.0	16.8	16.8
2. Payments	0.0	0.0	13.9	13.9	0.0	0.0	16.7	16.7	0.0	0.0	17.9	17.9
C. Current transfers	-1.7	0.0	22.6	20.9	-2.0	0.0	-14.5	-16.5	-2.8	0.0	-4.0	-6.8
1. Receipts	0.0	0.0	39.9	39.9	0.0	0.0	10.8	10.8	0.0	0.0	19.3	19.3
2. Payments	1.7	0.0	17.3	19.0	2.0	0.0	25.3	27.3	2.8	0.0	23.3	26.1
<b>2. Capital and financial account (net)</b>	<b>-80.6</b>	<b>0.0</b>	<b>-23.4</b>	<b>-104.0</b>	<b>-424.7</b>	<b>0.0</b>	<b>-49.2</b>	<b>-473.9</b>	<b>-470.3</b>	<b>0.0</b>	<b>-43.6</b>	<b>-513.9</b>
A. Capital account	0.0	0.0	-0.1	-0.1	0.0	0.0	0.6	0.6	0.0	0.0	-0.5	-0.5
1. Capital transfers	0.0	0.0	-0.1	-0.1	0.0	0.0	0.6	0.6	0.0	0.0	-0.5	-0.5
2. Acquisition/disposal of non-produced, nonfinancial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial account	-80.6	0.0	-23.3	-103.9	-424.7	0.0	-49.8	-474.5	-470.3	0.0	-43.1	-513.4
1. Direct investment	-80.5	0.0	16.0	-64.5	-424.5	0.0	11.5	-413.0	-470.3	0.0	-18.1	-488.4
2. Portfolio investment	-0.1	0.0	-7.3	-7.4	-0.2	0.0	-11.5	-11.7	0.0	0.0	20.2	20.2
3. Other investment	0.0	0.0	-32.0	-32.0	0.0	0.0	-49.8	-49.8	0.0	0.0	-45.2	-45.2
<b>3. Items not yet classified 2)</b>	<b>0.0</b>	<b>0.0</b>	<b>-5.3</b>	<b>-5.3</b>	<b>0.0</b>	<b>0.0</b>	<b>-2.0</b>	<b>-2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.2</b>
<b>4. Overall balance (1+2+3)</b>	<b>11.4</b>	<b>12.3</b>	<b>71.6</b>	<b>95.3</b>	<b>-3.0</b>	<b>11.1</b>	<b>23.8</b>	<b>31.9</b>	<b>-2.0</b>	<b>9.2</b>	<b>79.4</b>	<b>86.6</b>
<b>5. Banking transactions 3)</b>	<b>-11.4</b>	<b>-12.3</b>	<b>4.8</b>	<b>-18.9</b>	<b>3.0</b>	<b>-11.1</b>	<b>-28.1</b>	<b>-36.2</b>	<b>2.0</b>	<b>-9.2</b>	<b>-42.9</b>	<b>-50.1</b>
<b>6. Increase (-) in official reserves 4)</b>	<b>0.0</b>	<b>0.0</b>	<b>-76.4</b>	<b>-76.4</b>	<b>0.0</b>	<b>0.0</b>	<b>4.3</b>	<b>4.3</b>	<b>0.0</b>	<b>0.0</b>	<b>-36.5</b>	<b>-36.5</b>
A. Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Foreign exchange holdings	0.0	0.0	-76.4	-76.4	0.0	0.0	4.3	4.3	0.0	0.0	-36.5	-36.5

1) On a cash basis.

2) Including errors and omissions.

3) Minus (-) sign denotes an increase in assets and a decrease in liabilities.

4) Excluding revaluation differences of gold and official foreign exchange holdings.

**TABLE 8.5: BREAKDOWN OF MERCHANDISE TRADE**

During period	1997	1998	1999	2000	1999				2000				2001
					I	II	III	IV	I	II	III	IV	I
<b>1. Exports f.o.b.</b>	<b>3,087.3</b>	<b>2,085.0</b>	<b>2,533.6</b>	<b>4,616.5</b>	<b>567.0</b>	<b>606.5</b>	<b>650.9</b>	<b>709.2</b>	<b>1,041.4</b>	<b>938.7</b>	<b>1,177.6</b>	<b>1,458.8</b>	<b>1,216.9</b>
A. General merchandise	2,912.6	1,954.2	2,361.6	4,348.6	529.8	559.1	613.5	659.2	980.1	878.4	1,088.9	1,401.2	1,177.1
1. Oil sector	2,302.8	1,407.6	2,018.2	4,177.7	404.2	471.2	536.4	606.4	919.3	847.0	1,053.3	1,358.1	1,123.6
2. Free-zone	527.4	516.4	303.8	137.3	116.6	76.7	68.4	42.1	50.6	24.6	27.5	34.6	45.6
3. Other sectors	82.4	30.2	39.6	33.6	9.0	11.2	8.7	10.7	10.2	6.8	8.1	8.5	7.9
B. Goods procured in ports by carriers	174.1	130.2	171.7	267.0	37.0	47.4	37.3	50.0	61.3	60.3	88.7	56.7	39.8
C. Repairs on goods	0.6	0.6	0.3	0.9	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.9	0.0
<b>2. Imports f.o.b.</b>	<b>3,787.4</b>	<b>2,717.5</b>	<b>3,597.1</b>	<b>4,675.0</b>	<b>612.5</b>	<b>1,097.7</b>	<b>868.6</b>	<b>1,018.3</b>	<b>782.9</b>	<b>1,313.1</b>	<b>1,161.8</b>	<b>1,417.2</b>	<b>894.0</b>
A. General merchandise	1,479.8	1,711.5	1,533.0	1,398.3	406.6	362.8	388.2	375.4	378.0	342.4	353.0	324.9	310.2
1. Oil sector	207.0	349.6	327.0	270.2	77.6	66.3	115.4	67.7	82.1	76.5	76.7	34.9	34.9
2. Free-zone	443.0	473.7	253.9	129.3	94.1	77.6	43.0	39.2	35.8	24.6	32.9	36.0	32.8
3. Other sectors	829.8	888.2	952.1	998.8	234.9	218.9	229.8	268.5	260.1	241.3	243.4	254.0	242.5
B. Goods for processing	2,276.4	974.8	2,035.3	3,251.0	198.4	728.4	474.9	633.6	397.8	961.2	799.7	1,092.3	583.8
C. Goods procured in ports by carriers	18.1	18.9	19.2	19.8	4.7	4.2	3.6	6.7	5.9	6.6	7.3	0.0	0.0
D. Repairs on goods	13.1	12.3	9.6	5.9	2.8	2.3	1.9	2.6	1.2	2.9	1.8	0.0	0.0
<b>3. Merchandise trade (1-2)</b>	<b>-700.1</b>	<b>-632.5</b>	<b>-1,063.5</b>	<b>-58.5</b>	<b>-45.5</b>	<b>-491.2</b>	<b>-217.7</b>	<b>-309.1</b>	<b>258.5</b>	<b>-374.4</b>	<b>15.8</b>	<b>41.6</b>	<b>322.9</b>

**TABLE 8.6: OFFICIAL FOREIGN EXCHANGE RATES (SELLING)**  
(Period averages)

	Can. dollar	Pound sterling	Neth. guilder (x 100)	Swiss franc (x 100)	French franc (x 100)	German mark (x 100)	Italian lire (x 1,000)	Japanese yen (x 10,000)	ECU/EURO1 (x 100)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1997	1.303	2.958	92.169	123.836	31.028	103.679	1.082	148.745	202.662
1998	1.217	2.996	90.858	124.206	30.766	102.369	1.063	137.891	201.533
1999	1.215	2.926	86.955	119.161	29.208	97.957	0.990	158.931	191.191
2000	1.215	2.740	75.304	106.012	25.299	84.843	0.857	167.047	165.948
1999 I	1.194	2.952	91.586	125.875	30.751	103.136	1.042	154.288	200.049
II	1.225	2.905	86.217	117.104	28.964	97.144	0.981	148.911	190.000
III	1.215	2.897	85.598	117.568	28.757	96.446	0.974	159.212	188.632
IV	1.226	2.949	84.750	116.512	28.471	95.474	0.965	172.334	186.730
2000 I	1.241	2.903	80.538	110.294	27.056	90.745	0.917	168.239	177.480
II	1.219	2.770	76.204	107.315	25.601	85.862	0.867	168.700	167.931
III	1.219	2.674	73.851	105.273	24.812	83.201	0.841	167.220	162.758
IV	1.182	2.615	70.749	101.295	23.767	79.705	0.805	164.124	155.898
2001 I	1.202	2.638	75.316	108.081	25.303	84.861	0.856	152.430	164.605

1) On January 1, 1999, the ECU was replaced by the EURO.

**TABLE 8.7: OFFICIAL FOREIGN EXCHANGE RATES (SELLING)**

(End of period)

	Can. dollar	Pound sterling	Neth. guilder (x 100)	Swiss franc (x 100)	French franc (x 100)	German mark (x 100)	Italian lire (x 1,000)	Japanese yen (x 10,000)	ECU/EURO1) (x 100)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1997	1.260	2.995	89.140	123.510	30.240	100.410	1.050	137.970	198.110
1998	1.165	2.990	95.170	130.300	32.190	107.180	1.110	157.660	210.560
1999	1.240	2.920	82.010	112.430	27.550	92.400	0.930	175.920	180.720
2000	1.200	2.690	75.800	109.200	25.460	85.400	0.860	156.990	167.030
1999 I	1.200	2.920	87.690	120.720	29.460	98.800	1.000	151.200	193.240
II	1.220	2.850	84.310	115.700	28.320	95.000	0.960	148.850	185.800
III	1.230	2.980	87.060	119.960	29.250	98.100	0.990	170.280	191.860
IV	1.240	2.920	82.010	112.430	27.550	92.400	0.930	175.920	180.720
2000 I	1.240	2.890	77.980	107.900	26.200	87.870	0.890	174.420	171.850
II	1.220	2.740	78.010	110.220	26.210	87.890	0.890	170.930	171.910
III	1.200	2.660	71.550	103.350	24.040	80.620	0.810	166.080	157.680
IV	1.200	2.690	75.800	109.200	25.460	85.400	0.860	156.990	167.030
2001 I	1.150	2.580	72.100	103.920	24.220	81.240	0.820	143.470	158.880

1) On January 1, 1999, the ECU was replaced by the EURO.

## Explanatory notes to the tables

**Table 1.3 Consumer price indices**

The consumer price index, produced by the Central Bureau of Statistics, is a Laspeyres type of index and is based on the results of household expenditure surveys conducted by this Bureau. The latest survey was conducted during the period October 1998 through January 1999.

The base of the index was replaced from August 1994 to September 2000.

To convert the indexes prior to September 2000 to the new base period, these indexes should be multiplied by the ratio of the new and old index. For instance, the indexes in column 1 "Total index" prior to September 2000 should be multiplied by the ratio 0.8410, i.e.,

$$\frac{\text{September 2000 (New index)}}{\text{September 2000 (Old index)}} = \frac{100.0}{118.9} = 0.8410$$

**Table 1.5 Utilities**

The table Utilities reflect the consumption of water, electricity and gas. The consumption of water is excluding sales to Coastal Aruba N.V. and vessels. Each category is presented on the basis of its standard unit of measure. The utilities index is calculated as a weighted average of the indexed consumption of water, electricity and gas. The weights used here are dynamic and fluctuate according to the relative significance (during a period) of the value of each consumption category in the aggregated value. Annual data are based on the year 1996 (=100), while quarterly data are based on an average of that year, since the quarterly data reflect only the consumption during a quarter, while the annual data is cumulative.

**Table 2.1 Monetary survey**

The monetary survey consolidates the accounts of the Centrale Bank van Aruba (the Bank), the commercial banks, and the Government, related only to the issuance of components of money supply, i.e., coins and treasury bills. This survey shows the financial relationship between the monetary sectors, whose liabilities include the money supply, and other sectors of the economy.

## *Net claims on public sector:*

### *Gross claims*

Resulting from the issuance of coins and treasury bills. Gross claims include loans granted as well as government bonds in the hands of the monetary sector.

### *Net foreign assets:*

#### *Centrale Bank van Aruba*

Revaluation differences of gold and official foreign exchange holdings are excluded in order to calculate the net import of foreign funds by the non-monetary sectors.

**Table 2.2 Components of broad money**

"Money" consists of bank notes, coins and demand deposits of the private sector. It does not include government deposits, neither the deposits of the commercial banks with the Bank, nor their cash holdings. "Quasi-money" comprises time and savings deposits with the commercial banks and the Bank, as well as treasury bills held by the private sector. This table shows the total liquid claims of the domestic private sector on money-creating institutions.

**Table 2.3 Causes of changes in broad money**

### *Inflow of foreign funds*

Revaluation differences of gold and official foreign exchange holdings are excluded in order to calculate the net import of foreign funds by the non-monetary sectors.

**Table 2.4 Foreign assets**

Aruba's net foreign assets consist mainly of convertible claims on nonresidents and gold. Aruba has no accounts with the International Monetary Fund, because it participates in this institution as part of the Kingdom of the Netherlands. In contrast to Table 2.1, net foreign assets in this table include revaluation differences of gold and official foreign exchange holdings. Since end-1989, gold and claims in gold are valued once every three years at standards set by the Bank's Board of Supervisory Directors. As a result, the value of gold increased by AFL 37.4 million on that date and decreased by AFL 1.5 million at end-1992. By end-1995, the value of gold increased again by AFL 1.2 million. By end-1996, the amount of gold holdings of the Bank increased by AFL 3.0 million to AFL 50.1 million due to an adjustment in the net claim on the Gold Fund of

the Netherlands Antilles and Aruba. By end-1998, these Bank's holdings of gold deposits were revalued and, consequently, decreased by AFL 9.1 million to AFL 41 million.

*Column:*

*(9) Revaluation differences*

Revaluation differences of gold and official foreign exchange holdings.

**Table 3.1 Consolidated balance sheet of the money-creating institutions**

*Money-creating institutions*

These are the Bank, the Government and the commercial banks.

*Claims on money-creating institutions:*

*Monetary authorities*

These are institutions (the Bank and the Government) that create base money.

*Other domestic assets*

Mainly equipment and miscellaneous items.

*Revaluation differences*

These are revaluation differences of gold and official foreign exchange holdings. In accordance with the Central Bank Ordinance as revised in December 1989, changes in the value of gold and foreign exchange due to changes in the price of gold and exchange rates are accounted for in a revaluation reserve.

*Other domestic liabilities*

Money in custody, miscellaneous items and other liabilities.

**Table 3.2 Detailed balance sheet of the Centrale Bank van Aruba**

*Columns:*

*(2) Other*

Mainly equipment and miscellaneous items.

*(5 and 6) Foreign assets:*

*Claims on banks*

Balances with foreign central and commercial banks in convertible and other currencies.

*Claims on governments*

Treasury bills and other securities issued by foreign governments and international organizations in convertible and other currencies.

*(10) Bank notes issued*

Bank notes held by the public and commercial banks.

*(13) Official entities*

Includes the post office.

*(16) Other financial institutions' deposits*

These institutions are banklike financial institutions, such as mortgage and investment banks, licensed by the Bank to operate in the domestic market. Other nonbank financial institutions, among which are insurance companies and pension funds, are included under column (17) "private sector".

*(17) Private sector*

Includes business enterprises, individuals, nonbank financial institutions and foundations.

*(18) Other*

Money in custody, other liabilities and the Bank's current net income position.

**Table 3.4 Coins issued**

The Government issues coins, which are, therefore, its liability. The Bank buys the coins and resells them at face value to the commercial banks and to the public.

**Table 4.1 Commercial banks: summary account**

Commercial banks are financial institutions licensed to carry out banking operations with residents. These banks grant loans, and have among their liabilities deposits transferable by check or otherwise usable in making payments.

Commercial banks' transactions resulting in claims on, and liabilities to, nonresidents are included in this balance sheet only if these transactions are an integral part of their total activities. Offshore businesses sheltered in a separate accounting unit (where claims on nonresidents are kept equal to liabilities to nonresidents so that no net open position arises) are not included in this balance sheet.

*Column:*

*(7) Capital and reserves:*

Includes subordinated debt.

**Table 4.2 Commercial banks: prudential ratios**

The risk-weighted capital ratio is derived by dividing the banks' capital base by the total amount of the risk-weighted assets, including both on-balance and off-balance sheet activities. As of June 1989, the internationally adopted risk-weighted capital ratio was introduced.

**Table 4.3 Commercial banks: detailed balance sheet**

*Columns:*

*(6 to 9) Loans and advances:*

*Enterprises*

Commercial loans and advances to private and public enterprises and official entities. Public enterprises, among which the Telecommunications Company (SETAR), are companies producing goods and nonfinancial services, whose shares are fully or largely owned by the Government.

*Mortgages*

Loans and advances to enterprises and individuals secured by real estate.

*Individuals*

Loans and advances to individuals, excluding mortgages.

*Government*

Loans and advances to the Government, excluding official entities.

*(10) Premises*

The commercial banks' own buildings, other real estate, and equipment.

*(11) Subsidiaries*

Holdings of at least 10 percent of the equity capital of other companies and advances to these companies.

*(12) Accounts receivable*

Costs, commissions, dividends, rents, and other income earned or accrued, but not yet collected, as well as prepaid expenses not included in the banks' current profit and loss accounts.

*(21) Total assets*

The balance sheet total does not correspond with that of table 4.1, because in this table interbank assets and liabilities have been netted

out; the net figure is recorded in column (13) "other (net)".

*(22 to 25) Demand deposits*

Deposits withdrawable on demand, in the form of balances on checking and similar accounts. Also included are time deposits matured but not renewed.

*(26 to 29) Time deposits*

Deposits with a specific original maturity.

*(30) Savings deposits*

Deposits with certain withdrawal restrictions, but with no specific maturity condition.

*(31) Other liabilities*

Accounts payable, provision for loan losses and items not included elsewhere.

*(32) Capital and reserves*

Paid-up capital by residents, reserves, retained profits, and the banks' current net income position.

*(33) Subordinated debt*

Liabilities subordinated to claims of depositors and other creditors.

**Table 5.1 Financial survey**

The financial survey provides an overview of the activity of the financial sector as a whole. It covers financial positions and transactions of the financial sector with other domestic sectors and with the rest of the world. It comprises the accounts of the Centrale Bank van Aruba, the Treasury (the government, related only to the issuance of components of money supply, i.e., coins and treasury bills), the commercial banks, and the aggregated accounts of the nonmonetary financial institutions, comprising mortgage banks, pension funds, life insurance companies, finance companies, the Aruban Investment Bank and the Social Security Bank.

**Table 6.1 Interest rates of commercial banks**

As of September 1998, the Bank introduced a new method to report and calculate the interest rates on deposits and loans of the commercial banks. The interest rates shown represent the period weighted average rates of these banks on new loans and deposits for domestic activities. Nominal interest rates are used for the deposits. An annual percentage rate (APR) is calculated for the interest rates charged on consumer

credit. A weighted average rate of interest is calculated for both deposits (i.e., time and savings) and loans (i.e., individual and commercial). Subsequently, a margin between the credit and debit rate is computed.

#### **Table 7.1 Government Financial Operations**

This table provides an overview of the financial operations of the government (including development funds) on a cash basis.

The definition of the government used by the Centrale Bank van Aruba (the Bank) comprises all the departments of the government, including the Department of Public Works (DOW), “Landsbedrijf Ontwikkelingsprojecten” (LOP) and the Fondo Desaroyo Aruba (FDA). Thus, the definition does not include the social security sector, which comprises mainly the Social Security Bank (SVB) and the General Medical Insurance (AZV). This narrow definition of the government enables the analysis of its liquidity position on a cash basis.

##### *Total revenue and grants*

Total revenue and grants comprise receipts compiled by the Tax Collector’s Office, the Department of Finance and the Bank. Tax and nontax revenue are classified according to the nature of the base on which the tax is levied or the kind of action which creates the liability. Grants are unrequited, nonrepayable, non-compulsary government receipts from other governments or international institutions.

##### *Expenditure and items n.i.e.*

The expenditure of the government on a cash basis is derived as a residual of total registered revenue (including grants) and net financing. The Department of Finance provides information on the nature of the expenditure. Items n.i.e. (not included elsewhere) is a residual, and thus includes errors and omissions. Net financing comprises net foreign capital, nonbank domestic capital, and the net recourse to the monetary system of the government.

#### **Table 7.2 Government revenue**

This table provides a detailed overview of the total government revenue, subdivided into taxes, nontax revenue and grants.

#### **Table 7.3 Government position with the**

#### **monetary system**

This table covers the government’s financial position with the Centrale Bank van Aruba (the Bank) and the commercial banks. It gives an overview of the government’s deposits with the Bank and the local commercial banks and its liabilities to the monetary authorities and local commercial banks.

#### **Table 8.1 Balance of payments**

##### *Current and non-monetary capital and financial account*

The balance of payments records payments and receipts between residents and nonresidents on goods, services, income and current transfers, as well as changes in Aruba’s claims on, and liabilities to, the rest of the world. The basic data to compile the balance of payments are obtained from residents, who are (with the exception of companies with a nonresident status, i.e., offshore companies) legally obliged to report to the Bank their transactions with nonresidents. In practice, licensed foreign exchange banks, operating either as intermediaries or on their own behalf, report the bulk of the transactions. Enterprises holding accounts with foreign banks or with other nonresidents are also obliged to report. Changes in the balance on these accounts are registered by the Bank either as an increase or a decrease in currency and deposits of other sectors. As from the fourth quarter of 1990, foreign transactions of the Coastal Aruba Refining Company, which are settled through a current account with the parent company abroad, are incorporated in the balance of payments. Changes in the balance on this account are registered as short-term direct investments.

##### *Items not yet classified*

Transactions of which the underlying nature is not yet known. Profits and losses on foreign exchange transactions of the Bank and the commercial banks as well as revaluation differences of foreign claims and liabilities of the commercial banks are also included.

##### *Banking transactions*

Banking transactions cover all capital transactions of authorized foreign exchange banks carried out for their own account. These transactions comprise, among other things, loans to and from foreign banks and nonbanks and their redemptions, the placement of notes with nonresidents issued for their own account

and changes in their liquid claims and liabilities.

*Increase (-) in official reserves*

Changes in the foreign exchange holdings (excluding revaluation differences of gold and foreign exchange holdings) cover all claims and liabilities to nonresidents of the Bank denominated in foreign currencies. Changes in Aruban florin accounts held with the Bank by nonresidents are also reflected in the foreign exchange holdings.

**Table 8.2 Components of the current account**

*Goods*

Goods comprise import and export related payments of crude oil and oil products as well as import and export related payments by free-zone enterprises and by sectors other than the oil and free-zone sectors effectuated through the banking system and notified foreign bank or current accounts. Non-oil merchandise import payments by the oil sector, goods procured in ports and repair goods are also included.

*Services:*

*Transportation*

Transportation contains, among other things, harbor dues and fees, and passenger fares. Data on transportation are based on the relevant payments. However, adjustment are made to allow for the fact that in the balance of payments goods are recorded consistently as a f.o.b basis.

*Travel*

Registered tourism receipts from transactions in foreign currency, traveller's checks and credit cards as recorded by the foreign exchange banks, as well as the enterprises holding accounts with foreign banks. Goods taken out of Aruba by tourists paid for in foreign currency, traveller's checks or credit cards and flows related to medical treatment and expenditures of students are also included under "travel".

*Government n.i.e*

Payments by the Government of the Netherlands in connection with its representative office in Aruba (including the Netherlands Royal Navy) are included as inflows, while payments by the Aruban Government related to its representative office in the Netherlands ("Aruba Huis") and its

tourism offices abroad are, among others, recorded as outflows.

*Other*

These services mainly include management fees, transactions for industrial maintenance, contracting works, royalties, postal and telecommunication charges, insurance services, rents and leases.

*Income*

Income covers dividends received on equity investments and participations, as well as interest on public and private sector loans, debt securities, and foreign assets and personal earned income.

*Current transfers*

Private and official transfers, i.e., workers' remittances and other current transfers of individuals as well as pension and education payments and grants.

**Table 8.3 Components of the capital and financial account**

*Capital account*

Capital account consists of capital transfers and acquisition/disposal of non-produced nonfinancial assets. Capital transfers cover private transfers being migrants' transfers, and official transfers, being payments in connection with development aid (capital grants).

*Financial account*

Financial account covers direct investment, portfolio investment and other investment. The latter is subdivided into loans and other financial transactions.

*Banking transactions*

See note for Table 8.1.

**Table 8.4 Balance of payments by sectors**

This table summarizes the balance of payments' transactions by sectors.

*Columns:*

*Oil sector*

Transactions of Coastal Aruba Refining Company, Coastal Aruba Fuel Company, Wickland Oil Aruba N.V. (up to the third quarter of 1998) and Barlock/Texaco (the former Barlock/Shell), which are settled through the banking system as well as the

accounts held with foreign banks and the parent company abroad are registered in this column.

*Free-zone sector*

This column covers the international transactions of the free-zone companies through the banking system and their foreign bank accounts.

*Other sector*

This column contains transactions of the rest of the economy, which are settled through the banking system and accounts held with foreign banks.

**Table 8.5 Breakdown of merchandise trade:**

Exports and imports are recorded on f.o.b. basis and are divided into general merchandise, goods for processing, goods procured in ports by carriers, repairs on goods and non-monetary gold.

**Table 8.6 Official foreign exchange rates (selling)**

Banks' minimum selling rates for officially quoted currencies for customers. The foreign exchange banks' selling rates of the currencies shown in the table are fixed daily by the Bank on the basis of middle market rates quoted for those currencies against the U.S. dollar.

Officially quoted rates for other currencies are determined by means of a fixed percentage margin on either side of the middle rate for each currency. Offshore customers, or customers with larger amounts of foreign currency to be bought or sold, may negotiate an exchange rate to settle transactions with their banks.

Rates at which foreign exchange banks will buy and sell the U.S. dollar from and to the public:

	minimum		maximum
	buying		selling
	rates		rates
as from:	bank	cheque and	
	notes	cable-	
		transfers	
Jan 1, 1986	1.77	1.79	1.81
May 18, 1987	1.77	1.78	1.80