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## List of abbreviations

AAA	Aruba Airport Authority N.V.
AIB	AIB Bank N.V.
APFA	Stichting Algemeen Pensioenfonds Aruba (the civil servants pension fund)
ATA	Aruba Tourism Authority
AVV	Aruba Vrijgestelde Vennootschap, the Aruba exempt corporations
AZV	Algemene Ziektekostenverzekering, the general health insurance
BBO	Belasting op Bedrijfsomzetten, a turnover tax
BLS	U.S. Bureau of Labor Statistics
CBA	Centrale Bank van Aruba, the Central Bank of Aruba
CBS	Centraal Bureau voor de Statistiek, the central bureau of statistics in Aruba
CBSne	Centraal Bureau voor de Statistiek, the central bureau of statistics in the Netherlands
CBSna	Centraal Bureau voor de Statistiek, the central bureau of statistics in the Netherlands Antilles
CPI	Consumer Price Index
CTA	Cruise Tourism Authority
CTO	Caribbean Tourism Organization
DEZHI	Directie Economische Zaken Handel en Industrie, the Department of Economic Affairs, Commerce and Industry of Aruba
DF	Department of Finance
DNB	De Nederlandsche Bank N.V., the Dutch central bank
DTI	Dienst Technische Inspecties, the department of technical inspections
ECB	European Central Bank
ELMAR	Naamloze Vennootschap Electriciteitmaatschappij "Aruba", the electricity provider
ESCB	European System of Central Banks
FATF	Financial Action Task Force
FDA	Stichting Fondo Desaroyo Aruba, the development fund foundation of Aruba
FRB	U.S. Federal Reserve Board
FRL	Fiscal Responsibility Law
GDP	Gross Domestic Product
IMF	International Monetary Fund
IT	Information Technology
RCUT	Reporting Center for Unusual Transactions
NCPF	National Commission on Public Finance
SETAR	Servicio di Telecomunicacion di Aruba (Setar) N.V., a telecommunications company
SOSCS	State Ordinance on the Supervision of the Credit System
SOSMTC	State Ordinance on the Supervision of the Money Transfer Companies
SVB	Sociale Verzekeringsbank, the social security bank
TCO	Tax Collector's Office
WEB	Water en Energie Bedrijf N.V., the water and power company



## **1. DEVELOPMENTS IN THE FIRST QUARTER OF 2008**

### **1.1 Introduction**

In the first quarter of 2008, the economic performance showed mixed results. Available information indicated an expansion in tourism-related activities, which resulted in an increase in gross tourism receipts of 21.8 percent. In addition, airport arrivals, which can be considered an approximation for tourist arrivals, registered a 28.9 percent growth. The utilities industry saw an increase in its output as well in the quarter under review. In contrast, the construction and oil sectors incurred a slowdown in production.

Inflationary pressures increased further in the first quarter of 2008. The quarterly average inflation rate rose by 3.7 percentage points to 8.4 percent, compared to the corresponding quarter of 2007. When excluding the energy-related components, the inflation rate fell by 0.6 percentage point to 4.2 percent, compared to the first quarter of 2007, due largely to lower price increases of food products. Measured on a 12-month basis, the inflation rate accelerated by 3.2 percentage points to 6.9 percent, compared to a year earlier. Consequently, the inflation differential with the United States, Aruba's main trading partner, widened from 0.8 percentage point in the first quarter of 2007 to 3.6 percentage points in the quarter under review, thus resulting in a further deterioration of Aruba's competitive position vis-à-vis this country.

Money supply went up by Afl. 173.5 million or 6.8 percent in the first quarter of 2008 compared to the preceding quarter, because of an Afl. 157.2 million net inflow of funds from abroad and an Afl. 16.4 million (0.9 percent) expansion in net domestic assets. The latter was largely brought about by an Afl. 37.5 million (1.5 percent) growth in banking sector credit granted to the private sector, following increases in loans to enterprises, consumer credit and housing mortgages of Afl. 30.0 million (2.8 percent), Afl. 7.5 million (1.3 percent) and Afl. 0.7 million (0.1 percent), respectively. Moreover, net claims of the banking sector on the public sector grew by Afl. 21.4 million, mainly following a drawing down of government's deposits with the banking sector. In contrast, the non-credit-related balance sheet items contributed Afl. 42.6 million negatively to the rise in net domestic assets.

In the first quarter of 2008, transactions with nonresidents resulted in a widening of the overall surplus on the balance of payments to Afl. 157.2 million, up from Afl. 75.5 million in the corresponding quarter a year earlier. This outcome was associated with an increase in the surplus on the capital and financial account, i.e., from Afl. 52.5 million in the first quarter of 2007 to Afl. 286.1 million in the quarter under review. This development was offset in part by a turnaround of the current account balance, i.e., from an Afl. 18.6 million surplus in the first quarter of 2007 to an Afl. 129.6 million deficit in the period under review. On balance, all sectors contributed Afl. 157.2 million to the net inflow of funds from abroad in the quarter under review.

The government financial deficit (including the change in unmet financing requirements) narrowed to Afl. 0.9 million, down from Afl. 16.0 million in the corresponding quarter of 2007. The smaller government financial deficit was primarily the result of an Afl. 49.5 million rise in government revenue, which stemmed mainly from increased revenues from taxes on income and profit and the BBO. The rise in government revenue was partly mitigated by an Afl. 34.3 million expansion in its expenditure (including the change in unmet financing

requirements). At the end of March 2008, total government debt amounted to Afl. 2,124.1 million, which is Afl. 14.1 million (0.7 percent) less than in the fourth quarter of 2007 (first quarter 2007: Afl. 2,015.8 million), reflecting an Afl. 26.9 million (2.3 percent) decrease in the domestic debt component. This decrease was in part offset by an Afl. 12.8 million (1.3 percent) increase in the foreign debt component. The debt-to-GDP ratio declined by 0.3 percentage point to 45.2 percent compared to the fourth quarter of 2007, when measured against the nominal GDP of 2007 (first quarter of 2007: 42.9 percent).

## 1.2 Real sector

### *Tourism*

Data on stay-over tourism from the Aruba Tourism Authority (ATA) are not yet available for the months of January 2008 up to and including June 2008. Available data from the Aruba

**Table A: Indicators of tourism activity**

	2006	2007	2006			2007		
			I	I	IV	I		
1. a. Tourism receipts (x Afl. million) 1)	1,925.1	2,242.3	568.1	607.4	629.5	739.6		
b. Tourism expenditures (x Afl. million) 2)	1,447.1	n.a.	390.4	350.2	n.a.	n.a.		
2. Stay-over visitors (x 1,000)	694.4	772.1	170.3	187.0	208.4	n.a.		
3. Market shares (in percentage)								
a. United States	71.5	67.8	75.1	73.7	62.1	n.a.		
b. Venezuela	8.2	11.9	5.3	6.0	17.6	n.a.		
c. The Netherlands	5.3	4.9	5.3	5.1	5.0	n.a.		
d. Canada	3.3	3.3	5.1	4.9	3.8	n.a.		
e. Colombia	1.7	1.7	1.0	1.6	1.7	n.a.		
f. Other countries	10.1	10.3	8.2	8.7	9.8	n.a.		
4. Visitor nights (x 1,000)	5,470.5	5,879.9	1,408.3	1,503.8	1,545.7	n.a.		
5. Average nights spent	7.9	7.6	8.3	8.0	7.4	n.a.		
6. a. Receipts per visitors night (Afl.)	352	381	403	404	407	n.a.		
b. Average daily expenditure (Afl.) 3)	197	n.a.	220	176	n.a.	n.a.		
7. Average hotel occupancy rate 4)	76.8	77.8	84.3	83.0	77.4	86.5		
8. Average daily hotel rate (Afl.) 4) 5)	317	325	419	404	322	436		
9. Revenue per available room (Afl.) 4) 5)	147	153	212	200	147	212		
10. Room tax receipts (x Afl. million) 6)	33.0	33.1	11.2	10.4	8.6	12.7		
11. Cruise visitors (x 1,000)	591.5	481.8	209.5	195.6	170.7	267.8		
12. Number of cruise ship calls	314	315	102	120	97	156		
13. Contribution to current account 7)	74	76	78	78	75	79		

Source: CBA; CBS; ATA; CTA; TCO.

- 1) Gross receipts from stay-over and cruise tourism, as well as other tourism-related income as recorded on a cash basis in the balance of payments.
- 2) Travel-related expenditures 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, e.g., payments for prepaid packages), as calculated by the CBS.
- 4) Contains both hotels and timeshares. Due to the business structure of timeshare properties in Aruba, the theoretical link between the average hotel occupancy rate, the average daily rate of hotels, and the revenue per available room is not valid for timeshares, and, thus, cannot be calculated from the aggregated figures presented in the table.
- 5) Including timeshare units.
- 6) Excluding tax receipts related to previous periods.
- 7) Tourism receipts as a percentage of current account receipts, excluding the oil and free-zone sectors.

Airport Authority N.V. (AAA) show an increase of 28.9 percent in airport arrivals in the first quarter of 2008, thus reflecting an expansion in the number of stay-over tourists for the fifth consecutive quarter.

According to the Cruise Tourism Authority (CTA), the number of cruise passengers rose by 36.9 percent, in contrast to a 6.6 percent contraction in the first quarter of 2007, reflecting a 30 percent increase in the number of ship calls in the quarter under review compared to the corresponding quarter of 2007, i.e., 156 compared to 120. Moreover, in the first quarter of 2008 more larger cruise ships visited the island compared to the corresponding period in 2007. Information collected by the Central Bureau of Statistics (CBS) on the hotel sector affirms the positive performance of the tourism sector. The average hotel occupancy rate increased to 86.5 percent in the quarter under review, up from 83.0 percent in the corresponding quarter of 2007. Moreover, the CBS's preliminary estimates show that the average daily rate of the hotel sector and the revenue per available room grew by, respectively, 7.9 percent to Afl. 436 and 6.0 percent to Afl. 212, compared to the first quarter of 2007.

Gross tourism receipts, as recorded in the balance of payments, went up by 21.8 percent to Afl. 739.6 million in the quarter under review, compared to 6.9 percent in the corresponding quarter of 2007. The share of these receipts in the total current account income (excluding the oil and free-zone sectors) rose by 1 percentage point to 79 percent (Table A and statistical annex Tables 1.4 and 1.5).

#### *Construction*

Available information reflects a weakening in construction activities in the first quarter of 2008. Indicative hereof is a contraction in total imported cement of 31.3 percent. Moreover, the number of electrical installations approved by the department of technical inspections (DTI) went down by 37.8 percent, because of declines in all categories with the exception of the category "enterprises". It should be noted that a change in the requirements for the approval of electrical installations has contributed to the decline in the number of electrical installations. In contrast, the number of construction permits granted rose by 10.5 percent in the quarter under review, thus showing a positive medium-term outlook for the construction sector. This result was largely on account of an increase in the category "others", which predominantly includes renovations and expansions of existing homes. The value of building permits surged by 183.7 percent, mainly because of a rise in the category "others", which includes a considerable investment amount related to a condominium project (statistical annex Table 1.8).

#### *Utilities*

In the quarter under review, both water consumption (measured in m<sup>3</sup>) and electricity use (in KWH) went up by 1.6 percent, compared to 4.0 percent, and 2.4 percent, respectively, in the first quarter of 2007. This outcome was brought about by higher consumption by businesses (including hotels), which was offset in part by lower household use. The value of consumed water and electricity increased by, respectively, 39.0 percent and 42.2 percent, against decreases of 3.4 percent and 7.9 percent, respectively, in the first quarter of 2007. The decrease during the latter period was largely the result of a downward adjustment of the water and electricity tariffs compared to the same quarter a year earlier. The expansion in the value of consumed water and electricity in the first quarter of 2008 was caused mainly by higher prices for these commodities as well as the increased volume of consumption. Gas

consumption (measured in pounds) expanded by 3.4 percent, largely because of an increased commercial use. The increased volume of gas consumption and also a rise in the price of this product for commercial use led to a rise of 12.4 percent in the value of consumed gas. On balance, the weighted utilities consumption index grew by 1.7 percent to 136.0 (statistical annex Table 1.9).

#### *Oil sector*

In the first quarter of 2008, the refinery's throughput volume contracted by 40.0 percent (first quarter of 2007: +24.9 percent), because a vacuum distillation unit was operating at a reduced rate after it caught fire in January 2008. Consequently, both export revenues from refined oil products and payments for imported crude oil fell by, respectively, 21.8 percent to Afl. 1,542 million (first quarter of 2007: +3.2 percent) and 1.8 percent to Afl. 1,572 million (first quarter of 2007: +11.9 percent). At the end of March 2008, 691 persons were directly employed at the refinery, i.e., 19 persons less than in the corresponding period of 2007 (statistical annex Table 1.12).

#### *Merchandise trade*

Trade figures on a transactions basis, as compiled by the CBS, indicate that merchandise imports (excluding mineral fuels and free-zone goods) went up by 4.6 percent to Afl. 484.9 million compared to the first quarter of 2007. This expansion was brought about by increases in all product categories, with the exception of the category "other goods". The latter was largely the result of a decline in imports of "real pearls and other precious stones". Merchandise exports increased by 13.0 percent to Afl. 9.8 million, due mainly to higher exports of "base metals and derivated works". Consequently, the trade deficit grew compared to the corresponding quarter a year earlier, i.e., by Afl. 20.2 million or 4.4 percent to Afl. 475.2 million (statistical annex Tables 1.10 and 1.11).

#### *Price developments*

In the first quarter of 2008, the quarterly average increase in the CPI accelerated by 3.7 percentage points to 8.4 percent compared to the corresponding quarter of 2007, reflecting price increases in all product categories. The category "housing" (+17.4 percent) accounted for 4.1 percentage points of the quarterly average increase in the CPI, reflecting higher water and electricity tariffs in the first quarter of 2008 compared to the corresponding quarter a year earlier. In addition, the categories "food" (+7.5 percent), "transport & communication" (+7.0 percent) and "other" (+6.0 percent) contributed 1.0 percentage point, 1.2 percentage points and 1.0 percentage point to the 8.4 percent increase in the CPI in the first quarter of 2008. The inflation was driven by higher oil prices on the international market and increased food prices. When adjusting for the energy-related components (water, electricity, and gasoline), the Aruban inflation rate declined by 0.6 percentage point to 4.2 percent in the first quarter of 2008 compared to the corresponding period a year earlier.

The 12-month average inflation rate accelerated by 3.2 percentage points to 6.9 percent in the first quarter of 2008 compared to the corresponding quarter a year earlier. The inflation differential with the United States, Aruba's main trading partner, widened from 0.8 percentage point in the first quarter of 2007 to 3.6 percentage points in the quarter under review, thus resulting in a worsening of Aruba's competitive position vis-à-vis this country. Consequently, the real exchange rate index of the Aruban florin against the U.S. dollar rose by

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

	2006	2007	2006		2007		2008
			I	I	IV	I	
<i>(Period average)</i>							
Total index	3.6	6.0	4.4	4.7	8.7	8.4	
a. Food	4.6	10.9	3.3	10.6	9.6	7.5	
b. Beverage & tobacco	3.1	15.4	1.2	14.2	10.5	5.8	
c. Clothing & footwear	1.4	3.7	1.3	7.4	5.0	2.4	
d. Housing	7.9	5.0	12.2	0.2	13.5	17.4	
e. Housekeeping & furnishing	1.4	5.2	1.3	4.5	4.7	3.3	
f. Health	0.0	-0.1	0.0	0.1	-0.2	0.1	
g. Transport & communication	1.2	5.2	1.2	4.1	7.5	7.0	
h. Recreation & education	2.5	5.6	3.3	4.5	7.6	6.1	
i. Other	2.3	4.9	2.7	3.5	6.7	6.0	
<i>(Twelve-month average)</i>							
Aruba	3.6	6.0	3.9	3.7	6.0	6.9	
United States	3.2	2.9	3.5	2.9	2.9	3.3	
Curaçao	3.1	3.0	4.3	2.7	3.0	3.6	
The Netherlands	1.2	1.6	1.5	1.3	1.6	1.8	
Real exchange rate index (1995=100) 1)	105.4	108.7	105.2	106.0	108.7	109.8	

Source: CBA; CBS; CBSna; BLS; CBSne.

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

3.6 percent to 109.8. The differential with the inflation in Curaçao and the Netherlands increased by, respectively, 2.3 percentage points to 3.3 percentage points and 2.7 percentage points to 5.1 percentage points (Table B and statistical annex Tables 1.6 and 1.7).

### 1.3 Money and credit

#### *Changes in the money supply*

In the first quarter of 2008, money supply grew by Afl. 173.5 million or 6.8 percent to Afl. 2,740.9 million compared to the previous quarter (Table C and statistical annex Tables 2.1, 2.2 and 2.3). This rise was due mainly to an Afl. 122.0 million growth in narrowly-defined money, reflecting largely an increase in demand deposits in Aruban florin. Quasi-money expanded by Afl. 51.6 million, following expansions in both time and savings deposits denominated in Aruban florin, and time deposits denominated in foreign currency.

The expansion in money supply was largely brought about by an Afl. 157.2 million net inflow of funds from abroad, largely induced by an increase in gross tourism receipts. The official reserves of the CBA rose by Afl. 108.6 million (15.8 percent) to Afl. 794.0 million compared to the preceding quarter. In addition, the foreign exchange reserves held by the commercial banks more than tripled to Afl. 71.3 million. At the end of March 2008, total net foreign assets (excluding revaluation differences of gold and official foreign exchange holdings) amounted

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

	2006	2007	2006		2007		2008
			I	I	IV	I	
1. Net domestic money creation	1.8	28.4	-25.9	-34.8	-79.5	16.4	
a. Net domestic credit	53.8	95.4	-16.9	15.9	-46.8	59.0	
- Public sector	-48.1	3.3	-38.0	14.6	-53.3	21.4	
- Private sector	101.8	92.1	21.1	1.3	6.5	37.5	
b. Other domestic factors	-52.0	-67.0	-9.0	-50.7	-32.7	-42.6	
2. Inflow of foreign funds 1)	55.8	54.5	40.9	75.5	95.1	157.2	
a. Current account transactions	-73.1	390.6	-22.0	18.6	72.2	-129.6	
b. Net foreign capital 2)	128.9	-336.1	62.9	57.0	23.0	286.7	
3. Broad money creation	57.5	83.0	15.0	40.8	15.6	173.5	
a. Money	82.4	100.7	36.8	62.9	-3.4	121.9	
b. Quasi-money	-24.9	-17.7	-21.8	-22.1	19.0	51.6	
<i>(Broad money 12-month percentage change)</i>	<i>(2.4)</i>	<i>(3.3)</i>	<i>(1.6)</i>	<i>(3.4)</i>	<i>(3.3)</i>	<i>(8.5)</i>	

Source: CBA.

1) Revaluation differences of gold and official foreign exchange holdings are excluded to approximate the net import of foreign funds by the nonmonetary sectors.

2) Including items not yet classified and errors and omissions.

to Afl. 865.3 million, which is Afl. 136.2 million or 18.7 percent more than the amount held in the corresponding period a year earlier. The ratio of net foreign assets to money supply (the broad money coverage) rose by 2.7 percentage points to 31.6 percent, compared to the corresponding quarter of 2007 (statistical annex Table 2.4).

In addition, an Afl. 16.4 million (0.9 percent) expansion in net domestic assets contributed positively to the growth in money supply. The latter resulted mainly from an Afl. 37.5 million (1.5 percent) rise in banking sector credit granted to the private sector, reflecting largely increases in loans to enterprises, consumer credit and housing mortgage loans of Afl. 30.0 million (2.8 percent), Afl. 7.5 million (1.3 percent) and Afl. 0.7 million (0.1 percent), respectively. In addition, net claims of the banking sector on the public sector rose by Afl. 21.4 million, mainly following a drawing down of government's deposits with the banking sector (including development funds). In contrast, the non-credit-related balance sheet items contributed Afl. 42.6 million negatively to the increase in net domestic assets.

#### *Interest rates*

The commercial banks' interest margin, measured as the difference between the weighted average lending rate and deposit rate of new transactions, went up by 0.9 percentage point to 7.1 percent in the first quarter of 2008 compared to the fourth quarter of 2007, following declines in the two preceding quarters (statistical annex Table 6.1). This outcome was largely the result of a 0.6 percentage point decline in the weighted average interest rate on deposits compared to the previous quarter, following declines in the average interest rates on short-term time deposits and savings deposits of, respectively, 0.9 percentage point and 0.2

percentage point. In contrast, the average interest rates on long-term time deposits rose by 0.4 percentage point. The weighted average lending rate went up by 0.3 percentage point to 10.6 percent, because of a 0.1 percentage point increase in the interest rate on consumer credit. In contrast, the interest rates on commercial mortgage loans declined by 1.0 percentage point, while interest rates on housing mortgages and other commercial loans (including current account overdrafts) remained unchanged.

In the first quarter of 2008, the CBA's interest rates on time deposits, which are linked to federal fund rates, fell for the third consecutive quarter when compared to the preceding quarter (statistical annex Table 6.3). For instance, the CBA's interest rate on 90-day time deposits fell from 2.3 percent in the fourth quarter of 2007 to 1.4 percent in the quarter under review. Moreover, the weighted average yield on 3-month treasury bills during the period January to April 2008 fell to 3.73 percent compared to 4.38 percent during the corresponding period of 2007. In contrast, the average cost of long-term government borrowing rose during the period January to May 2008 to 7.04 percent compared to the average yield of 6.73 percent during the corresponding period in 2007.

#### 1.4 Nonmonetary financial institutions

##### *The balance sheet*

In the first quarter of 2008, the aggregated assets of nonmonetary financial institutions went down by Afl. 7.1 million or 0.3 percent to Afl. 2,432.6 million compared to the preceding quarter. This outcome was caused by an Afl. 20.3 million (2.6 percent) contraction in net

**Table D: Nonmonetary financial institutions 1)**  
(End of Period, in Afl. million)

	2006		2007			2008
	IV	I	II	III	IV	I
1. Net foreign assets	662.4	682.6	743.8	788.2	775.7	755.4
2. Domestic assets	1,538.4	1,551.5	1,585.3	1,626.8	1,664.0	1,677.2
a. Government	704.1	712.0	728.0	757.8	751.8	748.3
b. Private sector	834.3	839.5	857.3	869.0	912.2	928.9
3. Total assets=total liabilities	2,200.8	2,234.2	2,329.1	2,415.1	2,439.7	2,432.6
4. Borrowings and deposits	38.5	38.5	38.4	38.4	38.4	38.4
a. Government	36.6	36.6	36.6	36.6	36.6	36.6
b. Other resident	1.8	1.9	1.7	1.8	1.7	1.7
5. Pension fund provisions	1,644.1	1,676.9	1,740.2	1,782.4	1,793.6	1,801.4
6. Insurance reserve fund	322.5	332.8	337.9	354.4	355.8	365.5
7. Other items, net	195.7	186.0	212.6	239.9	252.0	227.3

Source: CBA.

1) Comprise a mortgage bank, pension funds (including the APFA), life insurance companies, finance companies, the AIB, the SVB, and the IBA Corporation N.V.

foreign assets of the nonmonetary financial institutions, bringing these assets to Afl. 755.4 million. In contrast, domestic claims of the nonmonetary financial institutions grew by Afl. 13.2 million (0.8 percent). This increase was attributed to an Afl. 16.7 million (1.8 percent) expansion in claims on the private sector, which was mitigated partly by an Afl. 3.5 million (0.5 percent) decline in claims on the government. On the liability side, pension fund provisions and the insurance reserve fund expanded by Afl. 7.8 million (0.4 percent) and Afl. 9.8 million (2.7 percent), respectively (Table D and statistical annex Table 5.1).

### *Mortgage market*

In the quarter under review, housing mortgage lending by pension funds, life insurance companies, and commercial banks expanded by Afl. 3.0 million (1.9 percent), Afl. 1.3 million (2.3 percent), and Afl. 0.7 million (0.1 percent), respectively, compared to the previous quarter. In contrast, housing mortgages lending by specialized mortgage banks declined by Afl. 1.6 million (0.7 percent). Consequently, the share of the nonmonetary financial institutions in the total housing mortgage portfolio went up by 0.2 percentage point to 37.4 percent compared to the fourth quarter of 2007 (Table E).

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

	2006	2007				2008
	IV	I	II	III	IV	I
1. Total	1,195.2	1,205.5	1,229.9	1,246.1	1,260.1	1,264.1
2. Commercial banks	747.2	755.1	773.6	783.2	785.6	786.3
3. Mortgages banks	242.6	242.3	243.4	245.3	245.7	244.1
4. Pension funds	138.1	140.0	143.0	146.6	155.6	158.6
5. Life insurance companies	52.0	52.7	54.3	54.5	55.5	56.8
6. Other	15.4	15.4	15.7	16.5	17.8	18.3

Source: CBA.

## **1.5 Government finance**

### *Financial operations*

In the first quarter of 2008, the government registered an Afl. 40.9 million financial deficit on a cash basis, Afl. 32.2 million higher than the deficit registered in the corresponding quarter of 2007. This outcome was on balance the result of an Afl. 81.7 million or 35.8 percent rise in expenditures (including net lending) on a cash basis and an Afl. 49.5 million or 22.6 percent increase in revenues.

The higher government revenues reflected an Afl. 49.8 million increase in tax revenue, while nontax revenue fell by Afl. 0.4 million (Table F and statistical annex Tables 7.1 and 7.2). The expansion in tax revenue was caused largely by an Afl. 24.5 million rise in revenue from the turnover tax (BBO) and an Afl. 17.5 million increase in taxes on income and profit both compared to the first quarter of 2007. It is worth noting that revenue from the BBO in the first quarter of 2007, amounting to Afl. 19.5 million, comprised revenue over only the transactions of January and February, which were received in February and March. Whereas revenue in

the quarter under review comprises the BBO receipts for three months. In addition, revenues from taxes on property, taxes on services and foreign exchange tax grew by Afl. 4.3 million, Afl. 2.2 million and Afl. 2.3 million, respectively. In contrast, revenues from taxes on commodities contracted by Afl. 0.9 million, reflecting largely a decline in excises on gasoline.

The increase in government expenditures (including net lending) on a cash basis was caused mainly by an Afl. 38.2 million rise in transfers to the general health insurance (AZV) to cover its deficit over 2007 and an Afl. 36.7 million expansion in the category “items not included elsewhere”. Furthermore, wage-related expenses, expenditures for goods and services, interest outlays and investment-related outlays all went up by, respectively, Afl. 3.3 million, Afl. 2.7 million, Afl. 0.5 million and Afl. 0.2 million.

In the quarter under review, outstanding unmet financing requirements contracted by Afl. 40.1 million to Afl. 154.4 million compared to the previous quarter, largely reflecting a decrease in the payment arrears to the APFA and the AZV. When including the change in the unmet financing requirements, an Afl. 0.9 million financial deficit resulted in the first quarter of 2008, compared to an Afl. 16.0 million deficit in the corresponding quarter of 2007.

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

	2006	2007	2007			2008
			I	I	IV	
1. Revenue	985.2	1,033.3	227.9	219.4	285.6	268.9
a. Tax revenue	850.2	882.2	204.5	200.7	240.2	250.5
b. Nontax revenue 2)	135.0	151.1	23.3	18.7	45.4	18.3
2. Expenditures	1,097.6	1,077.1	248.2	227.9	299.4	309.5
3. Lending minus repayments 3)	7.1	21.3	0.4	0.2	3.9	0.3
4. Financial deficit (-)	-119.5	-65.1	-20.7	-8.7	-17.6	-40.9
5. Net foreign capital	58.2	29.7	-5.3	-5.5	89.1	1.0
6. Net domestic capital 4)	109.4	30.3	64.0	-0.5	-20.0	18.6
7. Net recourse to the monetary system (-)	48.1	-5.1	38.0	-14.6	51.5	-21.4
<hr/>						
8. Memorandum item						
a. Unmet financing requirements 5)	159.4	194.5	209.7	166.7	194.5	154.4
b. Financial deficit (-) 6)	-43.3	-100.2	5.1	-16.0	-46.0	-0.9

Source: DF; TCO; APFA; CBA.

- 1) Preliminary figures and estimates on a cash basis, including imputed noncash transactions such as the transactions related to the hotel guarantee issue and the APFA debt conversion.
- 2) Including grants and debt forgiveness.
- 3) Includes payments due to loans made and equities purchased from official entities, minus receipts from repayments and equities sold to these entities. A (-) sign indicates that extended loans were less than the repayments received.
- 4) Net capital attracted from nonmonetary sectors. Commercial bank loans to the government are included in item 7.
- 5) At the end of the period. The unmet financing requirements comprise all unsettled payment obligations to other sectors, irrespective of the timeframe in which they mature, as registered by the DF.
- 6) Including the change in unmet financing requirements.

In the quarter under review, total financing needs of the government amounted to Afl. 47.1 million, comprising the Afl. 40.9 million financial deficit on a cash basis mentioned earlier and the repayment of Afl. 6.2 million in maturing debt. Part of the proceeds of an Afl. 26.8 million bond issue and an Afl. 20.1 million drawing down of government deposits were used to cover these financing needs. As a result of mentioned transactions, the government's deposits at the banking system fell by Afl. 20.1 million to Afl. 175.4 million, of which Afl. 152.9 million was earmarked for development fund spending.

#### *Outstanding debt*

At the end of March 2008, the government debt amounted to Afl. 2,124.1 million, which is Afl. 14.1 million or 0.7 percent less than the level recorded in the previous quarter (first quarter 2007: Afl. 2,015.8 million). This decline was caused by an Afl. 26.9 million (2.3 percent) decrease in the domestic debt component, which was partly offset by an Afl. 12.8 million (1.3 percent) rise in the foreign debt component. As a result, the share of domestic debt in total government debt fell to 53.2 percent, down from 54.1 percent in the fourth quarter of 2007. Conversely, the share of the foreign debt component rose to 46.8 percent, up from 45.9 percent in the previous quarter (Table G and statistical annex Table 7.4). The debt-to-GDP ratio fell by 0.3 percentage point to 45.2 percent, when measured against the estimated nominal GDP of 2007, compared to end-2007 (first quarter of 2007: 42.9 percent).

The decrease in domestic debt was predominantly brought about by an Afl. 40.1 million contraction in the non-negotiable short-term debt component, reflecting largely reduced payment arrears to the APFA and the AZV. Furthermore, non-negotiable long-term debt declined by Afl. 6.8 million. In contrast, negotiable debt went up by Afl. 20.1 million, mainly due to an Afl. 26.8 million government bond issue in March 2008. The proceeds of this bond issue was used to cover the financial deficit of the AZV for the year 2007.

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

	2006	2007				2008
	IV	I	II	III	IV	I
1. Total debt	2,012.2	2,015.8	2,056.3	2,042.2	2,138.2	2,124.1
2. Domestic debt	1,078.4	1,085.8	1,125.5	1,156.1	1,156.2	1,129.3
a. Negotiable	462.1	462.1	481.3	531.3	525.6	545.7
- Treasury bills	40.0	40.0	40.0	40.0	40.0	40.0
- Cash loan certificates	8.0	8.0	8.0	8.0	8.0	8.0
- Government bonds	414.1	414.1	433.3	483.3	477.6	497.7
b. Non-negotiable	616.4	623.7	644.2	624.8	630.5	583.6
- short-term 1)	159.4	166.7	189.6	166.1	194.5	154.4
- Long-term	457.0	457.0	454.6	458.7	436.0	429.2
3. Foreign debt 2)	933.8	930.0	930.8	886.1	982.0	994.8

Source: DF; APFA.

- 1) Including suppliers' credit and short-term debt to the APFA.
- 2) At end-of-period exchange rates.

The growth in foreign debt was chiefly related to an Afl. 10.9 million expansion in the foreign debt to the Netherlands in the framework of development aid, reflecting the appreciation of the euro.

## **1.6 Balance of payments**

### *Overall outcome*

In the first quarter of 2008, the current account of the balance of payments posted an Afl. 129.6 million deficit, compared to an Afl. 18.6 million surplus registered a year earlier, due mainly to a widening of the deficit on the goods and services account of the oil sector, to Afl. 218.4 million, from Afl. 10.7 million in the corresponding period a year earlier. The capital and financial account recorded an Afl. 286.1 million net inflow, up from Afl. 52.5 million in the corresponding quarter a year earlier. As a result, the overall balance of payments recorded an Afl. 157.2 million surplus, Afl. 81.7 million higher than that in the corresponding period a year earlier (Table H and statistical annex Table 8.1).

Consequently, net foreign assets of the monetary sector (excluding revaluation differences of gold and official foreign exchange) rose by Afl. 157.2 million (22.2 percent) to Afl. 865.3 million at the end of the first quarter of 2008, which is Afl. 136.2 million or 18.7 percent higher than the level recorded a year earlier. The oil sector and the rest of the economy contributed Afl. 25.3 million and Afl. 142.3 million, respectively, to the growth in international reserves in the first quarter of 2008. In contrast, the external transactions of the free-zone sector led to an Afl. 10.4 million outflow of foreign exchange.

### *Oil sector*

In the first quarter of 2008, the current account deficit of the oil sector broadened to Afl. 234.2 million from Afl. 16.0 million in the corresponding quarter a year earlier. This deterioration was partially caused by an Afl. 947.4 million or 199.9 percent increase in import payments for crude oil and other goods, which was offset in part by an Afl. 836.7 million or 162.2 percent rise in export receipts from refined oil products and goods procured in ports. Consequently, the Afl. 41.8 million surplus on the merchandise account registered in the first quarter of 2007 was reversed to an Afl. 68.8 million deficit in the quarter under review. In addition, the deficit on the services account widened to Afl. 149.6 million in the first quarter of 2008, up from Afl. 52.6 million in the corresponding quarter a year earlier, reflecting increased payments for import-related freight services. The deficit on the current transfers account rose by Afl. 10.5 million to Afl. 15.8 million, reflecting increased import-related insurance payments.

The capital and financial account of this sector recorded an Afl. 259.5 million surplus, following an Afl. 259.0 million drawing down on its foreign banks accounts balances, of which Afl. 234.2 million was used to finance the current account deficit and the remainder of Afl. 25.3 million was sold to the local banking sector.

### *Free-zone sector*

The external transactions of free-zone companies led to an Afl. 10.4 million overall deficit in the first quarter of 2008, compared to Afl. 1.7 million in the corresponding quarter of 2007. This outcome was brought about by an Afl. 9.6 million deficit on the current account of this sector. In addition, the capital and financial account recorded an Afl. 0.9 million deficit.

*Rest of the economy*

In the first quarter of 2008, the current account of the rest of the economy (i.e., excluding the oil and free-zone sectors) registered an Afl. 114.2 million surplus, up from Afl. 36.1 million in the first quarter of 2007. This improvement was attributed largely to an Afl. 97.2 million increase in the services account surplus to Afl. 562.0 million, related mainly to a 21.7 percent expansion in gross tourism receipts. In addition, the deficit on the income account shrank by

**Table H: Balance of payments**  
(In Afl. million)

	2006	2007	2006		2007		2008
			I	I	IV	I	
1. Current account (net)	-73.1	390.6	-22.0	18.6	72.2	-129.6	
a. Oil sector	562.1	620.1	17.1	-16.0	105.0	-234.2	
b. Free zone	16.1	4.7	8.9	-1.5	17.6	-9.6	
c. Rest of economy	-651.3	-234.2	-48.0	36.1	-50.5	114.2	
- Private sector	-505.7	-95.7	-14.3	65.9	-6.8	142.1	
- Public sector	-145.6	-138.5	-33.7	-29.8	-43.7	-27.9	
2. Capital and financial account (net)	127.2	-357.6	56.5	52.5	11.1	286.1	
a. Oil sector	-332.2	-524.9	47.4	42.7	-73.9	259.5	
b. Free zone	-6.5	1.1	-0.6	-0.2	-3.6	-0.9	
c. Rest of economy	465.9	166.2	9.7	10.0	88.5	27.5	
- Private sector	374.3	105.5	12.9	12.8	-12.5	23.3	
- Public sector	91.6	60.7	-3.2	-2.8	101.0	4.2	
3. Items not yet classified 1)	1.7	21.5	6.4	4.5	11.8	0.7	
4. Overall balance (1+2+3)	55.8	54.5	40.9	75.5	95.1	157.2	
5. Banking transactions 2)	42.8	22.8	12.7	-64.3	-2.0	-48.6	
6. Increase (-) in official reserves 3)	-98.6	-77.4	-53.6	-11.2	-93.2	-108.6	
Memorandum items:							
7. Official reserves (including gold) 4)	713.9	828.0	655.8	732.4	828.0	955.8	
8. a. Total reserves of the monetary sector 5)	759.5	850.7	731.6	842.3	850.7	1,027.1	
b. In months of merchandise imports 6)							
- End-of-period	5.1	5.7	5.2	5.9	5.7	6.5	
- 12-month average	5.2	5.9	5.3	5.4	5.9	5.9	
c. In months of imports payments 7)							
- End-of-period	2.5	2.8	2.8	3.3	2.8	3.6	
- 12-months average	2.6	3.0	2.8	2.8	3.0	3.0	

Source: CBA.

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) Including revaluation differences of gold and official foreign exchange holdings.

5) Including gold.

6) Excluding the oil sector.

7) Total current account payments (excluding the oil sector).

Afl. 1.2 million to Afl. 35.4 million. In contrast, the deficit on the merchandise account widened by Afl. 19.3 million to Afl. 381.9 million, because of higher imports payments. In addition, the deficit on the current transfers account increased by Afl. 1.0 million to Afl. 30.6 million.

The capital and financial account of the rest of the economy recorded an Afl. 27.5 million surplus in the first quarter of 2008, up from Afl. 10.0 million in the same quarter a year earlier. This result was due largely to an Afl. 27.2 million contraction in the deficit on the portfolio account to Afl. 5.7 million, mainly because of the net sale of domestic securities by nonresidents and lower net purchases of foreign securities in the quarter under review. In contrast, the surplus on the direct investment account shrank by Afl. 11.1 million to Afl. 80.2 million following a decline in liabilities to foreign direct investors. On balance, the external transactions of the rest of the economy led to an Afl. 142.3 million net inflow of foreign funds during the first quarter of 2008, compared to Afl. 50.5 million in the corresponding quarter of 2007.



## **2. Notices and articles**



## 2.1 ADDICTION TO OIL

*Address by Mr. Hassanali Mehran, President of the Centrale Bank van Aruba  
On the forum "Addiction to oil", organized by the SIWA June 25, 2008*

The Honorable members of Parliament  
The distinguished members of the Panel  
The President of the SIWA, Mr. Clifford Heyliger  
Distinguished guests  
Ladies and gentleman:

I am delighted to have been asked to speak on this important occasion, when Aruba and the world are confronted with a serious crisis of prices going up beyond control. I am in a fortunate position in the order of speakers. I am the third speaker having had the advantage and the pleasure of listening to the excellent presentations of the previous speakers, Mr. De Meza and Mr. Laclé who covered the subject matter so well and so comprehensively that there is little of substance for me to add. Although I do want to draw from Mr. De Meza's presentation in particular his reference to the emerging economies such as China and expand on it somewhat. I also appear before our guest speaker Mr. Martina therefore I should be as short as possible to give all of us ample time to listen to his presentation.

Let me first quickly comment on the title of the seminar, that is addiction to oil. I looked up the dictionary to see what does addiction mean. It gave this definition: "Inability to stop, normally related to drug taking, acting irrationally". I will try to argue in what follows that we can act rationally in case of oil and we can at least reduce our oil dependency over time. In my view, the case of oil is not one of addiction, rather it is a case where the forces of supply and demand are at work.

Now, I want to set the question of increased oil prices in the global context which Mr. De Meza so admirably drew for us.

In the last few years we have witnessed three major and dramatic changes in the world economic scene.

The first is a fundamental realignment of global economic power and influence, witnessing the relative decline of the U.S. economy and a sharp increase in the share of the emerging market economies in the world's total output and trade.

The second is the pronounced accumulation of financial wealth by a set of countries that includes some who by tradition were capital importing countries rather than capital exporting countries and investors.

The third is the proliferation of a new set of financial instruments that have deeply altered the barriers of entry to many markets. An example of this is the asset backed securities (ABS) which now appear on balance sheets of so many major international financial institutions, including some in our own Caribbean region. Let me explain quickly what an ABS is: when an American car buyer goes to his dealer to buy say a

Ford motor car, typically the parent company finances the purchase. That is fine except that such a financing becomes the basis of a securitization process which eventually ends up as a note on the balance sheet of some well-know international and/or Caribbean banks. Knowingly and unknowingly therefore the rest of the world has been financing car purchases in America with the underlying collateral to be as good or as bad as the credit worthiness of the Americans who bought the cars. The same is equally true of the mortgage backed securities, and securities issued on the basis of credit cards, etc. The list is a long one.

To these three fundamentals which have been at work in the last few years, let me add a fourth one which has had immediate effect on our economies in the region in the last few months, and that is what appears to be a fundamental shift in the terms of trade in favor of oil and other commodities, basic metals and food producing countries and against the service providers such as ourselves. Whether this shift is of a fundamental nature or may become reversible over time remains to be determined but its effect for now has been to erode the purchasing power of the service providing countries such as Aruba immediately. When an oil producer such as Saudi Arabia faces the rising prices of imported food stuff, it has the luxury of having a scarce commodity such as oil as its export product and can and does adjust its price to protect its purchasing power. For us to be able to do the same is to be able to increase our revenue per room in our hotels without having any repercussion on our competitive position in the tourism industry in the region. We all know only too well that we do not have that discretion. Therefore, the net effect of a worsening terms of trade for us is as though the rest of the world has put a tax on us, similar to the tax we had to impose on ourselves in 1985 at the time of the closure of the oil refinery: the result of both is to have reduced our real income and the need to tighten our belts.

Now let me elaborate further on what is known as the geopolitical shift in our world economy. There was a time, certainly in my time as a student of economics and in my earlier career with the IMF in the late 60's, that the world economy, was similar to a plane which ran on one engine, the latter being the United States, while the rest of the world followed. When the United States sneezed, so to speak, the rest of the world caught a cold.

When I was working in my own country, Iran, I recall once I was sitting across the table negotiating with a trade delegation from the communist China, that was in 1970. You may recall the Chinese used to wear in those days what became known as the Mao-style of dress, which both for women and men meant a buttoned up and down tight jacket which came in two colors: gray and blue.

Sitting across the table I had time, while waiting for the English translation of the comments of the Chinese delegation speaking in Chinese, to count the number of buttons on each jacket facing me across the table. There were 6 on each jacket. I wondered to myself what if instead of 6 there were 7 buttons and what if the Chinese for the sake of variety decided to add 2 other colors, say red and green to their attire. How many new buttons producing and cotton weaving industries would have to be put up in China. Mind you at that time the Chinese population was close to 700 millions; now it stands at 1.3 billion and still counting. I recognized at that time we were still

observing a sleepy Chinese tiger. Well ladies and gentlemen: it is some time since that tiger has waken up and is now demanding its fair share of the goodies, including the oil produced in the world.

Mr. De Meza reminded us that oil consumption per capita in China is now 20 barrels only whereas in the United States it is 240. Just imagine what would happen to the price of oil if the Chinese simply doubled up to 40 let alone to the same level as the United States. And this is just oil consumption. Let us wait for the middle class in China to demand its share of other goodies, refrigerators, cars, air conditioning and many others, to see what effect would that have on the world economy. To the list of the emerging economies other than China we must add India, Brazil, Argentina and Russia, just to mention a few. The fundamental point here is that these countries, unrelated to the United States have become autonomous sources of demand for goods and services and a major source of growth for the world economy. These are now many engines of growth in the world which have designed their own regional arrangements for cooperation.

Against this broad global setting, let me now examine the theme of this seminar, oil, and see what it is and how it has evolved over time.

### **A Third Oil Crisis**

As this audience is well aware, crude oil is mainly used to produce gasoline, heating oil and diesel fuel, the so-called “primary energy sources.”<sup>i</sup> One single barrel of crude oil (42 gallons or about 159 liters) yields, on average, about 70 percent of this primary energy, while the remainder is used to produce jet fuel, propane, asphalt, and other products (e.g., chemicals, synthetic rubber and plastics).<sup>ii</sup>

Average total world demand for oil increased from 79.6 million barrels per day in 2003 to 85.4 million barrels per day in 2007 (i.e., about 5.8 million or 7.2 percent more barrels per day). Average total world supply of oil increased only by about 4.9 million barrels per day or 6.2 percent, from 79.6 million barrels per day in 2003 to 84.6 million barrels per day in 2007. It is important to note that most of this extra demand comes from non-OECD countries; in the OECD countries, demand has remained relatively stable. Just to mention China again, consumption of oil in that country was 1.9 million barrels per day in 1980 which went up to 7.1 in 2006, and its share from 2.9 percent to 8.4 percent of the world total. India during the same time went up from 1.1 percent to 3.1 percent of the world total. It is projected that by 2030 China’s demand will top 16.5 million barrels per day. Clearly, the increase in demand for oil has surpassed the available supply, which according to economic theory, must lead to an increase in prices. The following citation of the U.S. Energy Administration further confirms this belief:

*“The combination of rising consumption, further downward revisions in the supply outlook for countries outside the Organization of the Petroleum Exporting Countries (OPEC) and low surplus production capacity reinforce the perception that supply is having a difficult time keeping up with demand growth, accounting for much of the upward trend in oil prices.”<sup>iii</sup>*

While in January 2004, the average<sup>iv</sup> price for oil on the international markets was about US\$ 31.40, by April 2008 this average amounted to US\$ 109.05, which is nearly 3½ times higher. The May 2008 monthly average crude oil price (US\$ 117.40<sup>v</sup>) was nearly eleven dollars (or 10 percent) higher than the average level reached in December 1979 (US\$ 106.43, adjusted for inflation<sup>vi</sup>). These abnormal movements in oil prices show that the world is currently involved in another oil crisis. While the first (1973) and second oil crisis (1979-1982) were attributed to geopolitical reasons, this “Third Oil Crisis” is caused primarily by economic factors, including: (1) The already-mentioned rapidly increasing demand for oil, attributed to fast economic expansions in countries such as China and India, coupled with a less quickly increasing oil supplies, is causing a fundamental misbalance in the demand-supply equation, putting a strain on oil prices on the international markets. (2) Also, speculation (among others participants in the commodities futures markets who create an artificial demand for oil, or expressions by “experts” who give their opinion/expectation about where oil prices are heading for) contributes to the further increase in oil prices. (3) The value of the U.S. dollar is also influencing the value of an oil barrel, as oil is traded in U.S. dollars (the so-called dollarization of the world oil markets). Part of the increase in oil prices should be ascribed to the depreciation of the U.S. dollar vis-à-vis other major currencies, including the euro. This development is calculated as a sort of premium in the price of this commodity. (4) Finally, in such a tight market condition any incidental event can also adversely affect the price of oil: for example labor strikes, continuation of the war in Iraq or the possibility of a new war in the middle east, hurricane threats to oil platforms, fires and terrorist threats at refineries, have all caused short-lived upward movements in oil prices.

As it looks now, world consumption is projected to grow by 1.3 million barrels per day (or 1.5 percent) to 87.7 million barrels per day in 2009, while oil production is expected to reach a virtually similar figure (i.e., an increase of 1.1 million barrels per day or 1.3 percent). These figures suggest that the world oil market is likely to remain under pressure for some time to come.<sup>vii</sup> The World Bank, in its Global Development Finance 2008<sup>viii</sup>, estimates that the average crude oil prices will grow by 52.1 percent in 2008, but will decrease by 2.4 percent in 2009. However, oil prices are still expected to remain at a high level.

Having had personal experience of the first oil crisis when I worked as the deputy Minister of Economic Affairs and Finance in Iran, where the government was a major player within the OPEC to cause the quadrupling of the oil prices, I also dealt with the balance of payments effects of the second oil crisis when I was working at the International Monetary Fund. I did not expect a third, certainly not at this time, but the writings were on the wall if only one had the patience and the keen eyes to observe them. I will come back to this theme later on in this talk. Let me now look at the Aruban scene.

### **Aruba: addicted to oil?**

As the title of this forum suggests, higher oil prices have raised the question about the degree of dependency of countries on this so-called black gold. The term “addiction to oil” is coined from the 2006 State of the Union Speech<sup>ix</sup> of U.S. President George W. Bush, who noted that “...*America is addicted to oil...*”. The immediate question that

comes to mind is whether there is an analogy to be made for the case of Aruba. Let's analyze some facts about Aruba, specifically for the period 2002-2007. Some basic figures: the official end-of-year population grew by a mere 11 percent to 104,494 persons. In 2007, there were 50,211 passenger cars, which was 17 percent more than in 2002.

Figures on gasoline and diesel fuel imports --which can be considered as a proxy for the consumption of these commodities-- for 2007 are not yet available, but in 2006, consumption in Aruba amounted to about 80.5 million liters of gasoline (i.e., a 4.3 percent increase compared to 2002) and 11.6 million liters of diesel fuel (i.e., 14.7 percent less than in 2002). If we know that, on average, 1 barrel of oil (about 159 liters) produces about 107.4<sup>x</sup> liters of gasoline and diesel fuel together, we can calculate that in 2006, Aruba consumed a total of 858.1 thousand barrels of oil, compared to 845.6 thousand barrels in 2002 (an increase of 12,498 barrels or 1.5 percent).

Some additional figures on consumption of oil-related products: In 2007, Aruban households consumed 7.1 million cubic liters of water (slightly less than the 7.3 million cubic liters consumed in 2002). Electricity consumption amounted to 292.3 million kilowatt hours (versus 266.7 million kilowatt hours in 2002), while gas consumption reached 7.4 million pounds (versus 7.3 million pounds in 2002).

These analyzed figures suggest that the dependency of Aruba on oil has remained fairly unchanged between 2002-2007. Whether this dependency can be called an addiction or not cannot be concluded from the presented figures.

### **Economic implications**

Now, let's talk about the economic implications of high oil prices. In the statement of the latest G-8 Finance Ministers Meeting (June 13-14, 2008), they expressed their concern for the high oil and food prices:

*“Elevated commodity prices, especially of oil and food, pose a serious challenge to stable growth worldwide, have serious implications for the most vulnerable, and may increase global inflationary pressure.”<sup>xi</sup>*

Generally speaking, higher oil prices, like a general consumption tax, will slow down economic growth in the short run by affecting the aggregate demand.<sup>xii</sup> Higher oil prices affect both demand and supply for goods and services. Consumers are paying more of their income for oil-derived products, leaving them with less money available for their non-energy consumption. Higher energy costs also lower the profitability of businesses, thereby reducing their willingness to acquire new capital goods.<sup>xiii</sup> The World Bank estimated in 2005 that a US\$ 10 increase in oil prices (per barrel) will cause a 0.44 percent decrease in the real GDP of countries with a GDP per capital higher than US\$ 9,000.<sup>xiv</sup>

Higher oil prices can also affect the economy through a worsening of the balance of payments, particularly through the current account, when it is vulnerable to increases in imports of (fuel-related) products. Almost 1 percent of growth of income in the world.

Higher oil prices also create inflationary pressures. I want to specifically elaborate on this point, as price stability is a key policy objective of the CBA. Gasoline prices, water and electricity tariffs (the so-called energy components) have a combined weight of about 12½ percent in the Consumer Price Index (CPI) of Aruba. Empirical evidence<sup>xv</sup> suggests that a one percent increase in these energy components will cause a 0.125 percent increase in the inflation rate (inflation rate being another term for the percentage change of the CPI). Now, you may think that this is not much of a change, but we have to take into consideration that in practice (1) the percentage increase will often be a multiple of this one percent increase (e.g., a five percent increase will already cause a 0.625 percent inflation); (2) these are only the direct effects (the so-called first-round effects): there may still be some indirect effects (the so-called second-round effects) following this increase in energy prices. The indirect effects may be defined as the reaction of local entrepreneurs to movements in prices of goods and services, or the response of workers to the increase in the cost of living by demanding higher wages. The available empirical evidence further suggests that a one percent increase in energy prices will cause about a quarter percent additional price increase as a result of the reactions of entrepreneurs or wage earners to the price increase in the energy components. Overall, a one percent increase in the energy components will cause a 0.16 percent<sup>xvi</sup> increase in inflation.

The story about price increases and inflation does not end here. Food prices on the international markets have also increased drastically in the recent period. This so-called “agflation”, an acronym for agricultural inflation, similar to oil can also be linked to increasing wealth in China, India, and other Asian countries which causes a multiplied increase in the demand for food for the animals (a.o. grain). Furthermore the increase in oil prices have pushed up the demand for alternatives, including ethanol, which are made primarily from corn. The boom in the biofuel demand has caused many farmers to produce corn instead of planting other crops such as wheat and soya beans. As a result of these two events, prices of a number of food commodities (including corn) have soared in the recent period. Just a couple of examples to illustrate this point<sup>xvii</sup>: Wheat prices (in metric tons) have gone up from an average of US\$ 152 in 2005 to US\$ 329 in May 2008 (a 216 percent increase). Corn prices (in metric tons) have risen from US\$ 98 in 2005 to US\$ 243 in May 2008 (a 248 percent increase). Rice prices (in metric tons) have increased from US\$ 288 in 2005 to US\$ 1,009 in May 2008 (a 350 percent increase). In Aruba, the food component has a weight of about 15 percent in the CPI. Empirical evidence indicates that a 1 percent increase in food prices will, thus, cause an overall increase in the CPI of 0.25 percent.<sup>xviii</sup>

For Aruba, and like many other countries, there is a third factor, related to the previous two, which causes additional increase in prices of food and other consumer goods: transport and logistics costs, which have increased markedly in the last couple of years. In this regard, the World Bank remarks that:

*“Food products entering a Caribbean or Central American country often are subject to multiple delays, unnecessary direct costs, and losses and damages that further harm consumers.”<sup>xix</sup>*

Of course, it is hard to tell what the exact impact this third factor may have on Aruba's inflation, due to the absence of some type of measure of producer prices in Aruba.

Building further on the problem of transport and logistics, a recent study by the Business Travel Coalition and AirlineForecasts, LLC, suggests that if oil prices stay around US\$ 130 a barrel, all major U.S. airlines will be in default on various debt covenants by the end of 2008 or early 2009, implying that several large and small airlines will ultimately end up in bankruptcy.<sup>xx</sup> I do not need to tell you about the major shock this would be for our tourism industry.

Let us now look at some possible effects of inflationary pressures on economic stability:<sup>xxi</sup> (1) inflation affects the purchasing power of money (i.e., it reduces the quantity of goods and services that can be purchased with a given amount of money); (2) Inflation distorts incentives to save (in Aruba for example, the real interest rate on deposits at commercial banks has become negative in 2007, after having been on a decreasing path since 2001); (3) Inflation affects the investment decision of businesses due to the uncertainty it creates about the future; (4) Economic agents will seek to protect themselves from inflationary developments, e.g., by avoiding long-term commitments and by holding short-term assets; (5) The possibility of a so-called wage-price spiral (i.e., a situation where a one round of wage increases will result in subsequent rounds of price increases, which on their turn stimulate further wage increases) becomes bigger, as inflationary pressures increase; (6) A high inflation during a prolonged period could foster an inflation psychology or inflationary expectations (e.g., if workers believe that inflation will continue at the same or a higher level, they would anticipate this development by demanding higher wages to cover this expectation; at the same time, businesses may be inclined to increase prices in anticipation of cost increases); (7) People earning low (fixed) incomes (e.g. minimum wage and pension earners) are disproportionately affected by price increases, as they spend a larger part of their income on basic cost-of-living items, while finding it difficult to protect themselves against inflationary pressures.

For the Aruban economy in particular, which has tourism as its main economic pillar, one additional consequence of continuous price increases can be added to this list: inflation will affect the competitive position of the island as a tourism destination. Aruba's tourism is heavily dependent on the U.S. market, which accounts for between 70 percent to 75 percent of all Aruba's stay-over visitors. After several years of moving closely together, the 2007 annual inflation rate in Aruba (6.0 percent) doubled that of the U.S. (2.9 percent), although it should be noted that a portion of this large differential should be ascribed to the introduction of the turnover tax (BBO) in January 2007. The situation of a large differential still persists in the early months of 2008. On the other hand, certain Caribbean countries, such as the Bahamas and the Netherlands Antilles, have gained competitive advantage relative to Aruba, because of their lower inflation differential with the U.S.

### **Policy responses**

Internationally, governments all around the world have taken actions to counter the rising general levels of prices.<sup>xxiii</sup> Some countries (e.g., Indonesia, Peru and Turkey) have reduced and/or eliminated import duties on a range of agricultural products,

while others (e.g., China, Russia and Venezuela) have imposed price controls on basic consumption goods (e.g., bread, milk and eggs). Some governments in the Caribbean have also been active in the area of containing rising prices. The government of Trinidad & Tobago, for example, removed value added taxes on more than 50 commodities, while the poor are being offered direct cash transfers (e.g., through a debit card) for purchasing selected food items.<sup>xxiii</sup> It should be clear that these measures will have an impact on government finances. Generally speaking, the smaller the increase in prices passed on by governments to the consumers, the greater the financial burden governments have to bear.<sup>xxiv</sup> Countries with an already high debt burden will suffer the most from this general rule, for which a cautious approach should be considered. In this regard, the International Monetary Fund, in its Statement for the Article IV Consultation Discussions with the island of Barbados provided an advice that might be applicable to other countries as well:

*“Fiscal policy should focus on creating space for targeted support to vulnerable groups, while bringing the public debt ratio on a firmly declining trend over the medium term”<sup>xxv</sup>*

A semi-pass-through of international price increases is also advisable over a complete absorption by the government, as, for doing so, this may stimulate consumers to use the available resources in a more rational way and alternate their consumption behavior, thereby promoting energy conservation.<sup>xxvi</sup>

At the sunset of my speech, I want to touch briefly on the role of the CBA in containing the current inflationary pressures. Regrettably, the monetary policy of the CBA is unable to mitigate the current inflationary developments as they are largely the outcome of cost-push factors (i.e., factors that cause a substantial increase in the cost of goods or services, and where no suitable alternative is available). The monetary policy is geared towards containing the demand-pull inflation (i.e., inflation that is caused by excessive demand resulting from an increase of credit). It should become clear that the only thing the CBA can do for now is to try to limit the effect of demand-pull factors on the overall inflation. In this regard, the CBA maintained its monetary policy restricted as in the previous years, a policy that was also supported by the International Monetary Fund in its most recent Article IV Consultation Mission:

*“Monetary policy should remain on hold until there are clear signs that inflationary pressures are abating.”<sup>xxvii</sup>*

Some central banks in the region, like the Bank of Jamaica and the Central Bank of Trinidad & Tobago have taken a similar stance, maintaining their monetary policies tight.<sup>xxviii</sup>

### **Concluding remarks**

The general conclusion of this exposé is that Aruba is being adversely affected by the current world crisis in both oil and food prices, the latter being caused in part by the first. What is important here is that we are willing to think together to find viable solutions, which may bring some form of relief, even if it is over the long run. We all should be aware that solutions may be difficult, but not impossible. Prices are given

variables. We must allow these prices to fully pass through the economic system if only for us to be able to respond adequately to the challenges we are facing. For the short term, we can of course think of some form of temporary alleviation, at least for the less able members of our community. For the medium term, we ought to consider ways in which we can consume less energy. For the long term, we need to find alternative means to produce our energy (e.g. solar, wind or water energy). Whatever the solution we are looking for, all parties need to get involved, as this is a national crisis, not a problem of a few to solve. There is a grain of sand for everyone to carry, from the government, the utility companies, other institutions, businesses, the CBA and the general public. I thank SIWA for putting this important policy on the agenda for public debate. I can think of many other topics of national importance which can also be subject of public debate across political party lines. I look forward to other opportunities when we can discuss issues of vital importance to Aruba.

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## **2.2 SPEECH BY MR. HASSANALI MEHRAN, PRESIDENT OF THE CENTRALE BANK VAN ARUBA, ON THE OCCASION OF THE 2008 ANNUAL FACULTY GRADUATION, JULY 3, 2008**

Economics Faculty of the University of Aruba  
Graduating students  
Distinguished guests  
Ladies and gentleman:

I am honored to have been asked to speak on this inspiring occasion, where we celebrate the achievements of the new graduates. It is a wonderful way for the University of Aruba to recognize the choices you have made, sometimes accompanied by sacrifices, but often led by pure enthusiasm. To quote the famous American philosopher Ralph Waldo Emerson (1803-1882):

“Nothing great was ever achieved without enthusiasm”.

Indeed, it was your enthusiasm that have guided you through the noble task that now bears the fruits of your hard work and effort, for which we are witnesses tonight.

We must recognize the fact that not all those who had embarked on this journey have managed to reach the desired outcome. It is only those who were gifted by patience, perseverance and discipline who were able to get to the finish line. But this line is a long one. It is only the beginning of a “Journey of a life time”.

Some of you may choose to continue with your further education, but most of you will become participants in the Aruban labor market. To all of you, please allow me to make some reflecting comments that you may find useful in you future career.

It is not unimaginable that some of you may already have a job. But in general you will be confronted with a transition period from school to work. This means that you will have to get accustomed with having less time available to do the more pleasant things than while you were a full-time student. But, on the other hand, you will earn a –hopefully– decent salary that may provide you with more possibilities than when you were a student.

As a new graduate, you will have to bear in mind that competition for the best job will be fierce. Therefore, you need to be sure about what it is that you have to offer employers. Focus on your best assets that may assist you in getting that job you want. It is also a good idea to spread your risks, by applying at several institution/businesses at the same time. Have in mind that it may take some time before you will be able to find the right job. The first job does not necessarily mean the best job, but it is a start that will provide you with an income in the meantime, and –most importantly– a work experience, which is often required in Aruba. Have in mind that job mobility is not uncommon, particularly when you are at the beginning of your career.

Having a job does not automatically mean that you have to close the educational chapter. Education is one of the important assets that you will need to further yourself

in your professional career, and to get a competitive advantage above others. In today's world, the implications of globalization for the job market are felt everywhere: a tax advisor in the U.S. some 50 years ago never thought his job could be threatened by someone sitting in New Delhi, but now he is feeling the competition from many thousand miles away. Today's graduates must learn skills to succeed in the global economy, where new technologies and the internet in particular has brought people and business into having to compete with people around the world, with outsourcing many services being another name for cost saving and comparative advantage. So the best advice here is to stay educated: follow courses and perhaps even an additional study to keep yourself upgraded for the labor market.

Having given you some reflections about how to make a successful career, let me move on to comment on the profession of an economist. I will do that based on my personal experience. Standing before you, I have made a living out of this profession for the last 45 years and I have not done that badly, so there must be something in it. May be one secret is that it is difficult and in any event it takes a long time to tell whether someone is a bad economist. When you go to a concert, you know how easy it is to tell a good violinist or a singer almost instantly. All one needs to do is to hear the artist touch the instrument and hear the singer sing a first note, and one can tell how good he or she is. It is not so obvious with an economist.

I stand before you certainly not as a brilliant economist not even a very good one by the world standard. I won't say mediocre, but I would say an average at best and I did do a good living out of it partly because of the forces of the circumstances and partly because by the time people find out how good or bad you are or how well your advice has been put into practice, you normally have left the scene, moved to another country where they are yet to hear from you!

It also matters that the economic sector is only a sub-sector of the human environment and non-economic factors are often as important as economic factors, that it becomes a daunting task to determine the share of economic factors in the total outcome, let alone the share of the economic advisor within the economic sub-sector.

While many things have changed since Adam Smith wrote his *Wealth of Nations* in 1776, all the fundamental economic questions have remained the same: what to produce, how to produce them and for whom. The frontiers of knowledge still touch on the central theme of the science that is to study the production possibilities and address the issues of distribution and consumptions of what is being produced. The word economics comes from the Greek word, "Oikos", that is "the house", meaning the rules of the house, which stills holds as a fair description of the discipline even today. Of more sophisticated definition is given in the words of Lionel Robbins in 1932 who said: economics is "the science which studies human behavior as a relationship between ends and scarce means which have alternative uses". It is fair to say that if there is no scarcity, there is no economics. The environment became an economic phenomenon when clean air became a scarce resource.

It is important to remind ourselves that we are dealing with theory here, a theory that often holds but doesn't necessarily hold under all circumstances and in all places. I

know of a student's essay which received a zero grade right at the start before the instructor had read it through because the essay had started by saying "according to the law of supply and demand". There is no such law as there are laws of physics but there is a theory of supply and demand that under a set of circumstances and a set of prices, supply and demand curves take certain shapes with the assumption that suppliers (producers) try to maximize their profits and consumers try to reach a most preferred position; these assumptions do not necessarily hold all at the same time and in the same place.

As I was equipped with the knowledge of these and other theories after having taught the subject for a short while, I entered a profession as an economist at an international institution, that is IMF, whose job was to observe the economic performance of its member countries, to report on them to its entire membership and to offer economic policy advice. After having dealt with some 54 countries throughout the world and having served in my own country for some 9 years, I can report to you inequitably that economic policy does matter, and that there is no such a thing as a bad economic advice and that there is no clear substitute for a thorough analysis of economic problems before entering the area of offering an economic solution.

The current commodity and energy crisis in the world are two cases in point. Before venturing on into readily finding solutions to the ever-rising prices of oil, metal and food stuff, we must try to understand where they come from, what is it that we are witnessing today. Is it a fundamental shift in the supply curve or is it cyclical, seasonal or somewhat reversible movement? What are the costs of alternative energy development? Should the existing rising prices be allowed to continue in order to bring into production new resources or should it be controlled in order to lighten the burden on the consumers? These are all economic questions of the utmost importance, which require serious answers which can only be provided by well-trained and serious thinking economists. After all, the immediate effect of these dramatic price increases has been to wipe out 1 percentage point of the global economy's income. We are talking about billions of billions of dollar worth of goods and services. That is already a lot more hungry people in the world because of them, not to mention that we have to do with so much less schools for the young and healthcare for the elderly. In other words, there is a lot of human welfare thrown away. Any science that does deal with these issues, that is, how to add to human welfare and to reduce human misery surely cannot be called "The dismal science". Mind you the Victorian historian Thomas Carlyle, who coined the phrase, intending to respond to the late 18<sup>th</sup> century writings of Thomas Malthus who grimly predicated that starvation would be the outcome if the population growth exceeded the rate of increase of food supply today. There is some evidence of that already. There are so many challenges out there for all of you that you should waste no time to get going and start work. Not so much to eradicate the waste all together, but at least to have the satisfaction of having reduced the problems to within the limits of human tolerance.

We used to have tradable and non-tradable goods when I was studying economics, with most services were treated as non-tradable. Now short of getting a haircut at the local barbershop, through the internet, so many other personal services have become tradable and outsourced to foreigners. Furthermore, unlike lawyers, accountants, tax

advisors and engineers, there is no legal requirement to obtain a degree, pass a bar exam or a professional standard in order to practice economics. The field is open to every one who reads the Wall Street Journal on a regular basis, or your own spouse (if you are married) who has come from the supermarket, can claim to know on a first hand basis better than what you have been telling him or her out of your theoretical analysis.

Well, you have been studying and preaching competition for some time. Now you must practice it starting with finding a job in a highly competitive world environment. Please do not try for the job of the President of the Central Bank of Aruba. That too has been outsourced!

Thank you and good luck!

## **2.3 THE EXTERNAL DEBT OF ARUBA: 2003-2006**

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### **ABSTRACT**

*This article looks at the trend of external debt of the private sector and the government sector in Aruba. The external debt of Aruba has recorded a strong increase in recent years. The level of external debt of a country is a potential burden on its level of future foreign exchange reserves, particularly if that country is a small open economy with limited diversity in foreign reserves-generating capacity, such as is the case of Aruba. To determine the external liquidity, the structure of the external debt and the annual debt service are analyzed as well as several liquidity ratios.*

### **1. Introduction**

The Centrale Bank van Aruba (CBA) analyses annually the external debt position and the expected developments with respect to this debt position of Aruba for the private and public sectors. To this end, the CBA has been conducting an annual “External Debt Statistics Survey” (EDSS) since 2000. The objective of this survey is to gather information on the size and composition of the outstanding external debt of the private sector in Aruba (excluding the oil sector). Also, for all loans and debt instruments reported, information is gathered on, inter alia, amortization and interest payments made in the reporting year and the year before, as well as a forecast for the following three years.

The information obtained from this survey is subsequently added to the data on foreign debt of the Aruban government which is collected from other sources, including the Department of Finance, to determine the total external debt. The outline of this article is as follows. Section 2 discusses the external debt of the private sector, while section 3 deals with the external debt of the government. Subsequently, total external debt is analyzed in section 4, while section 5 and 6 provide information on the debt service and the external liquidity position, respectively. Finally, in section 7 some concluding remarks are presented.

### **2. The private debt**

In 2006, the external debt of the private sector rose significantly, after declines in 2004 and 2005, to Afl. 1,985.7 million (including principal and interest arrears), up from Afl. 1,272.4 million in 2005 (see table 1). Private external debt measured as a percentage of GDP rose from 30.6 percent in 2005 to 45.8 percent in 2006, breaking the downward trend since 2003. The increase in 2006 was in large part due to a substantial amount of intercompany loans received from abroad, related to the refinancing of existing loans as well as investments in the expansion and upgrading of the hotel sector. Formally, this intercompany debt was not incurred by the hotel sector itself, but by companies that were established in Aruba for the sole purpose of financing these projects in the hotel sector. In stead, the hotel sector records a domestic loan received from the above-mentioned “special purpose entity”.

The external debt of the private sector consists almost entirely of US\$ denominated debt, i.e., 96.5 percent, which is also consistent with the previous years (see table 2). This is not surprising when considering the fixed exchange rate between the Aruban florin and the US\$, which eliminates the exchange rate risk with regard to that currency. This component of the private sector external debt grew by Afl. 756.0 million or 65.2 percent in 2006, mainly due to the aforementioned inflow of intercompany loans to resident companies established with the special purpose to finance specific projects in the hotel sector. In the years 2003-2005, the share of US\$ denominated debt fluctuated around 91 percent. In contrast, the external debt denominated in florin decreased by Afl. 41.5 million or 46.8 percent to Afl. 47.2 million, due to repayments on this debt and fewer new loans received. This is a continuation of the decreasing trend since 2004. The share of external debt denominated in euros showed a small decrease to Afl. 21.9 million, despite a significant appreciation of this currency. Since 2003, the limited share of euro denominated loans has become increasingly smaller.

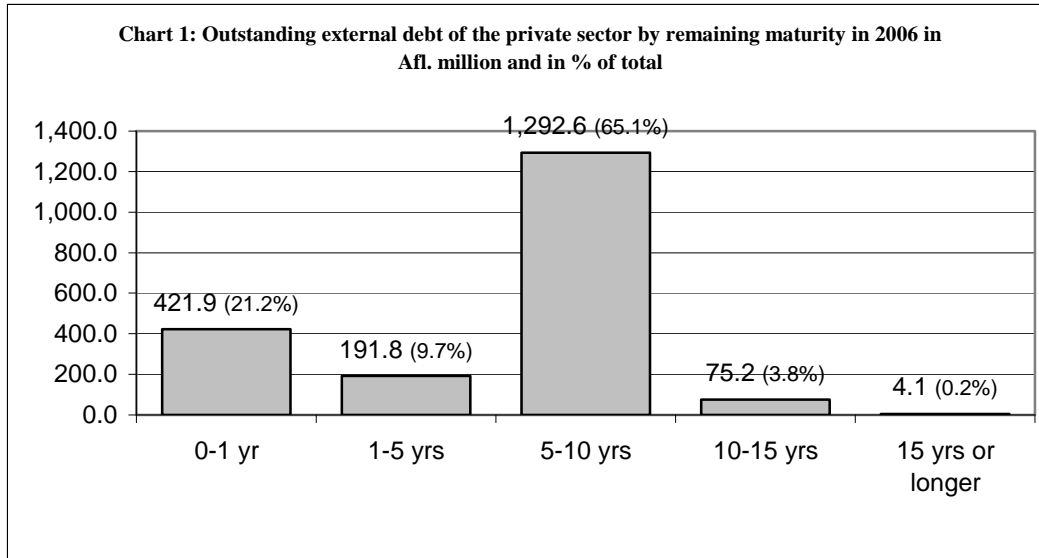
**Table 1: The external debt of the private sector by currency 1)**

	2003		2004		2005		2006	
	In Afl. mln.	(%)	In Afl. mln.	(%)	In Afl. mln.	(%)	In Afl. mln.	(%)
Antillean guilder	0.4	0.0	0.4	0.0	0.4	0.0	1.0	0.0
Aruban florin	90.6	6.3	98.8	7.4	88.7	7.0	47.2	2.4
Euro	32.3	2.2	24.4	1.8	23.7	1.9	21.9	1.1
US dollar	1,324.3	91.4	1,208.1	90.7	1,159.6	91.1	1,915.6	96.5
British pound	0.6	0.0	0.3	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>1,448.2</b>	<b>100.0</b>	<b>1,332.0</b>	<b>100.0</b>	<b>1,272.4</b>	<b>100.0</b>	<b>1,985.7</b>	<b>100.0</b>
<b>In % of GDP</b>	<b>40.0</b>		<b>33.4</b>		<b>30.6</b>		<b>45.8</b>	

Source: CBA.

1) Including an estimate of external debt of individuals.

Chart 1 shows that by far the largest part of the external debt of the private sector has a remaining maturity between 5 and 10 years, i.e., 65.1 percent (Afl 1,292.6 million). The short-term debt (less than one year) is only 21.2 percent (Afl. 421.9 million) of the total debt. Moreover, the weighted average remaining maturity has increased from 4.4 years in 2005 to 5.7 years in 2006, reflecting a relatively longer maturity for the debt acquired in 2006.



The debt obligations of the so-called off-shore companies are not included in the private sector external debt as presented in this article. The reason for this is that these debt obligations have entirely no effect on the Aruban economy. In addition, the settlement of these obligations occurs outside of Aruba and thus does not influence the net foreign asset position of the Aruban monetary sector.

### 3. Government debt

The external debt of the government has been on an increasing trend since 2003, as shown in table 3. At end-2006, this debt amounted to Afl. 933.8 million or 21.5 percent of GDP. The share of concessional loans decreased, while that of US\$ commercial loans grew further. Mentioned development is the result of budget deficits and other financing requirements of the government being financed in part by attracting foreign loans on commercial terms. It should be noted that despite the increasing foreign debt Aruba managed to maintain its BBB rating in the latest evaluation of Fitch Ratings Agency in August 2007, while in May 2008 Aruba received an “A-” rating with a stable outlook from Standard & Poor’s.

In 2006, US\$ denominated loans amounted to Afl. 730.6 million, which represents 78.2 percent of total foreign government debt. This component of government debt increased by Afl. 78.1 million or 12 percent in 2006 compared to 2005, reflecting a private placement of US\$ denominated debt issued on the international capital market in 2006. In the period 2003-2006, US\$ denominated debt and its share in the total have been on an increasing trend. Foreign government debt denominated in Aruban florin, consisting mainly of loans made on behalf of state companies and the purchase by non-residents of government bonds denominated in Aruban florin, remained virtually unchanged at Afl. 45.6 million. Furthermore, foreign government debt denominated in euros remained at Afl. 157.6 million despite repayments on these loans. The reason being that the effect of these repayments on the outstanding amount were largely offset

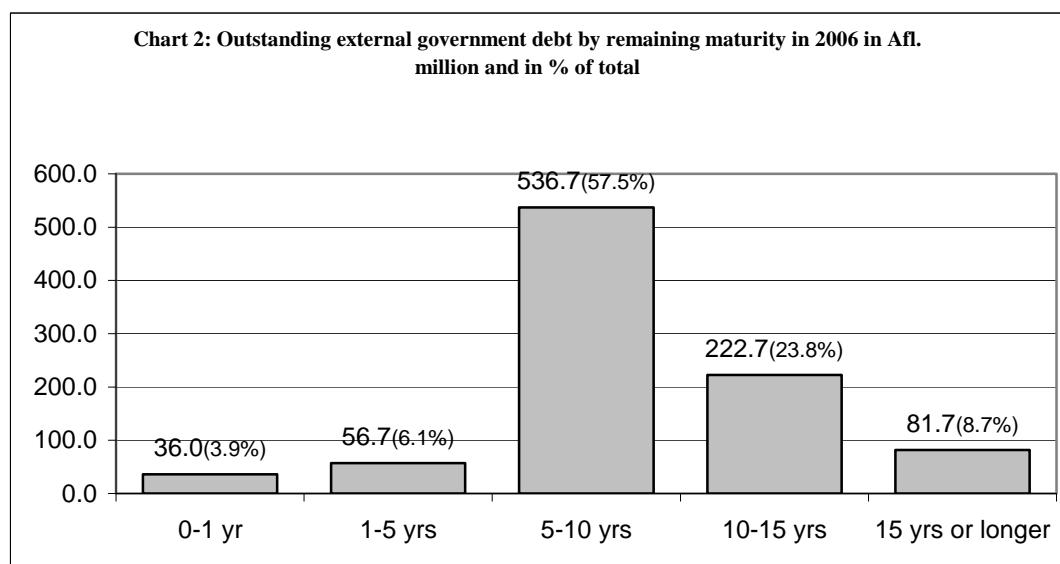
by the appreciation of the euro in 2006. Since 2003, debt denominated in euros has been on a downward trend.

**Table 2: The foreign debt of the government by currency**

	2003		2004		2005		2006	
	In mln. Afl.	(%)	In mln. Afl.	(%)	In mln. Afl.	(%)	In mln. Afl.	(%)
Antillean guilder	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aruban florin	28.0	3.9	28.9	3.5	46.9	5.5	45.6	4.9
Euro	202.6	28.0	200.4	24.0	157.6	18.4	157.6	16.9
US dollar	493.6	68.2	607.0	72.6	652.5	76.1	730.6	78.2
British pound	0.0	0.0	0.0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>724.2</b>	<b>100.0</b>	<b>836.3</b>	<b>100.0</b>	<b>856.9</b>	<b>100.0</b>	<b>933.8</b>	<b>100.0</b>
<b>In % GDP</b>		<b>20.0</b>		<b>21.0</b>		<b>20.6</b>		<b>21.5</b>

Source: CBA.

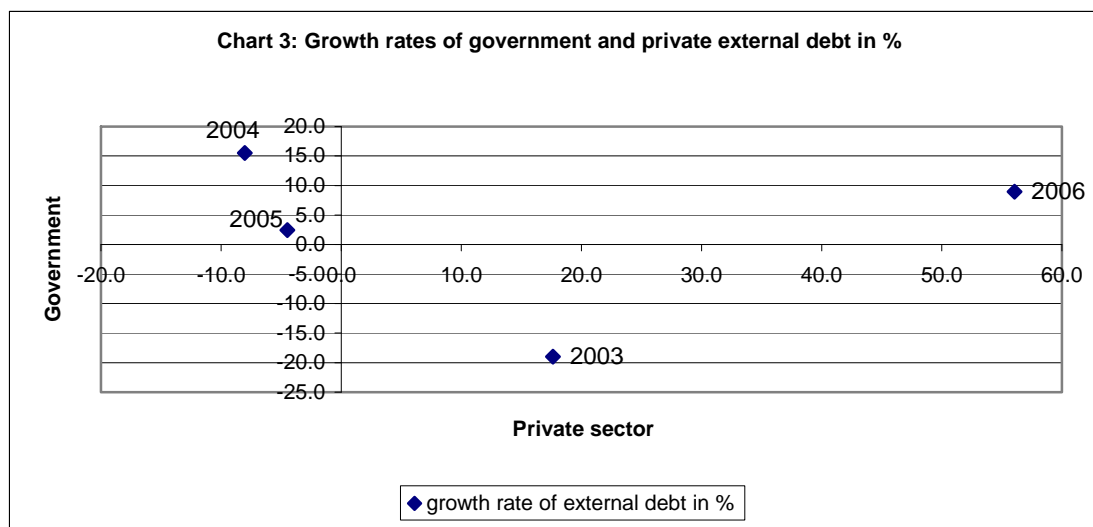
Chart 2 shows that 57.5 percent (Afl. 536.7 million) of the foreign government debt outstanding at the end of 2006 had a remaining time to maturity between 5 and 10 years. About 32.5 percent (Afl. 304.4 million) of the outstanding debt matures in 10 years or longer, while 10 percent (Afl. 92.7 million) has to be paid or refinanced within 5 years. The weighted average remaining time to maturity remained virtually unchanged at 9 years. The fulfillment of these obligations will put additional pressure on the vulnerable government finances.



#### 4. Total external debt

When combining the external debt of both the private and public sectors, the total external debt of Aruba rose by Afl. 790.2 million or 37.1 percent in 2006, compared to 2005, after declining in the two previous years. The expansion in 2006 reflected mainly

the increase in the external debt of the private sector of Afl. 713.3 million or 56.1 percent, while the external debt of the government also went up, i.e., by Afl. 76.9 million or 9.0 percent. Consequently, the share of the external debt of the private sector in total external debt grew from 59.8 percent at end-2005 to 68.0 percent at end-2006.



**Table 3: The external debt of Aruba 1)**

Amounts in Afl. million	2003	2004	2005	2006
<b>Private external debt 2)</b>	<b>1,448.2</b>	<b>1,332.0</b>	<b>1,272.4</b>	<b>1,985.7</b>
<b>Government external debt</b>	<b>724.2</b>	<b>836.3</b>	<b>856.9</b>	<b>933.8</b>
<b>Total external debt</b>	<b>2,172.4</b>	<b>2,168.3</b>	<b>2,129.3</b>	<b>2,919.5</b>
<b>Nominal GDP</b>	<b>3,618.0</b>	<b>3,983.0</b>	<b>4,159.0</b>	<b>4,334.0</b>
<b>Export of goods and services 3)</b>	<b>1,980.6</b>	<b>2,327.2</b>	<b>2,435.9</b>	<b>2,505.3</b>
<b>Current external revenue</b>	<b>2,111.0</b>	<b>2,469.5</b>	<b>2,601.8</b>	<b>2,713.4</b>
<b>Fiscal revenue</b>	<b>989.0</b>	<b>836.1</b>	<b>909.1</b>	<b>985.2</b>
- Share of private debt in total (in %)	66.7	61.4	59.8	68.0
- Share of government debt in total (in %)	33.3	38.6	40.2	32.0
- External debt in % GDP	60.0	54.4	51.2	67.4
- External debt in % export 3)	109.7	93.2	87.4	116.5
- External debt in % of current external receipts	102.9	87.8	81.8	107.6
- Public debt to fiscal revenue	73.2	100.0	94.3	94.8
- Weighted average maturity (in years)	7.9	7.4	6.3	6.9

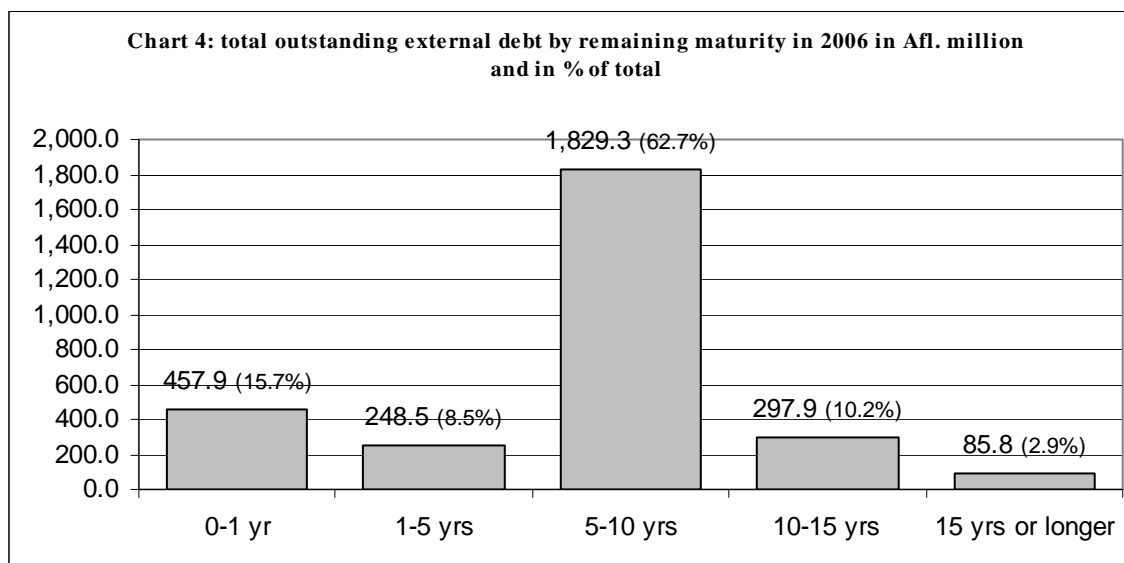
Source: CBA.

- 1) Excluding the external debt of the so-called off-shore companies.
- 2) Including an estimate of loans to individuals.
- 3) Excluding oil.

In 2006, the external debt measured as a percentage of GDP grew to 67.4 percent, up from 51.2 percent in 2005. In addition, the share of external debt in exports of goods and services (excluding oil) increased from 87.4 percent in 2005 to 116.5 percent in 2006, while the share in current account receipts went from 81.8 in 2005 percent to 107.6

percent in 2006. These ratios are indicative of Aruba's the repayment capacity, i.e., they measure the income generated by Aruba which can be used to repay outstanding debt. Both increases in said ratios followed subsequent declines during the period 2003-2005. These increases in 2006 resulted because the external debt rose much faster in comparison to the exports of goods and services and current account receipts. The latter was associated in part with a decrease in tourism receipts in 2006. Meanwhile, government debt as a percentage of fiscal revenue edged up by 0.5 percentage points to 94.8 percent compared to 2005. This ratio grew by 21.6 percentage points compared to 73.2 percent in 2003.

At the end of 2006, total external debt due within one year amounted to 15.7 percent (Afl. 457.9 million) of the total (see chart 4). Of this amount 92.1 percent was attributable to the private sector. Debt payable within 5 years came to 24.2 percent (Afl. 706.4 million). Finally, debt maturing in the coming 10 years equaled 86.9 percent (Afl. 2535.7 million). Consequently, the weighted average remaining time to maturity increased to 6.9 years, up from 6.2 years in 2005.



## 5. Debt service

In 2006, debt service (defined as the sum of debt and interest payments) decreased by Afl. 78.8 million or 14.8 percent after fluctuating between Afl. 440.5 million and Afl. 533.2 million during the period 2003-2005 (see table 5). In comparison to 2005, the decline in 2006 reflected an Afl. 176.1 million decline in repayments by the government, which was partly offset by an Afl. 121.3 million rise in repayments by the private sector. In addition, interest payments fell by Afl. 24.0 million in 2006, compared to 2005, brought about by a smaller amount of interest payments by the private sector. The latter reflected the fact that more than half of the outstanding debt of the private sector consisted of new loans on which no interest was paid in 2006.

Consequently, the “debt-service ratio” (debt service as a percentage of export receipts) declined from 21.9 percent in 2005 to 18.1 percent in 2006.

**Table 4: Debt service**

Amounts in Afl. million	2003	2004	2005	2006
<b>Repayments</b>	<b>343.0</b>	<b>222.0</b>	<b>396.9</b>	<b>342.1</b>
<i>Of which government</i>	125.7 1)	23.4	219.7 2)	43.6
<b>Interest payments</b>	<b>97.5</b>	<b>119.2</b>	<b>136.3</b>	<b>112.3</b>
<i>Of which government</i>	28.4	44.4	46.7	50.2
<b>Total debt service</b>	<b>440.5</b>	<b>341.2</b>	<b>533.2</b>	<b>454.4</b>
<i>Of which government</i>	154.1	67.8	266.4	93.8
<b>Exports of goods and services (excl. oil)</b>	<b>1,980.6</b>	<b>2,327.2</b>	<b>2,435.9</b>	<b>2,505.3</b>
<b>Debt service in % of exports (excl. oil)</b>	<b>22.2</b>	<b>14.7</b>	<b>21.9</b>	<b>18.1</b>
<b>Debt service in % of GDP</b>	<b>12.5</b>	<b>8.5</b>	<b>12.8</b>	<b>10.4</b>
<b>Payment arrears in % of outstanding debt</b>	<b>6.5</b>	<b>7.0</b>	<b>8.1</b>	<b>6.6</b>

Source: CBA.

1) In 2003, the government made a payment of US\$ 55 million (Afl. 98 million) to SACE, as part of the conversion of the liability arising from hotel guarantees issued in the past.

2) In 2005, the government made an Afl. 80.9 million repayment on a short-term bridge loan facility and repayments on maturing foreign bonds totaling US\$ 60 million (Afl. 108 million). In addition, there were repayments to the Dutch government amounting to Afl. 15.9 million.

In general, both the government and debtors in the private sector comply with their scheduled payment obligations. Payment arrears as a percentage of outstanding debt have been fairly stable during the period 2003-2006 and amounted to 6.6 percent in 2006, while the ratio of debt-service to export receipts amounted to 18.1 percent in 2006. It is worth noting however, that for Aruba the comfortable level of this ratio may be lower than that of large industrialized countries, owing to Aruba’s limited repayment capacity reflecting the economy’s small scale and one-sidedness and the sensitivity to external economic shocks which could directly impact the tourism sector.

## 6. The external liquidity position

Net foreign assets of the monetary sector rebounded by 12.2 percent to Afl. 759.5 million in 2006, the highest level since 2003, after registering a 6.3 percent decline in the previous year (see table 6). Notwithstanding the rise in net foreign assets, the import coverage ratio (12-month moving average), which has been on a declining trend in recent years, decreased to 5.2 months, down from 5.5 months in 2005. In contrast, the ratio of net foreign assets to short-term foreign debt, which is an indicator for the external liquidity position, recorded an increase from 2.0 in 2005 to 4.1, the highest level since 2003. In addition, debt service as a percentage of current external receipts, which has fluctuated between 20.9 percent and 13.8 percent during the period 2003-2005, declined in 2006 from 20.5 percent in 2005 to 16.7 percent, indicating an improved external liquidity position.

Despite the decline in the import coverage ratio, the external liquidity position of Aruba is not a cause for concern. This is reflected by improved ratios of net foreign assets to debt service as well as net foreign assets to short-term external debt.

As a result of the growth in external debt in recent years, future repayments will also rise. It is therefore important to continue to improve the external liquidity position by increasing the exports of goods and services and, thus, the level of international reserves. In order to achieve a satisfactory level of external liquidity, prudent monetary and fiscal policies are essential. This will permit Aruba to continue to sustainably raise its level of international reserves.

**Table 5: External liquidity position**

Amounts in Afl. million	2003	2004	2005	2006
<b>Monetary Reserves 1)</b>	<b>700.3</b>	<b>722.9</b>	<b>677.1</b>	<b>759.5</b>
<b>Short-term foreign debt 2)</b>	<b>220.3</b>	<b>394.0</b>	<b>337.2</b>	<b>185.2</b>
<b>Debt service 3)</b>	<b>440.5</b>	<b>341.2</b>	<b>533.2</b>	<b>454.4</b>
<b>Imports of goods and services 4)</b>	<b>2125.9</b>	<b>2,253.3</b>	<b>2,374.60</b>	<b>2,611.9</b>
<b>Money supply</b>	<b>2,214.1</b>	<b>2,285.3</b>	<b>2,426.8</b>	<b>2,484.4</b>
<b>Current external receipts</b>	<b>2,111.0</b>	<b>2,469.5</b>	<b>2,601.8</b>	<b>2,713.4</b>
<i>-Net foreign assets to short-term debt</i>	<i>3.2</i>	<i>1.8</i>	<i>2.0</i>	<i>4.1</i>
<i>-Net foreign assets to debt-service</i>	<i>1.6</i>	<i>2.1</i>	<i>1.3</i>	<i>1.7</i>
<i>-12-month moving import coverage ratio 5)</i>	<i>6.6</i>	<i>6.2</i>	<i>5.5</i>	<i>5.2</i>
<i>-Net foreign assets to money supply (in %)</i>	<i>31.6</i>	<i>32.1</i>	<i>28.5</i>	<i>29.1</i>
<i>-Debt service over current external receipts</i>	<i>20.9</i>	<i>13.8</i>	<i>20.5</i>	<i>16.7</i>

Source: CBA.

- 1) Net foreign assets of the monetary sector including gold at market value.
- 2) For 2003-2005 the short-term external debt was equal to the repayments realized within one year; for 2006 the short-term external debt was equal to the debt due within one year.
- 3) For 2006, the debt service was equal to repayments and interest obligations due within one year. The previous years are realized figures.
- 4) End of period (excluding oil).
- 5) Net foreign assets related to the 12-month moving average of the import of goods (excl. oil), in months of imports at year-end.

## 7. Concluding remarks

In recent years, the external debt of Aruba has recorded a strong increase. This rise mainly reflected a growth in external debt of the private sector, due to activities in the hotel sector. Currently, the debt service is still manageable and the payment arrears, which only occur in the private sector, are relatively small. Nonetheless, it should be noted that besides the external debt of the private sector, the external debt of the government also continues to grow. Both the CBA and the IMF have advised the government to improve the management of its financial operations because a continuation of rising external government debt is not sustainable considering the vulnerability of the Aruban economy to external shocks.

The government has expressed its intention to achieve a balanced budget by 2009 which, if realized, would mean a halt in the growth of the external debt of the government. This

is assuming that the government does not substitute domestic debt for external debt. In order to reach a balanced budget it is important that the government follows the recommendations of the National Committee on Public Finance (NCPF) to limit the increase in personnel expenses and expenses on goods and services to, respectively, 3 percent and 2 percent on an annual basis which will help reduce the level of government debt below 40 percent of GDP. This requires effective and efficient economic policy, which is aimed among other things at safeguarding financial stability.

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### **3. Statistical Annex**



**Statistical annex**  
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**TABLE 1.1: GROSS DOMESTIC PRODUCT**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. GDP at market prices (= A + B + C - D) 1)	2,364	2,470	2,742	2,981	3,084	3,353	3,437	3,475	3,618	3,983	4,159	4,334	4,696
A. Final consumption	1,665	1,818	2,014	2,155	2,276	2,374	2,555	2,695	2,842	2,965	3,130	3,310	3,588
1. Household	1,193	1,320	1,367	1,500	1,602	1,656	1,712	1,821	1,947	2,041	2,199	2,322	2,511
2. Government	472	498	647	655	674	718	843	874	894	925	931	988	1,047
B. Gross capital formation	736	703	830	945	952	855	815	935	1,057	1,129	1,364	1,495	1,582
1. Private 2)	680	645	758	905	911	827	792	912	1,007	1,069	1,300	1,430	1,519
2. Public	56	58	71	40	41	28	23	23	50	60	64	65	63
C. Exports of goods and services	2,007	2,140	2,263	2,374	2,465	2,495	2,423	2,256	2,283	2,574	2,846	2,824	3,111
D. Imports of goods and services	2,044	2,191	2,365	2,493	2,610	2,370	2,356	2,411	2,564	2,685	3,181	3,295	3,555
2. Consumer price index (1995 = 100)	100.0	103.2	106.3	108.3	110.8	115.3	118.6	122.5	126.9	130.1	134.5	139.4	147.9
3. Real gross domestic product	2,364	2,393	2,579	2,751	2,783	2,910	2,899	2,837	2,851	3,062	3,092	3,110	3,176
4. GDP growth (in percent)													
A. Nominal	6.0	4.5	11.0	8.7	3.5	8.7	2.5	1.1	4.1	10.1	4.4	4.2	8.4
B. Real	2.5	1.2	7.8	6.7	1.2	4.6	-0.4	-2.1	0.5	7.4	1.0	0.6	2.1
5. Mid-year population	79,805	83,022	86,302	88,452	89,659	90,600	91,870	93,311	95,076	97,658	100,644	102,819	103,977
6. GDP per capita													
A. In AfL.	29,618	29,753	31,774	33,697	34,395	37,014	37,414	37,237	38,055	40,784	41,321	42,153	45,164
B. In US\$	16,546	16,622	17,751	18,825	19,215	20,678	20,902	20,803	21,260	22,785	23,085	23,549	25,231
C. Percentage change	3.1	0.5	6.8	6.1	2.1	7.6	1.1	-0.5	2.2	7.2	1.3	2.0	7.1

1) Figure for 2007 is a preliminary estimate of the IMF.

2) Includes "Changes in inventories."

Source: CBS; IMF.

TABLE 1.2A: BUSINESS PERCEPTION RESULTS

Survey questionnaire responses

	Improvement								No change								Worsening								Business perception indices		
	2006		2007		2006		2007		2006		2007		2006		2007		Current	Short-term	Business perception index								
	IV	III	II	I	IV	III	II	I	IV	III	II	I	IV	III	II	I											
<i>(as a percentage of the total)</i>																											
<b>A. Current economic conditions</b>	<b>26</b>	<b>36</b>	<b>40</b>	<b>35</b>	<b>40</b>	<b>40</b>	<b>38</b>	<b>43</b>	<b>36</b>	<b>33</b>	<b>26</b>	<b>23</b>	<b>24</b>	2004	106.6	107.2	106.9										
1. The economic conditions in Anuba	25	28	32	31	36	40	41	44	44	44	36	37	27	2005	103.6	99.6	101.8										
2. The activities of your business	33	44	50	59	39	28	40	14	28	28	10	27	2006	100.8	100.3	100.6											
3. The investments of your business	31	36	17	32	42	39	53	36	28	25	30	32	2007	100.5	102.5	101.2											
4. The number of employees that work for your company	17	36	50	36	50	47	37	55	33	17	13	9	2006	96.9	97.8	97.3											
													2006	95.4	100.2	97.4											
<b>B. Expected short-term economic conditions 1)</b>	<b>21</b>	<b>24</b>	<b>23</b>	<b>28</b>	<b>60</b>	<b>67</b>	<b>59</b>	<b>19</b>	<b>9</b>	<b>13</b>	<b>18</b>		2007	97.3	97.3	97.3											
1. The economic conditions in Anuba	22	25	33	18	39	58	40	50	39	17	27	32	2006	98.8	100.5	99.5											
2. The activities of your business	31	31	27	23	56	64	63	64	14	6	10	14	2007	101.1	100.2	100.8											
3. The investments of your business	17	31	30	32	72	61	60	55	11	8	10	14	2006	101.6	104.6	102.6											
4. The number of employees that work for your company	14	11	20	18	75	83	73	68	11	6	7	14	2007	102.2	103.5	102.7											
													2006	102.5	101.1	102.0											

1) During the next 6 months.

Perceived developments of employment, profitability, sales, and average wage costs 1)

	Employment								Operational results								Sales								Average wage costs			
	2006		2007		2006		2007		2006		2007		2006		2007		2006		2007		2006		2007					
	IV	III	II	I	IV	III	II	I	IV	III	II	I	IV	III	II	I	IV	III	II	I	IV	III	II	I				
<i>(as a percentage of the total)</i>																												
	Profits				Losses				Profits				Losses				Profits				Losses							
1. no change	50	47	33	57	17	17	3	7	5	6	0	3	5	9	3	17	10	8	17	20	14	14	14					
2. increase of less than 5.1 percent	11	19	43	33	20	18	28	24	3	3	0	0	5	34	21	27	24	61	50	47	81	5	5					
3. increase between 5.1 and 10.1 percent	3	6	0	0	6	6	12	10	5	3	0	0	0	14	24	20	14	14	8	17	5	8	3					
4. increase of more than 10.1 percent	3	11	7	5	3	26	17	24	0	0	0	0	0	6	21	23	33	8	8	3	0	0	0					
5. decrease of less than 5 percent	33	17	17	17	5	20	15	0	10	6	6	7	5	26	18	10	10	6	14	13	0	0	0					
6. decrease between 5.1 and 10.1 percent	0	0	0	0	0	0	6	7	10	6	3	0	0	6	9	0	0	0	3	3	0	0	0					
7. decrease of more than 10.1 percent	0	0	0	0	11	9	14	10	0	3	7	0	0	6	6	3	10	0	0	0	0	0	0					
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>77</b>	<b>88</b>	<b>83</b>	<b>86</b>	<b>23</b>	<b>12</b>	<b>17</b>	<b>14</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>					

1) In percentages of all respondents.

TABLE I.2B: BUSINESS PERCEPTION SURVEY (INDICES BY SELECTIVE SECTORS)

	2004				2005				2006				2007				
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
1. Index current economic condition	107	104	101	100	107	107	103	102	97	96	97	97	99	101	102	102	103
a. Manufacturing (excl. manufacture of refined petroleum products)	110	95	90	100	110	110	110	110	110	95	97	95	90	110	110	110	100
b. Electricity, gas and water supply, manufacture of refined petroleum products	106	90	100	97	103	102	100	100	90	90	100	100	90	100	95	100	100
c. Construction	101	108	110	103	105	108	101	108	106	106	106	110	110	108	106	108	100
d. Wholesale and retail trade, repair of motor vehicles and household goods	108	106	101	98	100	105	104	104	102	99	98	99	98	97	97	100	98
e. Hotels and restaurants	108	103	97	100	108	106	104	103	95	92	96	96	96	104	103	101	100
f. Transport, storage and communication	101	98	98	96	104	100	92	96	103	90	90	99	99	94	95	97	96
g. Financial intermediation	107	110	105	110	110	110	108	108	103	101	101	105	105	105	108	106	110
h. Real estate and other business activities	105	106	104	110	104	108	106	99	97	94	97	103	103	101	104	100	110
i. Health, other community and personal service activities	110	100	94	90	110	110	96	96	91	94	97	90	90	100	102	99	105
2. Index short-term future economic condition	107	100	100	103	108	109	104	98	98	100	97	101	101	100	105	103	101
a. Manufacturing (excl. manufacture of refined petroleum products)	100	90	100	100	110	110	100	90	90	100	90	100	100	90	100	100	100
b. Electricity, gas and water supply, manufacture of refined petroleum products	105	110	110	90	110	100	90	110	100	100	100	110	110	110	110	97	110
c. Construction	108	110	110	90	100	110	90	110	110	106	100	100	100	110	110	110	90
d. Wholesale and retail trade, repair of motor vehicles and household goods	102	106	96	102	107	108	106	107	95	100	97	93	93	98	105	98	94
e. Hotels and restaurants	110	90	101	90	108	110	110	90	94	103	95	103	103	93	102	90	90
f. Transport, storage and communication	107	93	97	102	102	104	93	93	98	97	98	100	100	98	100	97	94
g. Financial intermediation	110	105	106	100	110	110	110	107	106	107	106	105	106	106	106	110	110
h. Real estate and other business activities	106	105	103	110	104	108	106	99	97	94	97	103	103	101	104	100	110
i. Health, other community and personal service activities	110	93	93	110	110	110	96	96	91	94	97	90	90	100	102	99	105
3. Business Perception Index	107	102	101	101	107	108	103	100	97	97	97	100	100	101	103	102	102
a. Manufacturing (excl. manufacture of refined petroleum products)	110	93	90	100	110	110	110	100	93	97	93	90	90	100	110	110	100
b. Electricity, gas and water supply, manufacture of refined petroleum products	106	100	103	95	105	101	90	110	90	90	110	100	100	105	98	103	103
c. Construction	105	109	110	101	105	108	97	109	108	106	110	110	110	108	106	108	98
d. Wholesale and retail trade, repair of motor vehicles and household goods	105	106	99	99	103	106	105	105	99	99	97	97	97	97	100	99	97
e. Hotels and restaurants	109	96	98	97	108	109	108	97	95	96	95	98	98	100	103	99	97
f. Transport, storage and communication	103	95	97	98	103	103	93	95	95	93	95	95	99	95	97	97	95
g. Financial intermediation	109	108	105	106	110	110	109	108	105	103	103	105	105	105	107	108	110
h. Real estate and other business activities	105	105	104	110	107	109	106	100	99	98	99	104	104	104	106	101	110
i. Health, other community and personal service activities	110	97	94	101	110	110	99	93	91	94	94	90	90	98	101	103	108

TABLE 1.3: PARTIAL ECONOMIC ACTIVITY INDEX 1)

Period average	Share in GDP (in percent)	2004				2005				2006				2007			
		I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Total index	71.3	3.3	5.5	-1.2	-0.7	5.7	6.0	2.6	7.6	4.3	-1.3	-3.1	-4.3	-0.6	-2.1	2.9	-2.6
a. Utilities	4.1	0.5	3.8	0.0	2.6	6.7	4.1	6.9	-2.3	-1.7	-2.2	-3.2	7.9	5.7	2.6	3.7	-1.5
b. Construction	8.6	-6.6	46.3	-2.7	-10.0	31.0	36.6	30.5	81.6	40.8	4.7	-0.8	-31.7	-16.3	-11.9	-4.0	-7.8
c. Trade	14.2	3.3	-3.7	-3.5	10.4	0.4	-1.3	-6.6	-7.0	-0.8	-4.7	-12.0	1.1	12.5	7.0	20.5	4.6
d. Hotels and restaurants	10.5	10.0	1.6	-2.4	5.0	9.4	4.4	-1.4	-6.0	-6.2	-5.1	-0.4	2.9	3.3	3.7	6.2	6.8
e. Transport, storage & communication	8.2	9.1	-2.1	0.0	-1.7	3.2	1.5	-10.1	-3.0	-0.8	-2.1	-5.4	7.3	-0.2	-4.3	4.6	-5.7
f. Housing	12.6	2.6	3.3	3.3	2.7	2.8	2.9	3.6	3.8	3.6	3.5	3.1	3.1	3.1	2.9	2.3	2.3
g. Public adm. & education	13.1	1.8	3.2	-3.1	-11.8	-0.2	4.8	2.1	5.5	4.4	-3.5	-6.8	-6.0	-10.3	-11.3	-7.8	-17.5

1) Percentage changes compared to the corresponding period a year earlier.

Source: CBS.

**TABLE 1.4: TOURISM**

Period	(1)	(2)	Visitors by origin				(7)	(8)	(9)	(10)	(11)	Cruise tourism	
			North America	Of which U.S.A.	Latin America	Of which Venezuela						Europe	Of which Nether-lands
2004	5,639,869	728,157	555,693	535,133	84,455	59,218	60,428	38,122	27,581	7.7	80.7	576,320	318
2005	5,694,501	732,514	556,798	535,448	87,169	59,928	63,181	38,667	25,366	7.8	81.7	552,819	311
2006	5,470,542	694,372	518,721	496,131	87,291	57,105	61,993	37,130	26,367	7.9	76.8	591,474	314
2007	5,879,888	772,073	549,066	523,393	125,681	92,157	67,353	37,844	29,973	7.6	77.8	481,775	315
2006 I	1,408,268	170,338	136,580	127,972	14,850	8,971	13,736	9,058	5,172	8.3	84.3	209,450	102
II	1,293,088	173,846	132,627	128,833	19,979	12,568	14,750	8,600	6,490	7.4	74.4	111,664	48
III	1,389,360	174,396	119,643	115,627	31,104	22,646	16,465	9,239	7,184	8.0	74.4	64,181	37
IV	1,379,826	175,792	129,871	123,699	21,358	12,920	17,042	10,233	7,521	7.8	74.8	206,179	127
2007 I	1,503,751	187,027	147,021	137,826	18,704	11,146	15,174	9,542	6,128	8.0	83.0	195,636	120
II	1,315,010	178,453	134,485	130,504	21,213	13,414	14,460	8,341	8,295	7.4	73.3	81,619	62
III	1,515,379	198,151	130,233	125,640	40,387	30,842	19,441	9,570	8,090	7.6	77.6	33,801	36
IV	1,545,748	208,442	137,327	129,423	45,377	36,755	18,278	10,391	7,460	7.4	77.4	170,719	97
2008 I										86.5		267,765	156

Source: Aruba Tourism Authority; CBS; Aruba Hotel and Tourism Association; Cruise Tourism Authority.

**TABLE 1.5: GROWTH IN STAY-OVER TOURISM**

Period	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Total visitor nights	Total visitors	North America	Of which U.S.A.	Latin America	Of which Venezuela	Europe	Of which Nether- lands	Other
<i>Quarterly percentage changes 1)</i>									
2005	8.9	13.4	13.7	14.6	24.5	30.7	14.2	-4.2	-17.4
II	3.4	2.8	4.2	4.0	-8.0	-11.8	8.0	11.8	-8.3
III	-2.4	-5.2	-7.4	-8.1	2.5	0.9	0.8	1.8	-10.2
IV	-5.8	-7.9	-10.4	-10.8	0.1	-5.2	-2.2	-2.3	4.3
2006	-10.6	-15.2	-16.4	-17.6	-12.3	-20.4	-9.7	-2.8	-1.9
II	-3.9	-5.0	-8.6	-8.6	20.9	18.1	-1.7	-10.2	0.8
III	-2.4	-3.6	-3.9	-4.2	-4.7	-7.2	-1.8	-7.1	2.4
IV	2.2	4.8	4.9	4.5	1.5	-5.2	5.3	4.1	13.2
2007	6.8	9.8	7.6	7.7	26.0	24.2	10.5	5.3	18.5
II	1.7	2.7	1.4	1.3	6.2	6.7	-2.0	-3.0	27.8
III	9.1	13.6	8.9	8.7	29.8	36.2	18.1	3.6	12.6
IV	12.0	18.6	5.7	4.6	112.5	184.5	7.3	1.5	-0.8
<i>Cumulative percentage changes 2)</i>									
2005	8.9	13.4	13.7	14.6	24.5	30.7	14.2	-4.2	-17.4
II	6.3	8.1	9.0	9.3	6.0	5.9	11.0	3.3	-12.6
III	3.3	3.4	3.7	3.6	4.2	3.2	7.1	2.8	-11.7
IV	1.0	0.6	0.2	0.1	3.2	1.2	4.6	1.4	-8.0
2006	-10.6	-15.2	-16.4	-17.6	-12.3	-20.4	-9.7	-2.8	-1.9
II	-7.5	-10.3	-12.7	-13.3	4.1	-1.7	-5.7	-6.6	-0.4
III	-5.8	-8.2	-10.2	-10.7	-0.3	-4.6	-4.3	-6.7	0.7
IV	-3.9	-5.2	-6.8	-7.3	0.1	-4.7	-1.9	-4.0	3.9
2007	6.8	9.8	7.6	7.7	26.0	24.2	10.5	5.3	18.5
II	4.3	6.2	4.6	4.5	14.6	14.0	4.0	1.3	23.7
III	6.0	8.7	5.9	5.8	21.8	25.4	9.2	2.1	19.5
IV	7.5	11.2	5.8	5.5	44.0	61.4	8.6	1.9	13.7

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 earlier.

**TABLE 1.6: 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 (August 1994)</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)</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)
2004	113.2	115.4	107.7	125.5	114.9	114.1	100.0	106.8	109.7	109.6
2005	117.5	120.1	109.1	125.4	127.5	115.6	100.0	106.8	112.9	112.2
2006	120.4	128.3	120.1	126.6	128.3	117.9	100.0	109.9	114.7	114.2
2007	132.7	140.9	131.1	137.5	148.9	124.0	99.9	119.9	124.7	122.7
2006 I	118.5	120.5	109.3	126.8	130.0	115.8	100.0	107.5	113.5	112.8
II	120.9	122.8	109.2	127.3	133.8	116.7	100.0	111.5	115.1	114.1
III	121.7	124.7	110.8	128.2	135.0	117.2	100.0	111.1	115.6	114.7
IV	120.4	128.3	120.1	126.6	128.3	117.9	100.0	109.9	114.7	114.2
2007 I	124.5	133.8	126.7	137.1	129.3	121.5	100.1	113.5	119.0	112.8
II	128.1	138.2	129.7	127.6	139.3	124.8	99.9	117.9	121.3	120.0
III	128.7	137.7	131.8	130.0	142.1	124.1	99.8	116.2	122.2	120.4
IV	132.7	140.9	131.1	137.5	148.9	124.0	99.9	119.9	124.7	122.7
2008 I	135.0	144.1	132.5	140.1	152.4	125.6	100.2	121.2	126.6	124.3

Source: CBS.

**TABLE 1.7: PERCENTAGE PRICE CHANGES**

(August 1994 = 100)

(September 2000 = 100)

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
2004	113.2	-0.6	0.4	2.8	2.5
2005	117.5	-0.5	0.5	3.8	3.4
2006	120.4	0.1	-1.1	2.5	3.6
2007	132.7	1.6	3.1	10.2	6.0
2006 I	118.5	-0.2	0.9	4.4	3.9
II	120.9	0.3	2.0	4.1	4.0
III	121.7	0.0	0.6	4.1	4.1
IV	120.4	0.1	-1.1	2.5	3.6
2007 I	124.5	0.7	3.4	5.0	3.7
II	128.1	1.8	2.9	6.0	4.0
III	128.7	0.1	0.5	5.8	4.4
IV	132.7	1.6	3.1	10.2	6.0
2008 I	135.0	0.5	1.7	8.5	6.9

**TABLE 1.8: CONSTRUCTION ACTIVITIES**

	2004	2005	2006	2007	2006				2007				2008							
					I	II	III	IV	I	II	III	IV	I	II	III	IV				
1. Number of construction permits granted																				
a. Houses 1)	1,474	1,584	1,303	1,151	277	428	308	290	220	334	337	260	243							
b. Apartments	1,034	1,092	782	674	179	255	190	158	130	201	189	154	124							
c. Office buildings	17	25	30	28	5	11	9	5	3	9	8	8	7							
d. Stores and shopping malls 2)	16	15	22	25	2	11	4	5	6	7	7	5	5							
e. Others	25	25	34	29	8	13	6	7	9	7	8	5	7							
	382	427	435	395	83	138	99	115	72	110	125	88	100							
2. Total value of construction permits (x Afl. million)																				
a. Houses 1)	207.1	283.2	525.7	447.6	78.0	281.1	75.9	90.7	142.4	168.3	97.7	52.9	404.0							
b. Apartments	97.0	113.7	108.6	115.3	23.4	34.1	26.8	24.2	28.9	31.9	30.6	23.8	29.4							
c. Office buildings	23.5	5.0	13.8	12.4	1.4	3.3	3.0	6.1	1.4	3.1	2.1	5.8	17.3							
d. Stores and shopping malls 2)	15.9	10.1	39.2	40.9	0.7	7.0	26.0	5.5	21.6	7.9	10.5	0.9	2.4							
e. Others	25.4	17.4	78.2	64.4	8.0	50.9	11.7	7.6	11.3	11.2	27.6	14.4	15.2							
	45.3	137.0	286.0	214.5	44.5	185.7	8.4	47.3	65.5	114.1	26.8	8.0	339.7							
3. Total cement imported (x 1,000 Kg)	59,675	88,719	78,413	77,832	10,773	28,379	24,460	14,800	23,779	16,041	25,444	12,569	16,340							
4. Number of electrical installations approved																				
a. Houses 1)	2,541	2,763	2,463	2,138	492	597	710	664	444	566	568	560	276							
b. Apartments	721	857	686	560	101	153	177	255	102	149	122	187	60							
c. Enterprises	264	258	204	259	29	38	82	55	63	53	61	82	11							
d. Others	372	296	252	291	38	78	69	67	46	95	73	77	59							
	1,184	1,352	1,321	1,028	324	328	382	287	233	269	312	214	146							

1) Excluding additions to and remodelling of existing houses.

2) Excluding additions to and remodelling of existing stores and shopping malls.

Source: Department of Public Works; Department of Technical Inspection; CBS.

**TABLE 1.9: UTILITIES**

	2004	2005	2006	2007	2006				2007				2008			
					I	II	III	IV	I	II	III	IV	I	II	III	IV
1. a. Water (x 1,000 m <sup>3</sup> ) 1)	11,438	11,399	11,474	11,750	2,799	3,013	2,929	2,734	2,910	3,001	3,030	2,809	2,956			
b. Value (in Afl. mln.)	72.9	82.9	95.9	102.3	23.0	26.2	25.1	21.6	22.2	24.6	28.2	27.4	30.9			
c. Connected premises	33,626	34,905	35,989	36,824	35,145	35,383	35,740	35,989	36,248	36,424	36,573	36,824	37,054			
2. a. Electricity (x 1,000 KWH)	729,790	759,336	761,362	781,073	175,111	192,794	198,695	194,762	179,295	197,544	205,868	198,366	182,085			
b. Value (in Afl. mln)	190.4	228.2	262.8	279.3	60.5	69.5	69.9	62.9	55.7	65.3	77.4	80.9	79.2			
c. Connections	39,806	40,765	41,502	42,419	40,770	40,957	41,154	41,502	41,589	41,770	41,954	42,419	42,421			
d. Number of users	35,733	36,737	37,630	38,495	36,892	37,093	37,350	37,630	37,728	37,924	38,129	38,495	38,542			
3. a. Gas (x 1,000 pounds)	18,898	19,133	19,275	19,979	4,692	4,670	4,725	5,189	4,845	4,828	4,871	5,436	5,007			
b. Value (in Afl. mln)	11.4	11.8	12.6	15.0	3.1	3.1	3.1	3.4	3.5	3.7	3.7	4.1	3.9			
c. Household	7,393	7,416	7,387	7,355	1,707	1,784	1,782	2,115	1,673	1,786	1,756	2,140	1,682			
d. Commercial	11,505	11,717	11,888	12,624	2,985	2,886	2,943	3,074	3,171	3,043	3,115	3,295	3,325			
4. Utilities index 2)	134.8	138.9	139.4	142.9	130.2	142.1	144.6	140.9	133.7	144.6	149.6	144.0	136.0			

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

2) For annual data, base: 1996 = 100

For quarterly data, base: average 1996 = 100

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

TABLE 1.10: MERCHANDISE FOREIGN TRADE BY COUNTRY

	2004	2005	2006	2007	2006				2007				2008				
					I	II	III	IV	I	II	III	IV	I	II	III	IV	
1. Export of goods (f.o.b.)	40.2	36.1	46.4	55.8	7.6	9.6	12.6	16.6	8.6	15.5	13.0	18.6	9.8				
a. United States	14.4	13.7	20.3	19.5	3.8	5.2	2.9	8.4	3.0	7.6	3.3	5.5	4.2				
b. Colombia	1.7	1.7	1.2	0.9	0.2	0.3	0.3	0.4	0.1	0.2	0.4	0.2	0.1				
c. The Netherlands	6.9	6.7	9.1	13.7	0.8	1.3	5.6	1.4	1.6	3.0	3.0	6.1	0.7				
d. Netherlands Antilles	8.1	9.2	8.3	8.9	2.0	1.8	2.1	2.5	2.1	2.4	1.7	2.7	2.8				
e. Venezuela	3.7	1.8	2.7	3.2	0.5	0.5	0.8	1.0	0.8	0.6	0.3	1.4	0.4				
f. Other countries	5.4	2.9	4.8	9.6	0.4	0.5	0.9	3.0	1.1	1.6	4.2	2.7	1.8				
2. Import of goods (c.i.f.)	1,474.4	1,700.8	1,736.7	1,875.5	463.7	399.2	410.0	463.7	463.6	428.8	449.6	533.6	484.9				
a. United States	866.9	1,027.7	1,008.8	1,089.3	285.7	231.7	230.3	261.1	263.1	245.6	257.3	323.3	281.5				
b. The Netherlands	204.7	198.9	207.2	238.8	46.6	52.9	54.4	53.3	56.6	58.2	63.0	61.0	64.5				
c. Netherlands Antilles	44.3	47.3	58.3	56.1	9.5	8.8	10.9	29.1	23.0	8.5	10.8	13.9	11.0				
d. Venezuela	50.2	47.5	45.7	42.4	10.0	11.3	12.2	12.2	11.5	9.9	9.1	11.9	8.4				
e. Panama	40.8	41.9	45.2	54.1	11.9	11.0	9.7	12.6	11.0	12.1	13.2	17.9	11.0				
f. Brazil	26.1	33.0	36.1	35.8	12.3	7.3	7.9	8.6	7.7	8.6	12.4	7.2	8.3				
g. Colombia	22.4	28.8	25.8	35.9	5.0	6.0	6.7	8.1	6.9	8.0	10.3	10.7	7.4				
h. Japan	36.7	36.0	43.2	34.2	12.4	9.2	11.3	10.5	9.8	7.3	8.5	8.6	9.5				
i. Other countries	182.3	239.7	266.5	288.9	70.5	61.2	66.5	68.3	74.1	70.6	64.9	79.2	83.3				
3. Trade balance	-1,434.2	-1,664.7	-1,690.3	-1,819.7	-456.1	-389.7	-397.4	-447.1	-455.0	-413.2	-436.5	-514.9	-475.2				

Source: CBS.

**TABLE 1.11: MERCHANDISE FOREIGN TRADE BY PRODUCT CATEGORY**

	2004		2005		2006		2007		2008					
									2007		2008			
			I	II	III	IV	I	II	III	IV	I	II	III	IV
1. Export of goods (f.o.b.)	40.2	36.1	46.4	55.8	7.6	9.6	12.6	16.6	8.6	15.5	13.0	18.6	9.8	
a. Live animals and other animal products	2.6	1.6	1.2	1.1	0.2	0.2	0.3	0.5	0.3	0.3	0.3	0.2	0.1	
b. Transport equipment	3.5	3.2	4.5	5.1	0.5	1.3	1.7	0.9	1.0	1.2	1.2	1.7	1.7	
c. Art objects and collectors' items	7.5	7.1	10.2	9.4	1.1	2.0	5.3	1.8	0.9	2.2	3.7	2.6	1.5	
d. Machinery and electrotechnical equipment	5.4	4.8	11.1	7.9	1.2	1.7	0.7	7.4	2.1	1.6	1.2	2.9	1.8	
e. Other goods	21.3	19.5	19.4	32.2	4.5	4.3	4.5	6.0	4.3	10.2	6.6	11.2	4.7	
2. Import of goods (c.i.f.)	1,474.4	1,700.8	1,736.7	1,875.5	463.7	399.2	410.0	463.7	463.6	428.8	449.6	533.6	484.9	
a. Live animals and other animal products	94.7	98.5	102.4	109.7	28.3	21.6	24.9	27.6	26.0	27.1	27.6	29.1	35.3	
b. Food products	168.9	176.2	191.0	199.2	43.2	47.3	47.0	53.5	45.5	46.8	48.2	58.7	53.5	
c. Chemical products	158.6	163.1	177.1	184.1	48.2	42.3	39.0	47.6	42.8	49.0	43.8	48.5	44.2	
d. Base metals and derivated works	104.6	169.8	160.8	156.1	48.1	36.5	38.5	37.7	32.5	38.0	46.9	38.6	40.3	
e. Machinery and electrotechnical equipment	232.1	313.7	318.9	320.3	99.4	78.7	73.5	67.3	85.5	77.7	82.6	74.6	93.4	
f. Transport equipment	134.1	146.1	150.4	125.9	40.3	37.3	40.5	32.2	30.8	28.4	30.8	36.0	32.5	
g. Other goods	581.3	633.4	636.2	780.1	156.2	135.5	146.6	197.9	200.5	161.8	169.7	248.0	185.6	
3. Trade balance	-1,434.2	-1,664.7	-1,690.3	-1,819.7	-456.1	-389.7	-397.4	-447.1	-455.0	-413.2	-436.5	-514.9	-475.2	

Source: CBS.

**TABLE 1.12: OIL REFINING**

	2004	2005	2006	2007	2006			2007			2008		
					I	II	III	IV	I	II	III	IV	I
1. Export of refined oil (x Afl. million)	5,036	7,602	8,101	8,500	1,911	2,434	1,640	2,116	1,971	2,258	1,966	2,305	1,542
2. Import of crude oil (x Afl. million)	4,267	5,910	6,534	7,234	1,432	1,821	1,429	1,851	1,602	1,981	1,606	2,045	1,572
3. Quantity of oil refined (x 1,000 barrels)	77,468	78,236	61,486	65,525	13,806	15,541	11,826	20,313	17,245	18,770	14,897	14,613	10,344
4. Number of employees (at end of period 1)	654	696	709	695	702	700	698	709	710	702	694	695	691

1) Excluding persons employed with contractors.

Source: Coastal Aruba Refining Co. N.V. and Valero Aruba Refining Co. N.V.

**TABLE 2.1: MONETARY SURVEY**

End of period	2004		2005		2006		2007		2006		2007		2008	
					I	II	III	IV	I	II	III	IV	I	II
<b>I. Net domestic assets</b>	<b>1,627.6</b>	<b>1,829.0</b>	<b>1,830.7</b>	<b>1,859.2</b>	<b>1,803.1</b>	<b>1,814.8</b>	<b>1,845.5</b>	<b>1,830.7</b>	<b>1,796.0</b>	<b>1,851.1</b>	<b>1,938.7</b>	<b>1,859.2</b>	<b>1,875.6</b>	
A) Domestic credit	2,038.5	2,256.1	2,309.9	2,405.3	2,239.1	2,265.6	2,316.8	2,309.9	2,325.8	2,387.3	2,452.0	2,405.3	2,464.3	
1) Net claims on public sector	-21.3	1.4	-46.6	-43.3	-36.6	-19.6	8.9	-46.6	-32.1	-36.8	10.0	-43.3	-21.9	
a) Gross claims	92.1	150.7	141.1	152.1	111.0	110.7	140.7	141.1	141.3	141.9	155.2	152.1	153.5	
b) Government's deposits	-12.7	-31.2	-51.5	-40.0	-32.0	-21.6	-35.6	-51.5	-41.1	-52.5	-22.5	-40.0	-22.4	
c) Development funds	-100.7	-118.1	-136.3	-155.4	-115.6	-108.7	-96.2	-136.3	-132.3	-126.2	-122.8	-155.4	-153.0	
2) Claims on private sector	2,059.8	2,254.7	2,356.5	2,448.6	2,275.7	2,285.2	2,307.9	2,356.5	2,357.8	2,424.1	2,442.1	2,448.6	2,486.1	
a) Enterprises	952.4	966.5	1,029.3	1,060.2	978.3	990.9	987.7	1,029.3	1,022.2	1,055.0	1,052.5	1,060.2	1,090.2	
b) Individuals	1,065.4	1,238.7	1,287.2	1,356.3	1,251.4	1,257.7	1,284.4	1,287.2	1,298.6	1,334.7	1,357.3	1,356.3	1,364.4	
1) Consumer credit	478.8	528.9	534.3	565.1	525.8	524.1	536.4	534.3	537.9	555.7	568.8	565.1	572.6	
2) Housing mortgages	586.6	709.8	752.9	791.2	725.7	733.6	748.0	752.9	760.7	779.0	788.6	791.2	791.8	
c) Other	42.0	49.5	40.0	32.1	46.0	36.6	35.8	40.0	37.0	34.4	32.3	32.1	31.5	
B) Other items, net	-410.9	-427.1	-479.1	-546.1	-436.1	-450.8	-471.3	-479.1	-529.8	-536.2	-513.4	-546.1	-588.7	
<b>II. Net foreign assets</b>	<b>657.7</b>	<b>597.9</b>	<b>653.6</b>	<b>708.2</b>	<b>638.8</b>	<b>654.2</b>	<b>627.7</b>	<b>653.6</b>	<b>729.1</b>	<b>718.9</b>	<b>613.0</b>	<b>708.2</b>	<b>865.3</b>	
A) Centrale Bank van Aruba	549.2	509.5	608.0	685.4	563.1	533.3	603.0	608.0	619.3	642.7	592.2	685.4	794.0	
B) Commercial banks	108.5	88.4	45.6	22.7	75.7	120.9	24.8	45.6	109.9	76.2	20.8	22.7	71.3	
<b>III. Broad money</b>	<b>2,285.3</b>	<b>2,426.8</b>	<b>2,484.4</b>	<b>2,567.3</b>	<b>2,441.9</b>	<b>2,469.0</b>	<b>2,473.3</b>	<b>2,484.4</b>	<b>2,525.1</b>	<b>2,569.9</b>	<b>2,551.7</b>	<b>2,567.3</b>	<b>2,740.9</b>	
A) Money	960.8	965.0	1,047.4	1,148.0	1,001.7	1,071.9	1,049.7	1,047.4	1,110.3	1,154.6	1,151.4	1,148.0	1,270.0	
B) Quasi-money	1,324.5	1,461.9	1,437.0	1,419.3	1,440.1	1,397.0	1,423.5	1,437.0	1,414.9	1,415.3	1,400.3	1,419.3	1,470.9	

TABLE 2.2: COMPONENTS OF BROAD MONEY

End of period	Currency		Demand deposits			Money		Other deposits			Treasury bills	Quasi-money	Broad money													
	Issued	At banks	Outside banks	Afl.	Foreign currency	Total	Savings	Time		Total																
								(1)	(2)					(3=1+2)	(4)	(5)	(6=4+5)	(7=3+6)	(8)	(9)	(10)	(11)	(12=8+9+10+11)	(13)	(14=12+13)	(15=7+14)
2004	162.7	32.1	130.7	709.9	120.3	830.2	532.7	13.6	729.0	39.2	1,314.5	10.0	1,324.5	2,285.3												
2005	183.1	39.0	144.1	673.4	147.5	820.8	634.1	14.3	764.0	44.5	1,456.9	5.0	1,461.9	2,426.8												
2006	201.9	44.5	157.4	790.8	99.2	890.0	665.2	15.6	713.0	43.1	1,437.0	0.0	1,437.0	2,484.4												
2007	225.7	51.0	174.8	850.4	122.9	973.3	721.1	5.5	673.2	19.4	1,419.3	0.0	1,419.3	2,567.3												
2006 I	178.7	33.6	145.1	712.7	143.9	856.6	646.5	13.7	720.5	56.4	1,437.1	3.0	1,440.1	2,441.9												
2006 II	185.5	35.2	150.3	788.4	133.2	921.6	647.4	13.2	692.0	44.5	1,397.0	0.0	1,397.0	2,469.0												
2006 III	185.4	38.5	146.9	789.3	113.6	902.8	653.3	14.1	711.0	45.1	1,423.5	0.0	1,423.5	2,473.3												
2006 IV	201.9	44.5	157.4	790.8	99.2	890.0	665.2	15.6	713.0	43.1	1,437.0	0.0	1,437.0	2,484.4												
2007 I	192.9	38.3	154.7	810.2	145.4	955.6	679.1	15.3	692.0	28.6	1,414.9	0.0	1,414.9	2,525.1												
2007 II	196.7	36.4	160.3	870.9	123.4	994.3	695.2	6.6	680.4	33.2	1,415.3	0.0	1,415.3	2,569.9												
2007 III	195.1	37.7	157.4	882.8	111.2	994.0	704.3	5.4	664.2	26.4	1,400.3	0.0	1,400.3	2,551.7												
2007 IV	225.7	51.0	174.8	850.4	122.9	973.3	721.1	5.5	673.2	19.4	1,419.3	0.0	1,419.3	2,567.3												
2008 I	207.4	44.1	163.3	970.4	136.2	1,106.6	729.3	5.5	713.7	22.5	1,470.9	0.0	1,470.9	2,740.9												

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

During period	2004				2005				2006				2007				2008			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
<b>I. Net domestic money creation</b>	<b>51.3</b>	<b>201.4</b>	<b>1.8</b>	<b>28.4</b>	<b>-25.9</b>	<b>11.7</b>	<b>30.7</b>	<b>-14.8</b>	<b>-34.8</b>	<b>55.1</b>	<b>87.6</b>	<b>-79.5</b>	<b>16.4</b>							
A) Domestic credit	117.1	217.6	53.8	95.4	-16.9	26.4	51.2	-6.9	15.9	61.6	64.7	-46.8	59.0							
1) Net claims on public sector	21.3	22.8	-48.1	3.3	-38.0	16.9	28.5	-55.5	14.6	-4.8	46.8	-53.3	21.4							
a) Recourse to monetary system	8.0	58.6	-9.6	11.0	-39.7	-0.3	30.0	0.4	0.2	0.6	13.2	-3.0	1.3							
b) Drawing down of bank balances	13.4	-35.8	-38.5	-7.7	1.7	17.3	-1.5	-56.0	14.4	-5.4	33.5	-50.3	20.1							
1) Government's deposits	34.9	-18.5	-20.3	11.4	-0.8	10.4	-14.1	-15.8	10.4	-11.4	30.1	-17.6	17.6							
2) Development funds	-21.6	-17.3	-18.2	-19.1	2.5	6.8	12.6	-40.1	4.0	6.1	3.5	-32.7	2.5							
2) Claims on private sector	95.8	194.8	101.8	92.1	21.1	9.5	22.7	48.6	1.3	66.3	17.9	6.5	37.5							
a) Enterprises	26.2	14.1	62.8	30.9	11.8	12.6	-3.2	41.6	-7.1	32.8	-2.6	7.8	30.0							
b) Individuals	81.2	173.3	48.5	69.1	12.8	6.3	26.7	2.8	11.4	36.1	22.6	-1.1	8.2							
1) Consumer credit	44.2	50.1	5.4	30.8	-3.1	-1.6	12.3	-2.1	3.6	17.8	13.1	-3.7	7.5							
2) Housing mortgages	37.0	123.1	43.1	38.3	15.9	7.9	14.4	4.9	7.8	18.3	9.5	2.6	0.7							
c) Other	-11.6	7.5	-9.5	-7.9	-3.5	-9.4	-0.8	4.2	-3.0	-2.6	-2.1	-0.2	-0.6							
B) Other domestic factors	-65.8	-16.2	-52.0	-67.0	-9.0	-14.7	-20.5	-7.9	-50.7	-6.5	22.9	-32.7	-42.6							
<b>II. Inflow of foreign funds</b>	<b>19.9</b>	<b>-59.8</b>	<b>55.8</b>	<b>54.5</b>	<b>40.9</b>	<b>15.4</b>	<b>-26.4</b>	<b>25.9</b>	<b>75.5</b>	<b>-10.3</b>	<b>-105.8</b>	<b>95.1</b>	<b>157.2</b>							
<b>III. Broad money</b>	<b>71.1</b>	<b>141.6</b>	<b>57.5</b>	<b>83.0</b>	<b>15.0</b>	<b>27.1</b>	<b>4.3</b>	<b>11.1</b>	<b>40.8</b>	<b>44.8</b>	<b>-18.2</b>	<b>15.6</b>	<b>173.5</b>							
1) Money	27.6	4.1	82.4	100.7	36.8	70.2	-22.2	-2.4	62.9	44.4	-3.2	-3.4	121.9							
2) Quasi-money	43.5	137.4	-24.9	-17.7	-21.8	-43.1	26.5	13.5	-22.1	0.5	-15.0	19.0	51.6							

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	Current account payments (excl. oil) during a 12-month period	Percentages				
	Gold	Other assets	Liabilities	Net	Assets							Liabilities	Broad money coverage	Import coverage		
	(1)	(2)	(3)	(4= 1+2-3)	(5)	(6)	(7= 5-6)	(8= 4+7)	(9)	(10= 8-9)	(11)	(12)	(13)	(14= 10/11)	(15= 8/12)	(16= 8/13)
2004	87.1	528.8	1.5	614.4	598.6	490.1	108.5	722.9	65.2	657.7	2,285.3	1,481.5	2,740.4	28.8	48.8	26.4
2005	102.0	489.6	3.0	588.6	593.1	504.7	88.4	677.1	79.2	597.9	2,426.8	1,592.5	2,964.8	24.6	42.5	22.8
2006	126.4	604.7	17.2	713.9	603.8	558.2	45.6	759.5	105.9	653.6	2,484.4	1,696.6	3,339.2	26.3	44.8	22.7
2007	166.4	666.1	4.4	828.0	666.0	643.3	22.7	850.7	142.6	708.2	2,567.3	1,673.0	3,286.9	27.6	50.9	25.9
2006 I	115.7	540.3	0.2	655.8	562.6	486.8	75.7	731.6	92.8	638.8	2,441.9	1,629.6	3,075.5	26.2	44.9	23.8
2006 II	122.0	509.7	0.9	630.9	662.5	541.6	120.9	751.7	97.6	654.2	2,469.0	1,652.8	3,164.9	26.5	45.5	23.8
2006 III	119.2	584.4	2.8	700.8	561.3	536.6	24.8	725.6	97.8	627.7	2,473.3	1,687.4	3,251.2	25.4	43.0	22.3
2006 IV	126.4	604.7	17.2	713.9	603.8	558.2	45.6	759.5	105.9	653.6	2,484.4	1,696.6	3,339.2	26.3	44.8	22.7
2007 I	131.6	601.3	0.5	732.4	618.6	508.7	109.9	842.3	113.1	729.1	2,525.1	1,703.7	3,316.8	28.9	49.4	25.4
2007 II	129.4	623.1	1.3	751.1	616.2	540.0	76.2	827.3	108.4	718.9	2,569.9	1,684.9	3,253.1	28.0	49.1	25.4
2007 III	147.8	572.0	0.4	719.4	619.9	599.2	20.8	740.2	127.2	613.0	2,551.7	1,669.3	3,281.0	24.0	44.3	22.6
2007 IV	166.4	666.1	4.4	828.0	666.0	643.3	22.7	850.7	142.6	708.2	2,567.3	1,673.0	3,286.9	27.6	50.9	25.9
2008 I	185.6	770.2	0.1	955.8	689.1	617.8	71.3	1,027.1	161.8	865.3	2,740.9	1,714.0	3,376.7	31.6	59.9	30.4

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

End of period	2004	2005	2006	2007	2006				2007				2008		
					I	II	III	IV	I	II	III	IV	I	II	
<b>ASSETS</b>															
1. Claims on money-creating institutions	422.6	405.5	477.1	493.4	438.5	410.1	458.6	477.1	483.9	493.8	487.2	493.4	618.6		
a) Monetary authorities	364.6	345.1	412.3	421.9	376.4	348.9	399.5	412.3	417.9	428.6	408.5	421.9	543.3		
b) Commercial banks	58.0	60.4	64.8	71.5	62.1	61.2	59.1	64.8	66.1	65.2	78.8	71.5	75.3		
2. Claims on the public sector	92.1	150.7	141.1	152.1	111.0	110.7	140.7	141.1	141.3	141.9	155.2	152.1	153.5		
a) Short-term	70.3	109.1	69.8	71.5	69.4	69.1	69.3	69.8	70.0	70.6	70.8	71.5	72.4		
b) Long-term	21.8	41.6	71.4	80.7	41.6	41.6	71.4	71.4	71.4	71.3	84.3	80.7	81.0		
3. Claims on the private sector	2,059.8	2,254.7	2,356.5	2,448.6	2,275.7	2,285.2	2,307.9	2,356.5	2,357.8	2,424.1	2,442.1	2,448.6	2,486.1		
a) Enterprises	952.4	966.5	1,029.3	1,060.2	978.3	990.9	987.7	1,029.3	1,022.2	1,055.0	1,052.5	1,060.2	1,090.2		
b) Individuals	1,065.4	1,238.7	1,287.2	1,356.3	1,251.4	1,257.7	1,284.4	1,287.2	1,298.6	1,334.7	1,357.3	1,356.3	1,364.4		
1) Consumer credit	478.8	528.9	534.3	565.1	525.8	524.1	536.4	534.3	537.9	555.7	568.8	565.1	572.6		
2) Housing mortgages	586.6	709.8	752.9	791.2	725.7	733.6	748.0	752.9	760.7	779.0	788.6	791.2	791.8		
c) Capital market investments	14.3	30.7	29.2	27.2	30.0	29.4	29.0	29.2	28.7	28.2	27.2	27.2	27.3		
d) Other	27.7	18.8	10.8	4.9	15.9	7.2	6.8	10.8	8.4	6.2	5.1	4.9	4.2		
4. Foreign assets	1,214.5	1,184.7	1,334.9	1,498.4	1,218.6	1,294.2	1,265.0	1,334.9	1,351.5	1,368.7	1,339.7	1,498.4	1,645.0		
a) Gold	87.1	102.0	126.4	166.4	115.7	122.0	119.2	126.4	131.6	129.4	147.8	166.4	185.6		
b) Short-term	523.4	522.5	630.6	772.1	548.2	623.0	579.8	630.6	631.4	645.7	647.3	772.1	837.2		
c) Long-term	604.1	560.2	577.9	560.0	554.6	549.2	566.0	577.9	588.6	593.5	544.7	560.0	622.1		
5. Other domestic assets	-27.4	-44.8	-38.7	-24.0	-42.9	-41.5	-38.8	-38.7	-36.2	-34.2	-28.7	-24.0	-22.9		
<b>6. Total assets</b>	<b>3,761.7</b>	<b>3,950.7</b>	<b>4,270.9</b>	<b>4,568.7</b>	<b>4,000.9</b>	<b>4,058.7</b>	<b>4,133.3</b>	<b>4,270.9</b>	<b>4,298.4</b>	<b>4,394.3</b>	<b>4,395.5</b>	<b>4,568.7</b>	<b>4,880.3</b>		

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

(continued)

End of period	2004		2005		2006		2007		2008				
	I	II	I	II	I	II	I	II	I	II			
<b>LIABILITIES</b>													
7. Broad money	2,285.3	2,426.8	2,484.4	2,567.3	2,441.9	2,469.0	2,473.3	2,484.4	2,525.1	2,569.9	2,551.7	2,567.3	2,740.9
a) Money	960.8	965.0	1,047.4	1,148.0	1,001.7	1,071.9	1,049.7	1,047.4	1,110.3	1,154.6	1,151.4	1,148.0	1,270.0
b) Quasi-money	1,324.5	1,461.9	1,437.0	1,419.3	1,440.1	1,397.0	1,423.5	1,437.0	1,414.9	1,415.3	1,400.3	1,419.3	1,470.9
8. Money-creating institutions	375.0	364.2	426.4	461.3	392.1	376.4	423.0	426.4	448.6	455.9	445.4	461.3	581.0
a) Monetary authorities	348.5	336.5	400.8	432.8	372.9	354.5	407.3	400.8	419.0	431.2	406.8	432.8	537.8
b) Commercial banks	26.5	27.7	25.5	28.5	19.2	21.9	15.8	25.5	29.6	24.7	38.5	28.5	43.2
9. Public sector deposits	113.5	149.3	187.8	195.5	147.5	130.3	131.8	187.8	173.4	178.8	145.2	195.5	175.4
a) Government	12.7	31.2	51.5	40.0	32.0	21.6	35.6	51.5	41.1	52.5	22.5	40.0	22.4
b) Development funds	100.7	118.1	136.3	155.4	115.6	108.7	96.2	136.3	132.3	126.2	122.8	155.4	153.0
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	2.5	2.5	12.5	12.5	2.5	2.5	2.5	12.5	12.5	12.5	12.5	12.5	12.5
12. Capital and reserves	309.0	310.9	344.5	379.4	331.9	340.4	355.0	344.5	368.9	387.8	384.6	379.4	409.2
13. Foreign liabilities	491.6	507.6	575.4	647.7	487.0	542.5	539.4	575.4	509.2	541.4	599.6	647.7	617.8
a) Short-term	437.6	462.2	547.3	608.3	440.4	499.7	514.6	547.3	484.6	505.7	564.3	608.3	580.6
b) Long-term	54.0	45.4	28.1	39.4	46.6	42.8	24.8	28.1	24.6	35.7	35.2	39.4	37.3
14. Revaluation differences	65.2	79.2	105.9	142.6	92.8	97.6	97.8	105.9	113.1	108.4	127.2	142.6	161.8
15. Other domestic liabilities	119.5	110.2	134.2	162.4	105.2	100.1	110.4	134.2	147.5	139.5	129.4	162.4	181.7
<b>16. Total liabilities</b>	<b>3,761.7</b>	<b>3,950.7</b>	<b>4,270.9</b>	<b>4,568.7</b>	<b>4,000.9</b>	<b>4,058.7</b>	<b>4,133.3</b>	<b>4,270.9</b>	<b>4,298.4</b>	<b>4,394.3</b>	<b>4,395.5</b>	<b>4,568.7</b>	<b>4,880.3</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				
					Banks	Governments			Other
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
2004	0.0	28.9	28.9	87.1	40.6	0.0	488.2	615.9	644.8
2005	0.0	23.4	23.4	102.0	24.5	0.0	465.1	591.6	615.0
2006	0.0	21.2	21.2	126.4	120.0	0.0	484.7	731.1	752.3
2007	0.0	19.6	19.6	166.4	169.5	0.0	496.6	832.4	852.1
2006 I	0.0	21.6	21.6	115.7	72.5	0.0	467.8	656.0	677.7
2006 II	0.0	21.0	21.0	122.0	40.3	0.0	469.5	631.8	652.8
2006 III	0.0	20.5	20.5	119.2	107.5	0.0	476.9	703.6	724.1
2006 IV	0.0	21.2	21.2	126.4	120.0	0.0	484.7	731.1	752.3
2007 I	0.0	20.6	20.6	131.6	103.0	0.0	498.3	732.9	753.5
2007 II	0.0	19.5	19.5	129.4	122.3	0.0	500.8	752.5	772.0
2007 III	0.0	19.1	19.1	147.8	87.2	0.0	484.9	719.8	738.9
2007 IV	0.0	19.6	19.6	166.4	169.5	0.0	496.6	832.4	852.1
2008 I	0.0	19.4	19.4	185.6	215.2	0.0	555.0	955.9	975.2

**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, foreign exchange and security holdings	Total liabilities
	Capital and reserves	Bank notes issued	Government funds	Development funds	Official entities	Commercial banks deposits		Other fin. inst. deposits	Private sector deposits	Other				
						Demand	Time							
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	
2004	78.2	145.5	6.5	41.7	2.6	82.3	196.0	0.0	1.6	23.6	578.1	1.5	65.2	644.8
2005	78.2	162.7	6.8	0.2	0.0	63.5	191.0	0.0	13.3	17.3	532.8	3.0	79.2	615.0
2006	78.2	180.1	24.5	2.5	0.0	46.3	262.0	0.0	15.3	20.4	629.3	17.2	105.9	752.3
2007	78.2	202.7	20.4	41.7	0.0	76.7	257.1	0.0	1.6	26.7	705.1	4.4	142.6	852.1
2006 I	78.2	158.0	16.4	0.1	0.0	96.7	197.6	0.0	19.0	18.8	584.7	0.2	92.8	677.7
2006 II	78.2	164.4	5.5	5.8	0.0	72.3	199.0	0.0	17.2	11.9	554.3	0.9	97.6	652.8
2006 III	78.2	164.1	20.8	0.9	0.0	98.7	222.1	0.0	18.5	20.2	623.5	2.8	97.8	724.1
2006 IV	78.2	180.1	24.5	2.5	0.0	46.3	262.0	0.0	15.3	20.4	629.3	17.2	105.9	752.3
2007 I	78.2	171.0	19.7	5.8	0.0	39.6	293.1	0.0	7.9	24.6	639.8	0.5	113.1	753.5
2007 II	78.2	174.5	29.7	2.5	0.0	98.9	248.0	0.0	11.4	19.1	662.2	1.3	108.4	772.0
2007 III	78.2	172.5	6.5	8.5	0.0	75.8	245.3	0.0	5.9	18.6	611.4	0.4	127.2	738.9
2007 IV	78.2	202.7	20.4	41.7	0.0	76.7	257.1	0.0	1.6	26.7	705.1	4.4	142.6	852.1
2008 I	78.2	183.9	17.5	38.1	0.0	97.2	348.5	0.0	8.9	41.1	813.3	0.1	161.8	975.2

**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)
(7)							
2004	179	533	433	262	1,088	13	2,507
2005	178	587	497	300	1,215	14	2,791
2006	177	612	541	328	1,366	13	3,037
2007	177	650	616	323	1,574	13	3,352
2006 I	178	550	483	287	1,182	14	2,694
II	178	546	488	291	1,243	14	2,761
III	178	561	500	279	1,243	14	2,775
IV	177	612	541	328	1,366	13	3,037
2007 I	177	590	523	298	1,297	13	2,898
II	177	591	547	283	1,335	13	2,947
III	177	585	529	276	1,327	12	2,906
IV	177	650	616	323	1,574	13	3,352
2008 I	177	625	583	287	1,417	12	3,101

End of period	Denominations: value (Afi. million)					Total value of notes issued	
	5	10	25	50	100		500
	(1)	(2)	(3)	(4)	(5)		(6)
(7)							
2004	0.9	5.3	10.8	13.1	108.8	6.6	145.5
2005	0.9	5.9	12.4	15.0	121.5	7.0	162.7
2006	0.9	6.1	13.5	16.4	136.6	6.6	180.1
2007	0.9	6.5	15.4	16.2	157.4	6.4	202.7
2006 I	0.9	5.5	12.1	14.3	118.2	7.0	158.0
II	0.9	5.5	12.2	14.6	124.3	7.0	164.4
III	0.9	5.6	12.5	14.0	124.3	6.9	164.1
IV	0.9	6.1	13.5	16.4	136.6	6.6	180.1
2007 I	0.9	5.9	13.1	14.9	129.7	6.5	171.0
II	0.9	5.9	13.7	14.2	133.5	6.3	174.5
III	0.9	5.8	13.2	13.8	132.7	6.1	172.5
IV	0.9	6.5	15.4	16.2	157.4	6.4	202.7
2008 I	0.9	6.3	14.6	14.3	141.7	6.2	183.9

**TABLE 3.4: COINS ISSUED**

End of period	Denominations: number (x 1,000)										Total value of coins issued excl. (8) (Afl. million)
	Cents				Florin			Com-memo-rative coins	(8)	(9)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)				
	5	10	25	50	1	2 ½	5				
2004	14,099	13,674	8,869	4,653	6,203	73	820	12	17.1		
2005	14,949	14,532	9,452	4,931	6,592	76	1,291	12	20.3		
2006	15,926	15,217	9,929	5,180	6,944	78	1,423	12	21.6		
2007	17,080	16,389	10,681	5,476	7,306	79	1,512	12	23.0		
2006 I	15,160	14,757	9,560	5,011	6,628	76	1,326	12	20.6		
II	15,464	14,901	9,707	5,067	6,695	78	1,370	12	21.0		
III	15,691	15,046	9,841	5,112	6,812	78	1,380	12	21.2		
IV	15,926	15,217	9,929	5,180	6,944	78	1,423	12	21.6		
2007 I	16,216	15,616	10,108	5,239	6,972	79	1,432	12	21.8		
II	16,538	15,913	10,283	5,331	6,996	79	1,445	12	22.1		
III	16,755	16,184	10,474	5,403	7,101	79	1,469	12	22.4		
IV	17,080	16,389	10,681	5,476	7,306	79	1,512	12	23.0		
2008 I	17,481	16,933	10,905	5,570	7,409	80	1,540	12	23.4		

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

End of period	Assets			Total assets = Total liabilities			Liabilities		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
							Cash and claims on banks	Investments	Loans
2004	726.3	150.2	2,136.2	175.2	3,188.0	2,660.4	244.4	283.1	
2005	755.5	147.6	2,343.3	174.0	3,420.5	2,866.0	246.4	308.1	
2006	858.2	186.5	2,384.8	172.3	3,601.8	2,971.3	289.9	340.6	
2007	952.6	162.2	2,493.1	190.4	3,798.4	3,123.5	319.8	355.2	
2006 I	770.4	144.5	2,324.4	168.3	3,407.6	2,847.6	267.3	292.7	
II	844.0	141.7	2,344.5	157.5	3,487.7	2,920.1	275.8	291.8	
III	781.4	187.8	2,360.3	161.0	3,490.5	2,889.5	290.5	310.5	
IV	858.2	186.5	2,384.8	172.3	3,601.8	2,971.3	289.9	340.6	
2007 I	884.5	191.7	2,381.8	170.4	3,628.4	2,963.9	309.3	355.2	
II	890.5	189.1	2,453.2	174.8	3,707.6	3,033.9	328.3	345.5	
III	919.4	167.8	2,475.3	174.0	3,736.6	3,080.8	325.0	330.8	
IV	952.6	162.2	2,493.1	190.4	3,798.4	3,123.5	319.8	355.2	
2008 I	1,106.6	157.9	2,529.0	194.6	3,988.1	3,278.3	349.6	360.2	

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

End of period	(1)	(2)	(3)
2004	27.6	75.2	12.1
2005	26.4	76.4	12.9
2006	28.6	75.1	12.8
2007	29.4	74.9	13.1
2006 I	26.9	76.3	14.3
II	28.4	75.1	14.8
III	27.4	76.5	14.4
IV	28.6	75.1	12.8
2007 I	29.3	75.2	16.1
II	28.8	75.7	16.4
III	29.1	75.5	14.0
IV	29.4	74.9	13.1
2008 I	31.8	72.4	16.7

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

Domestic assets									
End of period	Notes and coins			Investments			Loans and advances		
	Central Bank			Government securities			Government securities		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2004	32.1	98.5	176.0	64.8	34.3	692.3	840.7	478.0	0.1
2005	39.0	72.1	191.0	85.3	30.7	723.0	947.3	528.3	40.0
2006	44.5	57.7	262.0	119.4	29.2	734.2	1,042.3	533.7	0.0
2007	51.0	65.5	257.5	128.9	27.2	713.7	1,132.1	564.6	0.2
2006 I	33.6	100.2	197.6	87.3	30.0	727.2	970.9	525.2	0.0
II	35.2	66.7	199.0	89.6	29.4	732.1	986.5	523.6	0.0
III	38.5	91.0	222.0	119.4	29.0	722.1	1,007.7	535.8	0.0
IV	44.5	57.7	262.0	119.4	29.2	734.2	1,042.3	533.7	0.0
2007 I	38.3	38.5	293.1	119.4	28.7	723.7	1,053.5	537.3	0.0
II	36.4	96.3	247.9	119.7	28.2	751.3	1,077.3	555.2	0.0
III	37.7	77.5	245.3	132.5	27.2	722.1	1,113.6	568.2	0.1
IV	51.0	65.5	257.5	128.9	27.2	713.7	1,132.1	564.6	0.2
2008 I	44.1	102.7	348.5	130.0	27.3	760.0	1,116.5	572.0	0.0

**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	
	Sub-domestic assets		Other (net)			Cash	Due from banks	Investments	Loans			Other
	Premises	Sub-diaries	Accounts receivable	Other (net)								
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	
2004	68.7	64.8	18.1	-5.6	2,562.8	11.4	387.4	51.1	125.1	23.6	598.6	3,161.5
2005	72.3	57.5	19.3	-6.1	2,799.7	14.8	417.0	31.6	104.7	25.0	593.1	3,392.8
2006	78.7	53.0	20.6	-2.9	2,972.5	14.6	456.7	38.0	74.6	20.0	603.8	3,576.3
2007	89.6	47.1	25.8	0.8	3,103.9	15.6	533.8	6.1	82.6	27.9	666.0	3,769.9
2006 I	72.9	54.3	22.1	4.6	2,825.8	16.6	398.6	27.2	101.2	19.0	562.6	3,388.4
II	74.3	45.1	20.4	1.5	2,803.3	13.7	506.0	22.8	102.3	17.7	662.5	3,465.8
III	74.9	44.2	22.9	5.9	2,913.4	12.6	395.5	39.5	94.7	19.0	561.3	3,474.8
IV	78.7	53.0	20.6	-2.9	2,972.5	14.6	456.7	38.0	74.6	20.0	603.8	3,576.3
2007 I	80.3	50.5	22.5	-5.8	2,980.1	17.3	473.5	43.7	67.2	17.0	618.6	3,598.8
II	81.9	48.4	25.9	-1.7	3,066.7	15.9	471.0	41.2	69.4	18.7	616.2	3,682.9
III	84.4	47.3	24.3	-1.9	3,078.1	14.8	507.5	8.1	71.4	18.1	619.9	3,698.0
IV	89.6	47.1	25.8	0.8	3,103.9	15.6	533.8	6.1	82.6	27.9	666.0	3,769.9
2008 I	90.2	46.4	28.3	-10.1	3,255.8	26.4	551.9	0.6	80.5	29.7	689.1	3,945.0

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

End of period	Domestic liabilities										
	Demand deposits				Time deposits				Savings deposits	Other liabilities	
	Individuals	Companies	Other fin.inst.	Government	Individuals	Companies	Other fin.inst.	Development funds			
									(22)	(23)	(24)
2004	132.8	592.8	101.0	6.2	229.8	319.1	218.6	59.0	546.3	232.3	
2005	148.2	606.9	53.3	24.4	221.2	368.1	218.4	117.9	648.4	246.1	
2006	165.2	635.1	75.2	26.9	195.4	341.5	218.5	133.9	680.8	266.7	
2007	153.4	766.7	47.8	19.6	187.6	291.1	213.1	113.7	726.6	288.7	
2006 I	142.9	627.9	67.5	15.6	209.8	381.1	185.3	115.5	660.2	239.5	
2006 II	178.0	630.5	96.6	16.1	212.1	338.8	184.7	103.0	660.6	239.0	
2006 III	152.8	650.9	81.4	14.8	203.7	315.8	235.8	95.3	667.4	240.9	
2006 IV	165.2	635.1	75.2	26.9	195.4	341.5	218.5	133.9	680.8	266.7	
2007 I	145.4	703.3	99.8	21.4	196.4	317.6	205.8	126.5	694.4	276.3	
2007 II	160.7	716.7	106.2	22.8	194.0	265.4	253.4	123.7	701.7	275.9	
2007 III	153.2	737.0	98.7	16.0	194.3	308.4	187.2	114.3	709.7	261.3	
2007 IV	153.4	766.7	47.8	19.6	187.6	291.1	213.1	113.7	726.6	288.7	
2008 I	159.1	872.7	66.8	4.9	202.1	296.0	237.3	114.8	734.7	295.2	

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

End of period	Domestic liabilities (cont'd)		Total domestic liabilities	Foreign liabilities		Savings deposits	Capital and reserves and subordinated debt	Other	Total Foreign liabilities	Total Liabilities		
	Capital base	Subordinated debt		Demand deposits	Time deposits							
			Banks	Non-banks	Banks	Non-banks						
			(32)	(33)	(35)	(36)					(37)	(38)
2004	230.8	2.5	2,671.4	20.1	128.1	65.8	145.0	69.2	11.1	50.8	490.1	3,161.5
2005	232.7	2.5	2,888.1	17.0	124.7	83.7	135.5	70.6	11.1	62.0	504.7	3,392.8
2006	266.3	12.5	3,018.1	12.7	136.7	106.7	146.2	70.9	11.1	73.9	558.2	3,576.3
2007	301.2	12.5	3,122.1	11.6	136.5	133.6	218.2	70.8	6.1	66.5	643.3	3,765.4
2006	253.7	2.5	2,901.5	23.0	109.2	75.1	141.0	74.1	11.1	53.2	486.8	3,388.4
II	262.2	2.5	2,924.2	25.2	128.6	89.4	162.1	72.5	11.1	52.8	541.6	3,465.8
III	276.8	2.5	2,938.2	21.9	130.4	59.7	172.9	71.0	11.1	69.6	536.6	3,474.8
IV	266.3	12.5	3,018.1	12.7	136.7	106.7	146.2	70.9	11.1	73.9	558.2	3,576.3
2007	290.7	12.5	3,090.0	14.4	134.1	48.9	156.0	70.4	6.1	78.9	508.7	3,598.8
II	309.7	12.5	3,142.9	10.6	140.3	72.5	174.9	66.1	6.1	69.6	540.0	3,682.9
III	306.4	12.5	3,098.9	16.6	159.9	88.7	192.8	65.7	6.1	69.5	599.2	3,698.0
IV	301.2	12.5	3,122.1	11.6	136.5	133.6	218.2	70.8	6.1	66.5	643.3	3,765.4
2008	331.0	12.5	3,327.2	24.6	140.9	97.9	215.4	67.9	6.1	65.0	617.8	3,945.0

**TABLE 4.4: COMMERCIAL BANKS' LOANS TO DOMESTIC SECTORS BY KIND OF ECONOMIC ACTIVITY AS OF END MARCH 2008**

	Loans outstanding				Percentages				
	Current account		Total		Current account		Mortgage loans		Percentage of total loans
	Term loans	Mortgage loans	Term loans	Mortgage loans	Term loans	Mortgage loans	Term loans		
Agriculture, hunting, forestry and fishing	0.1	3.0	3.8	6.9	1.6	43.5	55.0	0.3	
Mining and manufacturing	2.8	12.4	0.9	16.1	17.3	76.9	5.8	0.7	
Electricity, gas, and water supply	0.0	21.4	0.0	21.4	0.0	100.0	0.0	0.9	
Construction	11.0	11.1	23.0	45.2	24.5	24.6	50.9	2.0	
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	139.3	204.3	155.4	499.0	27.9	40.9	31.1	21.7	
Hotels and restaurants	10.4	33.1	29.7	73.2	14.2	45.2	40.5	3.2	
Transport, storage and communications	15.3	16.4	2.8	34.4	44.3	47.6	8.1	1.5	
Financial intermediation	16.0	85.3	42.8	144.1	11.1	59.2	29.7	6.3	
Real estate, renting and business activities	36.3	63.0	45.3	144.6	25.1	43.6	31.3	6.3	
Other enterprises	-7.7	27.5	12.6	32.4	-23.8	85.0	38.8	1.4	
<b>Total loans to enterprises</b>	<b>223.5</b>	<b>477.6</b>	<b>316.2</b>	<b>1,017.3</b>	<b>22.0</b>	<b>46.9</b>	<b>31.1</b>	<b>44.3</b>	
Government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Individuals	29.4	534.6	714.8	1,278.8	2.3	41.8	55.9	55.7	
<b>Total loans</b>	<b>252.9</b>	<b>1,012.2</b>	<b>1,031.0</b>	<b>2,296.2</b>	<b>11.0</b>	<b>44.1</b>	<b>44.9</b>	<b>100.0</b>	

**TABLE 4.5: COMMERCIAL BANKS' LOANS TO DOMESTIC SECTORS BY KIND OF ECONOMIC ACTIVITY**

End of period	2004				2005				2006				2007				2008			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Agriculture, hunting, forestry and fishing	0.3	0.3	0.1	8.6	0.1	8.6	0.2	0.1	0.2	0.2	0.1	0.1	0.1	7.9	6.6	7.9	6.6	7.9	8.6	6.9
Mining and manufacturing	37.7	9.1	15.2	17.0	15.2	17.0	8.3	14.8	19.4	15.8	14.8	15.2	15.2	15.8	15.2	16.7	15.2	16.7	17.0	16.1
Electricity, gas and water supply	31.5	29.7	28.3	19.8	28.3	19.8	28.6	28.7	29.7	26.8	28.7	28.3	26.8	25.6	25.6	19.5	19.5	19.8	19.8	21.4
Construction	31.3	52.2	46.3	44.8	46.3	44.8	50.0	49.3	49.3	44.5	46.3	46.3	44.5	51.6	46.1	44.8	44.8	44.8	44.8	45.2
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	388.6	414.8	470.4	514.0	470.4	514.0	449.4	458.2	459.2	490.3	458.2	470.4	490.3	506.9	492.3	514.0	514.0	499.0	514.0	499.0
Hotels and restaurants	98.4	87.9	67.5	70.2	67.5	70.2	79.0	64.5	66.2	77.5	64.5	67.5	77.5	67.1	63.8	70.2	67.1	63.8	70.2	73.2
Transport, storage and communications	46.9	79.1	57.0	35.1	57.0	35.1	53.3	54.6	55.3	24.5	54.6	57.0	24.5	34.4	34.4	35.1	34.4	34.4	35.1	34.4
Financial intermediation	111.2	89.4	114.1	148.1	114.1	148.1	103.5	115.0	117.2	133.1	115.0	114.1	133.1	137.0	150.7	148.1	137.0	150.7	148.1	144.1
Real estate, renting and business activities	129.9	123.0	136.1	168.4	136.1	168.4	124.2	125.5	125.9	142.7	125.5	136.1	142.7	153.8	162.7	168.4	153.8	162.7	168.4	144.6
Other enterprises	76.7	80.9	94.4	34.1	94.4	34.1	81.8	76.8	68.5	59.2	76.8	94.4	59.2	56.8	58.6	34.1	56.8	58.6	34.1	32.4
<b>Total loans to enterprises</b>	<b>952.4</b>	<b>966.5</b>	<b>1,029.3</b>	<b>1,060.2</b>	<b>1,029.3</b>	<b>1,060.2</b>	<b>978.3</b>	<b>987.7</b>	<b>990.9</b>	<b>1,022.2</b>	<b>987.7</b>	<b>1,029.3</b>	<b>1,022.2</b>	<b>1,055.0</b>	<b>1,052.5</b>	<b>1,060.2</b>	<b>1,055.0</b>	<b>1,052.5</b>	<b>1,060.2</b>	<b>1,017.3</b>
Government	0.1	40.0	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.1	0.2	0.0
Individuals	1,090.1	1,266.2	1,313.0	1,382.7	1,313.0	1,382.7	1,278.3	1,312.5	1,284.6	1,324.4	1,312.5	1,313.0	1,324.4	1,360.8	1,384.9	1,382.7	1,360.8	1,384.9	1,382.7	1,278.8
<b>Total loans</b>	<b>2,042.6</b>	<b>2,272.7</b>	<b>2,342.3</b>	<b>2,443.0</b>	<b>2,342.3</b>	<b>2,443.0</b>	<b>2,256.5</b>	<b>2,300.2</b>	<b>2,275.4</b>	<b>2,346.6</b>	<b>2,300.2</b>	<b>2,342.3</b>	<b>2,346.6</b>	<b>2,415.8</b>	<b>2,437.5</b>	<b>2,443.0</b>	<b>2,415.8</b>	<b>2,437.5</b>	<b>2,443.0</b>	<b>2,296.2</b>

**TABLE 5.1: FINANCIAL SURVEY**

End of March 2008	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	955.9	689.1	1,645.0	854.2	2,499.2
2. Domestic claims					
a) Government	77.6	2,474.8	2,552.4	1,667.4	4,219.8
b) Non-financial public enterprises	71.5	82.0	153.5	748.3	901.8
c) Enterprises	0.0	38.5	38.5	50.2	88.7
d) Individuals	0.0	996.0	996.0	285.9	1,281.8
1) Consumer credit	6.1	1,358.3	1,364.4	583.0	1,947.4
2) Housing mortgages	0.6	572.0	572.6	110.7	683.3
3) Other domestic claims	5.5	786.3	791.8	472.3	1,264.1
3. Other domestic claims	13.2	824.2	837.5	930.7	1,768.2
<b>4. TOTAL ASSETS=TOTAL LIABILITIES</b>	<b>1,046.7</b>	<b>3,988.1</b>	<b>5,034.9</b>	<b>3,452.2</b>	<b>8,487.1</b>
5. Foreign liabilities	161.9	617.8	779.7	99.8	879.5
6. Deposits and borrowings	64.5	2,688.4	2,752.9	38.4	2,791.3
a) Government	55.6	119.8	175.4	36.6	212.0
b) Other residents	8.9	2,568.7	2,577.5	1.7	2,579.3
7. Pension fund provisions	0.0	0.0	0.0	1,801.4	1,801.4
8. Insurance reserve fund	0.0	0.0	0.0	365.5	365.5
9. Other domestic liabilities	820.4	681.9	1,502.3	1,147.1	2,649.4

**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
	$\leq 12$ -months				Individual		Commercial			
	$> 12$ months	(2)			(3)	(4)	(5)	(6)	(7)	
2004	3.6	6.0	3.9	4.4	16.5	9.8	8.8	8.9	11.4	7.0
2005	3.4	5.3	4.1	4.0	16.0	9.6	8.7	9.0	11.4	7.4
2006	3.7	5.1	4.4	3.9	15.8	9.4	8.1	9.0	11.1	7.2
2007	3.9	5.3	3.9	4.1	15.6	9.3	8.4	8.6	10.9	6.8
2006 I	3.1	5.3	4.5	3.8	16.1	9.5	9.5	9.4	11.7	7.9
2006 II	3.5	4.8	4.4	3.8	16.6	9.3	8.1	9.3	11.5	7.7
2006 III	3.7	5.0	4.5	4.0	15.4	9.5	8.4	8.5	10.9	7.0
2006 IV	4.0	5.2	4.2	4.1	15.2	9.3	7.5	9.0	10.6	6.4
2007 I	3.6	5.0	3.9	3.8	15.4	9.1	8.9	8.0	11.0	7.2
2007 II	3.9	5.0	3.9	4.0	15.8	9.6	8.6	8.9	11.8	7.8
2007 III	3.9	6.1	3.9	4.2	15.4	9.1	8.0	8.7	10.6	6.4
2007 IV	3.9	4.9	3.9	4.1	15.8	9.2	8.7	8.5	10.3	6.2
2008 I	3.0	5.3	3.7	3.5	15.9	9.2	7.7	8.5	10.6	7.1

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

2) Including current account overdraft facilities.

**TABLE 6.2: CENTRAL BANK LENDING RATES**

In % per annum As from	Redis- count	Advance (1)	(2)
January 1, 1986	8.0	9.0	
July 1, 1986	8.5	9.5	
April 1, 1999		6.5	
February 1, 2002		6.0	
June 2, 2003		5.0	

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

Period averages in % per annum	7-day 30-day 90-day		
	(1)	(2)	(3)
2004	0.1	0.1	0.2
2005	0.5	0.5	0.6
2006	2.3	2.3	2.4
2007	2.5	2.6	2.6
2006 I	1.6	1.6	1.7
II	2.3	2.3	2.4
III	2.6	2.6	2.7
IV	2.6	2.7	2.7
2007 I	2.7	2.7	2.8
II	2.7	2.7	2.8
III	2.6	2.6	2.7
IV	2.2	2.3	2.3
2008 I	1.3	1.4	1.4

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

Period averages in % per annum	7-day 30-day 90-day		
	(1)	(2)	(3)
2004	1.4	1.5	1.6
2005	3.3	3.4	3.6
2006	5.0	5.1	5.2
2007	5.2	5.2	5.3
2006 I	4.5	4.6	4.8
II	5.0	5.1	5.2
III	5.3	5.3	5.4
IV	5.3	5.3	5.4
2007 I	5.3	5.3	5.4
II	5.3	5.3	5.4
III	5.4	5.4	5.4
IV	4.8	4.9	5.0
2008 I	3.4	3.3	3.3

Source: International Financial Statistics.

**TABLE 6.5: GOVERNMENT SECURITY MARKETS**

3-month treasury bills					Government bonds and other debt securities*							
End of period	Date of issue	Amount (Afl. million)	Average price per Afl. 100	Yield per annum (%)	End of period	Date of issue	Maturity in years	Currency	Amount (Afl. million)	Yield per annum (%)		
	(1)	(2)	(3)	(4)		(1)	(2)	(3)	(4)	(5)		
2004	January	17.0	99.58	1.33	1995	April	5	Afl.	30.0	7.875		
	January	23.0	99.43	2.16		September	5	Afl.	21.5	7.625		
	April	17.0	99.53	2.04		1996	June	5	Afl.	5.4	7.625	
	April	23.0	99.44	2.11			June	7	Afl.	24.6	8.000	
	July	17.0	99.52	1.93			September	6	Afl.	27.3	7.875	
	July	23.0	99.50	1.87			September	8	Afl.	14.7	8.000	
	October	17.0	99.53	1.91		October	10	Afl.	8.7	8.500		
	October	23.0	99.49	2.21		1997	March	8	Afl.	22.2	8.000	
	2005	January	17.0	99.51			1.95	June	4	Afl.	10.4	7.625
		January	23.0	99.45			2.32	June	9	Afl.	15.4	8.125
April		17.0	99.49	2.02	July		10	Afl.	14.0	8.750		
April		23.0	99.48	1.95	1998		July	10	Afl.	10.0	8.500	
July		17.0	99.40	2.35		November	5	USD	17.9	7.875		
July	23.0	99.24	3.15	December		7	USD	44.8	8.200			
October	17.0	99.25	2.99	1999	January	7	USD	26.9	8.090			
October	23.0	99.22	3.12		2000	April	5	Afl.	30.0	8.250		
2006	January	17.0	99.11	3.47		September	5	USD	35.8	8.680		
	January	23.0	99.05	3.89		September	7	USD	35.8	8.780		
	April	17.0	99.00	3.99		2001	July	7	USD	37.6	7.870	
	April	23.0	98.94	4.06	December		7	USD	24.9	7.125		
	July	17.0	98.96	4.21	2002	September	7	Afl.	30.0	6.250		
	July	23.0	98.76	5.39		September	10	USD	53.7	7.375		
	October	17.0	98.78	4.67		October	10	USD	62.7	6.190		
	October	23.0	98.86	4.46	2003	June	7	Afl.	54.0	6.000		
2007	January	17.0	98.92	4.34		October	10	USD	98.5	6.710		
	January	23.0	98.93	4.35	2004	April	10	USD	119.9	6.800		
	April	17.0	98.93	4.34		June	12	Afl.	57.5	6.800		
	April	23.0	98.90	4.48		September	7	Afl.	25.2	6.300		
	July	17.0	98.87	4.48		December	12	Afl.	34.0	6.700		
	July	23.0	98.84	4.63	2005	February	4	Afl.	40.0	6.000		
October	17.0	98.86	4.59	April		6	Afl.	40.0	6.500			
October	23.0	98.83	4.78	September		10	USD	166.5	6.400			
2008	January	17.0	98.86	4.59		September	12	Afl.	29.0	6.925		
	January	23.0	98.85	4.64		December	5	Afl.	40.0	7.000		
	April	17.0	99.23	3.06	December	5	Afl.	20.0	7.000			
	April	23.0	99.33	2.69	2006	March	9	Afl.	24.4	7.250		
6-month cash loan certificates						June	12	Afl.	34.3	7.500		
2003	June	8.0	99.41	1.06		August	10	Afl.	75.0	7.500		
	December	8.0	98.93	2.17		November	12	USD	92.9	6.550		
2004	June	8.0	98.87	2.29		2007	June	4	Afl.	19.2	6.000	
	December	8.0	98.38	3.30	August		10	Afl.	50.0	7.000		
2005	June	8.0	98.49	3.21	November		12	USD	82.0	6.500		
	December	8.0	98.28	3.66	November		11	Afl.	17.5	7.500		
2006	June	8.0	97.96	4.41	2008	March	10	Afl.	26.8	7.125		
	December	8.0	98.46	2.56		May	10	Afl.	50.0	7.000		
2007	June	8.0	97.75	4.60								
	December	8.0	97.61	4.89								

\*Including loans which are tradable.

■ = matured.

TABLE 7.1: GOVERNMENT FINANCIAL OPERATIONS 1)

	2004		2005		2006		2007		2008				
	I	II	I	II	I	II	I	II	I	II			
<b>1. Total revenue 2)</b>	<b>836.1</b>	<b>909.1</b>	<b>985.2</b>	<b>1,033.3</b>	<b>227.9</b>	<b>246.0</b>	<b>248.4</b>	<b>263.0</b>	<b>219.4</b>	<b>260.2</b>	<b>268.0</b>	<b>285.6</b>	<b>268.9</b>
<b>A. Tax revenue</b>	<b>707.1</b>	<b>779.4</b>	<b>850.2</b>	<b>882.2</b>	<b>204.5</b>	<b>191.8</b>	<b>240.8</b>	<b>213.1</b>	<b>200.7</b>	<b>216.1</b>	<b>225.2</b>	<b>240.2</b>	<b>250.5</b>
1. Taxes on income and profit	321.9	364.7	397.1	313.1	100.3	94.5	116.0	86.3	72.2	82.5	83.5	74.8	89.7
2. Taxes on commodities	255.4	265.0	276.4	280.7	60.9	61.3	68.9	85.2	65.4	67.1	67.7	80.5	64.5
3. Taxes on property	43.0	51.4	54.0	58.6	15.1	12.9	11.4	14.6	15.3	17.7	15.8	19.8	19.6
4. Taxes on services	60.7	61.6	60.8	60.1	20.3	15.0	13.5	12.0	18.7	14.7	12.3	14.3	20.9
5. Turnover tax (B.B.O.)				132.2					19.5	35.6	37.9	39.2	44.0
6. Foreign exchange tax	26.2	36.8	62.0	37.5	8.0	8.0	31.0	15.0	9.5	8.5	8.0	11.5	11.8
<b>B. Nontax revenue</b>	<b>128.9</b>	<b>129.7</b>	<b>135.0</b>	<b>151.1</b>	<b>23.3</b>	<b>54.2</b>	<b>7.6</b>	<b>49.9</b>	<b>18.7</b>	<b>44.2</b>	<b>42.8</b>	<b>45.4</b>	<b>18.3</b>
1. Grants	31.2	28.6	32.7	33.4	1.7	0.1	0.4	30.4	2.5	2.5	13.6	14.7	3.1
2. Other nontax revenue 3)	97.7	101.0	102.3	117.7	21.6	54.1	7.2	19.5	16.2	41.6	29.2	30.7	15.3
<b>2. Expenditure</b>	<b>1,180.4</b>	<b>1,034.0</b>	<b>1,097.6</b>	<b>1,077.1</b>	<b>248.2</b>	<b>287.4</b>	<b>285.4</b>	<b>276.6</b>	<b>227.9</b>	<b>269.7</b>	<b>280.1</b>	<b>299.4</b>	<b>309.5</b>
1. Wages	286.2	304.7	309.2	300.9	71.9	90.2	69.0	78.1	70.6	87.0	68.2	75.1	69.5
2. Employer's contribution	157.4	65.4	92.4	87.1	15.7	14.9	36.0	25.8	17.8	11.8	25.2	32.4	20.9
3. Wage subsidies	122.7	135.1	140.6	142.4	32.8	38.9	32.4	36.4	33.2	39.7	33.0	36.5	34.5
4. Goods and services	191.1	152.9	203.1	186.9	48.7	39.9	68.3	46.2	44.0	42.2	50.5	50.2	46.7
5. Interest	85.9	84.4	97.4	106.9	24.6	25.1	22.4	25.3	23.3	29.2	26.8	27.7	23.8
6. Development fund spending	32.7	21.2	34.5	32.4	3.2	8.0	8.1	15.2	8.5	9.4	6.2	8.2	5.3
7. Investment	34.2	43.2	32.0	18.9	9.8	5.7	9.0	7.5	3.2	2.7	8.0	5.1	6.6
8. Transfer to General Health Insurance (AZV)	130.8	130.4	119.7	85.1	30.1	56.4	21.1	12.0	29.1	24.9	15.4	15.6	67.3
9. Items n.i.e. 4)	139.3	96.7	68.9	116.5	11.4	8.3	19.1	30.1	-1.7	22.9	46.8	48.6	35.0
<b>3. Lending minus repayments</b>	<b>9.3</b>	<b>0.7</b>	<b>7.1</b>	<b>21.3</b>	<b>0.4</b>	<b>-8.6</b>	<b>11.6</b>	<b>3.7</b>	<b>0.2</b>	<b>0.3</b>	<b>16.9</b>	<b>3.9</b>	<b>0.3</b>
1. Lending	10.2	17.0	17.2	23.7	0.4	0.8	12.0	4.1	0.5	1.7	17.3	4.2	0.6
2. Repayments 5)	-1.0	-16.3	-10.1	-2.4	0.0	-9.4	-0.4	-0.4	-0.3	-1.4	-0.3	-0.3	-0.3
<b>4. Financial deficit (-)</b>	<b>-353.6</b>	<b>-125.6</b>	<b>-119.5</b>	<b>-65.1</b>	<b>-20.7</b>	<b>-32.8</b>	<b>-48.6</b>	<b>-17.4</b>	<b>-8.7</b>	<b>-9.8</b>	<b>-29.0</b>	<b>-17.6</b>	<b>-40.9</b>
<b>5. Net foreign capital</b>	<b>95.6</b>	<b>47.1</b>	<b>58.2</b>	<b>29.7</b>	<b>-5.3</b>	<b>-3.7</b>	<b>-16.7</b>	<b>83.8</b>	<b>-5.5</b>	<b>-1.4</b>	<b>-52.5</b>	<b>89.1</b>	<b>1.0</b>
A. Loans received 6)	119.5	266.4	92.9	82.0	0.0	0.0	0.0	92.9	0.0	0.0	0.0	82.0	6.7
B. Repayments on loans	-23.9	-210.4	-41.4	-75.4	-5.3	-1.4	-16.7	-18.1	-5.5	-1.4	-52.5	-16.0	-5.7
C. Other financial transactions	0.0	-8.9	6.7	23.1	0.0	-2.3	0.0	9.0	0.0	0.0	0.0	23.1	0.0
<b>6. Net domestic capital 7)</b>	<b>236.7</b>	<b>55.7</b>	<b>109.4</b>	<b>30.3</b>	<b>64.0</b>	<b>19.6</b>	<b>36.8</b>	<b>-10.9</b>	<b>-0.5</b>	<b>15.9</b>	<b>34.7</b>	<b>-20.0</b>	<b>18.6</b>
A. Loans received	329.6	122.5	103.7	55.8	24.4	34.3	45.0	0.0	0.0	18.8	37.0	0.0	19.0
B. Repayments on loans	-74.9	-70.3	-21.6	-6.3	-0.4	-17.0	-2.2	-1.9	-0.5	-2.9	-2.5	-0.5	-0.5
C. Other financial transactions	-18.0	3.4	27.3	-19.3	40.0	2.3	-6.0	-9.0	0.0	0.0	0.2	-19.5	0.0
<b>7. Net recourse to the monetary system (-)</b>	<b>-21.3</b>	<b>-22.8</b>	<b>48.1</b>	<b>-5.1</b>	<b>38.0</b>	<b>-16.9</b>	<b>-28.5</b>	<b>55.5</b>	<b>-14.6</b>	<b>4.8</b>	<b>-46.8</b>	<b>51.5</b>	<b>-21.4</b>
A. Loans received	-7.2	-55.4	10.9	-11.4	40.0	0.0	-29.8	0.0	0.0	-0.3	-12.9	1.8	-0.9
B. Drawings on deposits	-13.3	35.8	38.6	7.7	-1.7	-17.2	1.5	56.0	-14.4	5.4	-33.6	50.3	-20.1
-Earmarked	-0.3	0.9	10.7	4.7	-0.8	0.0	15.0	-3.5	0.0	13.3	-24.7	16.1	-10.0
-Free	-13.0	34.9	27.9	3.0	-0.9	-17.2	-13.5	59.5	-14.4	-7.9	-8.9	34.2	-10.1
C. Other	-0.8	-3.2	-1.4	-1.3	-0.3	-0.4	-0.2	-0.5	-0.2	-0.3	-0.3	-0.6	-0.4
<b>8. Memorandum items</b>													
A. Unmet financing requirements	186.4	235.6	159.4	194.5	209.7	178.7	148.1	159.4	166.7	189.6	166.1	194.5	154.4
B. Financial deficit (-)	-237.4	-174.7	-43.3	-100.2	5.1	-1.7	-18.1	-28.6	-16.0	-32.7	-5.5	-46.0	-0.9

1) Preliminary figures and estimates on a cash basis.

2) Figures for 2007 are preliminary.

3) Including debt forgiveness.

4) Residual item, including errors and omissions.

5) In the second quarter of 2002, an early debt repayment of Afl. 45 million was received from Utilities N.V. related to the taking over of certain assets from the government in 1992.

6) Includes net-borrowing on behalf of public institutions.

7) 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 7a, while the nonresident's purchases are included under 5.

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

TABLE 7.2: GOVERNMENT REVENUE

	2004	2005	2006	2007	2006				2007				2008
					I	II	III	IV	I	II	III	IV	I
<b>TOTAL REVENUE 1)</b>	<b>836.1</b>	<b>909.1</b>	<b>985.2</b>	<b>1,033.3</b>	<b>227.9</b>	<b>246.0</b>	<b>248.4</b>	<b>263.0</b>	<b>219.4</b>	<b>260.2</b>	<b>268.0</b>	<b>285.6</b>	<b>268.9</b>
<b>TAX REVENUE</b>	<b>707.1</b>	<b>779.4</b>	<b>850.2</b>	<b>882.2</b>	<b>204.5</b>	<b>191.8</b>	<b>240.8</b>	<b>213.1</b>	<b>200.7</b>	<b>216.1</b>	<b>225.2</b>	<b>240.2</b>	<b>250.5</b>
<b>Taxes on income and profit</b>	<b>321.9</b>	<b>364.7</b>	<b>397.1</b>	<b>313.1</b>	<b>100.3</b>	<b>94.5</b>	<b>116.0</b>	<b>86.3</b>	<b>72.2</b>	<b>82.5</b>	<b>83.5</b>	<b>74.8</b>	<b>89.7</b>
Of which:													
-Wage tax	247.2	266.2	296.4	233.8	75.8	63.4	90.8	66.5	62.0	55.4	55.8	60.6	71.2
-Income tax	0.3	2.9	10.7	7.3	2.2	2.3	6.1	0.0	2.9	5.7	5.1	-6.4	3.2
-Profit tax	74.4	95.6	90.1	72.0	22.3	28.8	19.2	19.8	7.4	21.4	22.6	20.6	15.2
-Solidarity tax	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>Taxes on commodities</b>	<b>255.4</b>	<b>265.0</b>	<b>276.4</b>	<b>280.7</b>	<b>60.9</b>	<b>61.3</b>	<b>68.9</b>	<b>85.2</b>	<b>65.4</b>	<b>67.1</b>	<b>67.7</b>	<b>80.5</b>	<b>64.5</b>
Of which:													
-Excises on gasoline	70.0	68.9	58.4	64.5	13.8	14.1	13.8	16.8	17.0	17.1	15.1	15.4	14.4
-Excises on tobacco	12.0	12.5	13.9	13.2	3.2	3.3	5.3	2.1	2.8	2.5	3.6	4.4	2.2
-Excises on beer	25.1	25.3	25.8	25.7	6.6	5.6	5.6	8.0	6.7	5.9	6.3	6.9	6.8
-Excises on liquor	15.8	17.5	15.5	17.8	3.4	4.0	3.4	4.8	3.3	4.0	4.1	6.5	4.0
-Import duties	132.5	140.7	162.7	159.4	33.9	34.4	40.9	53.5	35.7	37.6	38.7	47.4	37.1
<b>Taxes on property</b>	<b>43.0</b>	<b>51.4</b>	<b>54.0</b>	<b>58.6</b>	<b>15.1</b>	<b>12.9</b>	<b>11.4</b>	<b>14.6</b>	<b>15.3</b>	<b>7.7</b>	<b>15.8</b>	<b>19.8</b>	<b>19.6</b>
Of which:													
-Motor vehicle fees	15.1	17.5	17.7	19.0	9.7	1.4	2.4	4.1	10.2	2.6	2.4	3.7	11.2
-Succession tax	1.0	0.6	1.5	0.5	0.2	0.6	0.1	0.6	0.0	0.1	0.2	0.2	0.6
-Land tax	19.0	24.9	26.6	21.6	2.9	8.8	6.7	8.2	1.2	3.0	5.5	11.9	3.7
-Transfer tax	7.9	8.4	8.2	17.6	2.3	2.1	2.2	1.6	3.8	2.0	7.7	4.1	4.0
<b>Taxes on services</b>	<b>60.7</b>	<b>61.6</b>	<b>60.8</b>	<b>60.1</b>	<b>20.3</b>	<b>15.0</b>	<b>13.5</b>	<b>12.0</b>	<b>18.7</b>	<b>14.7</b>	<b>12.3</b>	<b>14.3</b>	<b>20.9</b>
Of which:													
-Gambling licenses	23.7	22.2	23.2	24.5	8.7	5.2	4.5	4.9	7.0	6.2	4.9	6.5	8.2
-Hotel room tax	30.5	33.9	32.8	33.2	10.5	8.9	7.1	6.3	10.7	8.3	7.0	7.2	12.0
-Stamp duties	3.3	1.7	2.0	2.4	0.4	0.3	1.1	0.2	1.1	0.2	0.4	0.6	0.8
-Other	3.1	3.8	2.8	0.0	0.7	0.7	0.7	0.7	0.0	0.0	0.0	0.0	0.0
<b>Turnover tax (B.B.O.)</b>				<b>132.2</b>					<b>19.5</b>	<b>35.6</b>	<b>37.9</b>	<b>39.2</b>	<b>44.0</b>
<b>Foreign exchange tax</b>	<b>26.2</b>	<b>36.8</b>	<b>62.0</b>	<b>37.5</b>	<b>8.0</b>	<b>8.0</b>	<b>31.0</b>	<b>15.0</b>	<b>9.5</b>	<b>8.5</b>	<b>8.0</b>	<b>11.5</b>	<b>11.8</b>
<b>NONTAX REVENUE</b>	<b>128.9</b>	<b>129.7</b>	<b>135.0</b>	<b>151.1</b>	<b>23.3</b>	<b>54.2</b>	<b>7.6</b>	<b>49.9</b>	<b>18.7</b>	<b>44.2</b>	<b>42.8</b>	<b>45.4</b>	<b>18.3</b>
Of which:													
-Grants	31.2	28.6	32.7	33.4	1.7	0.1	0.4	30.4	2.5	2.5	13.6	14.7	3.1
-Other nontax revenue 2)	97.7	101.0	102.3	117.7	21.6	54.1	7.2	19.5	16.2	41.6	29.2	30.7	15.3

1) Figures for 2007 are preliminary.

2) Including debt forgiveness.

Source: Tax Collector's Office; CBA.

**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	Earmarked								Development funds	Demand	Development funds
(1)	(2)	(3)	(4)= 1+2+3	(5)	(6)	(7)= 4+5+6	(8)	(9)	(10)= 8+9	(11)= 10-7	(12)	
2004	5.4	1.1	41.7	48.3	6.2	59.0	113.5	65.2	26.9	92.1	-21.3	21.3
2005	4.7	2.0	0.2	6.9	24.4	117.9	149.3	68.4	82.3	150.7	1.4	22.8
2006	11.8	12.7	2.5	27.0	26.9	133.9	187.8	69.8	71.4	141.1	-46.6	-48.1
2007	3.1	17.4	41.7	62.1	19.6	113.7	195.5	71.1	81.1	152.1	-43.3	3.3
2006 I	15.2	1.2	0.1	16.4	15.6	115.5	147.5	68.7	42.3	111.0	-36.6	-38.0
II	4.3	1.2	5.8	11.3	16.1	103.0	130.3	69.1	41.6	110.7	-19.6	16.9
III	4.7	16.2	0.9	21.7	14.8	95.3	131.8	69.3	71.4	140.7	8.9	28.5
IV	11.8	12.7	2.5	27.0	26.9	133.9	187.8	69.8	71.4	141.1	-46.6	-55.5
2007 I	7.0	12.7	5.8	25.5	21.4	126.5	173.4	70.0	71.4	141.3	-32.1	14.6
II	3.7	26.0	2.5	32.2	22.8	123.7	178.8	70.2	71.7	141.9	-36.8	-4.8
III	5.2	1.3	8.5	14.9	16.0	114.3	145.2	70.5	84.6	155.2	10.0	46.8
IV	3.1	17.4	41.7	62.1	19.6	113.7	195.5	71.1	81.1	152.1	-43.3	-53.3
2008 I	10.1	7.4	38.1	55.6	4.9	114.8	175.4	71.5	82.0	153.5	-21.9	21.4

TABLE 7.4: OUTSTANDING GOVERNMENT DEBT

	2004	2005	2006	2007	2006				2007				2008			
					I	II	III	IV	I	II	III	IV	I	II	III	IV
<b>I. Total debt</b>	<b>1,717.1</b>	<b>1,904.9</b>	<b>2,012.2</b>	<b>2,138.2</b>	<b>1,902.3</b>	<b>1,895.2</b>	<b>1,919.9</b>	<b>2,012.2</b>	<b>2,015.8</b>	<b>2,056.3</b>	<b>2,042.2</b>	<b>2,138.2</b>	<b>2,124.1</b>			
<b>2. Domestic debt</b>	<b>880.8</b>	<b>1,048.0</b>	<b>1,078.4</b>	<b>1,156.2</b>	<b>1,046.6</b>	<b>1,035.1</b>	<b>1,077.5</b>	<b>1,078.4</b>	<b>1,085.8</b>	<b>1,125.5</b>	<b>1,156.1</b>	<b>1,156.2</b>	<b>1,129.3</b>			
<b>A. Negotiable</b>	<b>320.9</b>	<b>377.1</b>	<b>462.1</b>	<b>525.6</b>	<b>377.1</b>	<b>396.1</b>	<b>471.1</b>	<b>462.1</b>	<b>462.1</b>	<b>481.3</b>	<b>531.3</b>	<b>525.6</b>	<b>545.7</b>			
1. Treasury bills	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0			
2. Cash loan certificates	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0			
3. Government bonds	272.9	329.1	414.1	477.6	329.1	348.1	423.1	414.1	414.1	433.3	483.3	477.6	497.7			
<b>B. Non-negotiable</b>	<b>559.9</b>	<b>670.9</b>	<b>616.4</b>	<b>630.5</b>	<b>669.5</b>	<b>639.0</b>	<b>606.5</b>	<b>616.4</b>	<b>623.7</b>	<b>644.2</b>	<b>624.8</b>	<b>630.5</b>	<b>583.6</b>			
1. Short-term	186.4	235.6	159.4	194.5	209.7	178.7	148.1	159.4	166.7	189.6	166.1	194.5	154.4			
a. APFA	73.4	90.4	88.4	98.6	101.1	102.2	84.8	88.4	96.4	107.5	101.7	98.6	85.1			
b. Suppliers' credit	79.6	107.4	67.7	62.8	70.6	74.9	61.4	67.7	69.4	78.7	61.4	62.8	62.6			
c. Other	33.4	37.8	3.3	33.1	38.0	1.6	1.9	3.3	0.9	3.4	3.0	33.1	6.7			
2. Long-term	373.5	435.3	457.0	436.0	459.8	460.3	458.4	457.0	457.0	454.6	458.7	436.0	429.2			
a. APFA	220.0	218.4	216.6	214.8	218.0	217.5	217.1	216.6	216.2	215.7	215.3	214.8	214.3			
b. SVB	95.2	95.2	95.2	101.7	95.2	95.2	95.2	95.2	95.2	95.2	101.1	101.7	95.4			
c. Private loans	41.0	102.7	124.0	119.5	127.1	127.5	125.5	124.0	124.0	121.5	119.5	119.5	119.5			
d. Other	17.4	19.1	21.1	0.0	19.6	20.1	20.6	21.1	21.7	22.2	22.8	0.0	0.0			
<b>3. Foreign debt</b>	<b>836.3</b>	<b>856.9</b>	<b>933.8</b>	<b>982.0</b>	<b>855.7</b>	<b>860.1</b>	<b>842.4</b>	<b>933.8</b>	<b>930.0</b>	<b>930.8</b>	<b>886.1</b>	<b>982.0</b>	<b>994.8</b>			
<b>A. The Netherlands</b>	<b>213.1</b>	<b>171.6</b>	<b>169.7</b>	<b>169.7</b>	<b>175.4</b>	<b>181.7</b>	<b>181.1</b>	<b>169.7</b>	<b>171.2</b>	<b>172.2</b>	<b>179.6</b>	<b>169.7</b>	<b>180.6</b>			
1. Development cooperation	210.6	169.4	167.3	167.2	173.1	179.4	178.8	167.3	168.9	169.8	177.1	167.2	177.8			
2. Commercial loans	2.5	2.2	2.4	2.6	2.2	2.3	2.3	2.4	2.3	2.4	2.5	2.6	2.8			
<b>B. EIB</b>	<b>14.3</b>	<b>12.0</b>	<b>12.8</b>	<b>13.8</b>	<b>12.3</b>	<b>12.7</b>	<b>12.3</b>	<b>12.8</b>	<b>13.0</b>	<b>12.9</b>	<b>13.6</b>	<b>13.8</b>	<b>14.8</b>			
<b>C. U.S.A.</b>	<b>244.8</b>	<b>136.8</b>	<b>136.6</b>	<b>183.2</b>	<b>136.8</b>	<b>136.8</b>	<b>136.8</b>	<b>136.8</b>	<b>136.8</b>	<b>136.8</b>	<b>100.8</b>	<b>183.2</b>	<b>183.2</b>			
<b>D. Other</b>	<b>364.1</b>	<b>536.6</b>	<b>614.7</b>	<b>615.2</b>	<b>531.3</b>	<b>528.9</b>	<b>512.1</b>	<b>614.5</b>	<b>609.0</b>	<b>608.9</b>	<b>592.1</b>	<b>615.2</b>	<b>616.2</b>			

Source: Department of Finance; APFA; CBA.

TABLE 8.1: BALANCE OF PAYMENTS I)

During period	2004		2005		2006		2007		2008				
					I	II	III	IV	I	II	III	IV	I
<b>1. Current account (net)</b>	<b>-10.0</b>	<b>-357.9</b>	<b>-73.1</b>	<b>390.6</b>	<b>-22.0</b>	<b>-58.0</b>	<b>-186.7</b>	<b>193.7</b>	<b>18.6</b>	<b>170.6</b>	<b>129.3</b>	<b>72.2</b>	<b>-129.6</b>
A. Goods and services	310.3	732.7	358.6	710.9	87.1	40.7	-92.7	323.6	90.3	249.8	212.2	158.6	-47.4
1. Goods	-502.6	40.5	-214.4	-284.9	-163.8	-5.7	-183.5	138.7	-319.5	141.6	31.6	-138.6	-456.3
2. Services	812.8	692.1	573.0	995.8	250.9	46.4	90.8	184.9	409.8	108.2	180.6	297.3	408.9
B. Income	-134.1	-864.6	-211.1	-137.2	-57.7	-31.0	-51.3	-71.1	-36.6	-37.7	-37.0	-25.9	-35.4
C. Current transfers	-186.2	-226.0	-220.6	-183.1	-51.4	-67.6	-42.8	-58.8	-35.1	-41.5	-45.9	-60.6	-46.8
<b>2. Capital and financial account (net)</b>	<b>21.1</b>	<b>285.4</b>	<b>127.2</b>	<b>-357.6</b>	<b>56.5</b>	<b>66.7</b>	<b>162.2</b>	<b>-158.3</b>	<b>52.5</b>	<b>-185.8</b>	<b>-235.5</b>	<b>11.1</b>	<b>286.1</b>
A. Capital account	33.9	33.3	-25.2	32.4	-62.3	2.8	2.3	32.0	2.1	3.6	15.4	11.4	4.2
1. Capital transfers	33.9	33.3	37.8	32.4	0.7	2.8	2.3	32.0	2.1	3.6	15.4	11.4	4.2
2. Acquisition/disposal of n.p.n.f. assets	0.0	0.0	-63.1	0.0	-63.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial account	-12.8	252.1	152.4	-390.0	118.8	63.9	159.9	-190.3	50.4	-189.4	-250.8	-0.2	281.9
1. Direct investment	290.4	223.9	1,116.6	-271.4	141.8	243.9	103.6	627.4	-371.9	58.8	-11.1	52.9	80.0
2. Portfolio investment	58.8	-14.2	-80.2	-457.7	-26.0	-13.6	-8.3	-32.4	-573.8	-27.8	60.7	83.2	-5.1
3. Financial derivatives	0.0	1.5	-4.8	-1.7	1.2	-1.9	0.6	-4.7	-1.7	0.5	-3.1	2.5	0.1
4. Other investment	-362.0	40.9	-879.2	340.8	1.9	-164.5	64.0	-780.6	997.9	-220.9	-297.3	-138.8	206.9
<b>3. Items not yet classified 2)</b>	<b>8.7</b>	<b>12.6</b>	<b>1.7</b>	<b>21.5</b>	<b>6.4</b>	<b>6.7</b>	<b>-1.9</b>	<b>-9.5</b>	<b>4.5</b>	<b>4.9</b>	<b>0.3</b>	<b>11.8</b>	<b>0.7</b>
<b>4. Overall balance (1+2+3)</b>	<b>19.9</b>	<b>-59.8</b>	<b>55.8</b>	<b>54.5</b>	<b>40.9</b>	<b>15.4</b>	<b>-26.4</b>	<b>25.9</b>	<b>75.5</b>	<b>-10.3</b>	<b>-105.8</b>	<b>95.1</b>	<b>157.2</b>
<b>5. Banking transactions 3)</b>	<b>-17.1</b>	<b>20.1</b>	<b>42.8</b>	<b>22.8</b>	<b>12.7</b>	<b>-45.1</b>	<b>96.1</b>	<b>-20.8</b>	<b>-64.3</b>	<b>33.7</b>	<b>55.4</b>	<b>-2.0</b>	<b>-48.6</b>
<b>6. Increase (-) in official reserves 4)</b>	<b>-2.8</b>	<b>39.7</b>	<b>-98.6</b>	<b>-77.4</b>	<b>-53.6</b>	<b>29.7</b>	<b>-69.7</b>	<b>-5.1</b>	<b>-11.2</b>	<b>-23.4</b>	<b>50.5</b>	<b>-93.2</b>	<b>-108.6</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	0.0
B. Foreign exchange holdings	-2.8	39.7	-98.6	-77.4	-53.6	29.7	-69.7	-5.1	-11.2	-23.4	50.5	-93.2	-108.6

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	2004				2005				2006				2007				2008					
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	
<b>1. Goods and services</b>	<b>310.3</b>	<b>732.7</b>	<b>358.6</b>	<b>710.9</b>	<b>87.1</b>	<b>40.7</b>	<b>-92.7</b>	<b>323.6</b>	<b>90.3</b>	<b>249.8</b>	<b>212.2</b>	<b>158.6</b>	<b>90.3</b>	<b>249.8</b>	<b>212.2</b>	<b>158.6</b>	<b>90.3</b>	<b>249.8</b>	<b>212.2</b>	<b>158.6</b>	<b>90.3</b>	<b>249.8</b>
<b>A. Goods</b>	<b>-502.6</b>	<b>40.5</b>	<b>-214.4</b>	<b>-284.9</b>	<b>-163.8</b>	<b>-5.7</b>	<b>-183.5</b>	<b>138.7</b>	<b>-319.5</b>	<b>141.6</b>	<b>31.6</b>	<b>-138.6</b>	<b>-319.5</b>	<b>141.6</b>	<b>31.6</b>	<b>-138.6</b>	<b>-319.5</b>	<b>141.6</b>	<b>31.6</b>	<b>-138.6</b>	<b>-319.5</b>	<b>141.6</b>
1. Exports f.o.b.	4,875.0	6,235.0	6,567.4	4,816.4	1,926.4	1,926.4	1,336.0	1,643.5	544.2	1,735.7	1,285.8	1,250.7	544.2	1,735.7	1,285.8	1,250.7	544.2	1,735.7	1,285.8	1,250.7	544.2	1,735.7
2. Imports f.o.b.	5,377.6	6,194.5	6,781.8	5,101.2	1,825.3	1,932.2	1,519.6	1,504.8	863.7	1,594.0	1,254.2	1,389.3	863.7	1,594.0	1,254.2	1,389.3	863.7	1,594.0	1,254.2	1,389.3	863.7	1,594.0
<b>B. Services</b>	<b>812.8</b>	<b>692.1</b>	<b>573.0</b>	<b>995.8</b>	<b>250.9</b>	<b>46.4</b>	<b>90.8</b>	<b>184.9</b>	<b>409.8</b>	<b>108.2</b>	<b>180.6</b>	<b>297.3</b>	<b>409.8</b>	<b>108.2</b>	<b>180.6</b>	<b>297.3</b>	<b>409.8</b>	<b>108.2</b>	<b>180.6</b>	<b>297.3</b>	<b>409.8</b>	<b>108.2</b>
1. Receipts	2,233.7	2,331.1	2,365.4	2,692.0	682.7	542.2	518.5	621.9	731.3	579.6	619.1	762.0	731.3	579.6	619.1	762.0	731.3	579.6	619.1	762.0	731.3	579.6
1.1 Transportation	87.7	94.4	84.1	93.5	24.2	24.0	17.9	18.1	23.7	24.6	23.7	21.4	23.7	24.6	23.7	21.4	23.7	24.6	23.7	21.4	23.7	24.6
1.1.1 Passenger	0.0	0.0	0.2	0.5	0.0	0.1	0.1	0.0	0.2	0.2	0.0	0.3	0.2	0.2	0.0	0.3	0.2	0.2	0.0	0.3	0.2	0.2
1.1.2 Freight	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
1.1.3 Other	87.7	94.4	83.9	92.8	24.2	23.9	17.7	18.0	23.4	24.6	23.7	21.1	23.4	24.6	23.7	21.1	23.4	24.6	23.7	21.1	23.4	24.6
1.2 Travel	1,890.3	1,958.2	1,933.5	2,247.5	569.8	447.2	424.5	492.0	609.3	484.2	523.5	630.6	609.3	484.2	523.5	630.6	609.3	484.2	523.5	630.6	609.3	484.2
1.2.1 Tourism	1,882.7	1,953.2	1,925.1	2,242.3	568.1	445.1	421.8	490.1	607.4	483.1	522.2	629.5	607.4	483.1	522.2	629.5	607.4	483.1	522.2	629.5	607.4	483.1
1.2.2 Other	7.5	5.0	8.4	5.3	1.7	2.1	2.6	1.9	1.8	1.1	1.3	1.0	1.8	1.1	1.3	1.0	1.8	1.1	1.3	1.0	1.8	1.1
1.3 Government services, n.i.e.	28.1	30.1	34.8	33.8	2.9	8.4	11.1	12.3	4.1	12.7	5.0	11.9	4.1	12.7	5.0	11.9	4.1	12.7	5.0	11.9	4.1	12.7
1.4 Other services	227.5	248.4	313.0	317.2	85.8	62.5	65.1	99.5	94.3	58.1	66.8	98.1	94.3	58.1	66.8	98.1	94.3	58.1	66.8	98.1	94.3	58.1
1.4.1 Construction services	0.0	0.2	2.9	5.1	0.3	0.8	1.1	0.7	0.5	1.3	1.7	1.7	0.5	1.3	1.7	1.7	0.5	1.3	1.7	1.7	0.5	1.3
1.4.2 Other services, n.i.e.	227.5	248.3	310.1	312.1	85.5	61.8	64.0	98.8	93.8	56.8	65.2	96.3	93.8	56.8	65.2	96.3	93.8	56.8	65.2	96.3	93.8	56.8
2. Payments	1,420.9	1,639.0	1,792.4	1,696.3	431.8	495.8	427.7	437.0	321.6	471.5	438.5	464.8	321.6	471.5	438.5	464.8	321.6	471.5	438.5	464.8	321.6	471.5
2.1 Transportation	593.7	664.6	721.7	545.8	193.1	205.6	161.9	161.2	92.8	170.5	134.7	147.7	92.8	170.5	134.7	147.7	92.8	170.5	134.7	147.7	92.8	170.5
2.1.1 Passenger	54.1	43.4	41.5	34.3	10.3	12.0	9.2	10.0	6.0	10.9	9.0	8.4	6.0	10.9	9.0	8.4	6.0	10.9	9.0	8.4	6.0	10.9
2.1.2 Freight	538.8	620.6	680.0	511.4	182.8	193.5	152.6	151.1	86.9	159.6	125.7	139.2	86.9	159.6	125.7	139.2	86.9	159.6	125.7	139.2	86.9	159.6
2.1.3 Other	0.8	0.6	0.3	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1
2.2 Travel	390.5	388.3	416.9	388.3	99.0	92.2	112.6	113.0	101.0	107.5	140.4	154.8	101.0	107.5	140.4	154.8	101.0	107.5	140.4	154.8	101.0	107.5
2.2.1 Tourism	337.6	347.1	372.0	465.3	88.5	81.9	98.7	102.9	90.6	100.5	130.2	144.0	90.6	100.5	130.2	144.0	90.6	100.5	130.2	144.0	90.6	100.5
2.2.2 Other	52.9	41.2	44.8	38.5	10.6	10.3	13.9	10.1	10.5	14.7	25.0	11.4	10.5	14.7	25.0	11.4	10.5	14.7	25.0	11.4	10.5	14.7
2.3 Government services, n.i.e.	57.8	49.7	59.9	61.5	9.3	14.3	23.8	12.5	10.5	14.7	25.0	11.4	10.5	14.7	25.0	11.4	10.5	14.7	25.0	11.4	10.5	14.7
2.4 Other services	378.9	536.4	593.9	585.2	130.4	183.6	129.5	150.3	117.2	178.8	138.4	150.8	117.2	178.8	138.4	150.8	117.2	178.8	138.4	150.8	117.2	178.8
2.4.1 Construction services	45.3	46.9	85.2	80.4	16.6	35.1	10.3	23.2	9.9	16.9	29.8	23.8	9.9	16.9	29.8	23.8	9.9	16.9	29.8	23.8	9.9	16.9
2.4.2 Other services, n.i.e.	333.5	489.6	508.7	504.8	113.8	148.5	119.2	127.1	107.3	161.9	108.7	126.9	107.3	161.9	108.7	126.9	107.3	161.9	108.7	126.9	107.3	161.9
<b>2. Income</b>	<b>-134.1</b>	<b>-864.6</b>	<b>-211.1</b>	<b>-137.2</b>	<b>-57.7</b>	<b>-31.0</b>	<b>-51.3</b>	<b>-71.1</b>	<b>-36.6</b>	<b>-37.7</b>	<b>-37.0</b>	<b>-25.9</b>	<b>-36.6</b>	<b>-37.7</b>	<b>-37.0</b>	<b>-25.9</b>	<b>-36.6</b>	<b>-37.7</b>	<b>-37.0</b>	<b>-25.9</b>	<b>-36.6</b>	<b>-37.7</b>
1. Receipts	63.8	76.1	108.1	144.9	17.6	21.5	34.4	34.6	27.0	32.2	44.5	41.2	27.0	32.2	44.5	41.2	27.0	32.2	44.5	41.2	27.0	32.2
1.1 Compensation of employees	1.1	1.5	1.1	8.3	0.5	0.1	0.2	0.2	0.4	1.7	2.8	3.4	0.4	1.7	2.8	3.4	0.4	1.7	2.8	3.4	0.4	1.7
1.2 Investment income	62.7	74.6	107.1	136.6	17.1	21.3	34.2	34.4	26.6	30.5	41.6	37.8	26.6	30.5	41.6	37.8	26.6	30.5	41.6	37.8	26.6	30.5
2. Payments	197.9	940.6	319.2	282.1	75.3	52.5	85.7	105.7	63.6	69.9	81.5	67.1	63.6	69.9	81.5	67.1	63.6	69.9	81.5	67.1	63.6	69.9
2.1 Compensation of employees	1.8	4.7	15.9	16.7	5.7	2.0	3.8	4.4	6.4	4.4	4.5	1.4	6.4	4.4	4.5	1.4	6.4	4.4	4.5	1.4	6.4	4.4
2.2 Investment income	196.1	936.0	303.3	265.4	69.6	50.5	81.9	101.3	57.2	65.5	77.0	65.7	57.2	65.5	77.0	65.7	57.2	65.5	77.0	65.7	57.2	65.5
<b>3. Current transfers</b>	<b>-186.2</b>	<b>-226.0</b>	<b>-220.6</b>	<b>-183.1</b>	<b>-51.4</b>	<b>-67.6</b>	<b>-42.8</b>	<b>-58.8</b>	<b>-35.1</b>	<b>-41.5</b>	<b>-45.9</b>	<b>-60.6</b>	<b>-35.1</b>	<b>-41.5</b>	<b>-45.9</b>	<b>-60.6</b>	<b>-35.1</b>	<b>-41.5</b>	<b>-45.9</b>	<b>-60.6</b>	<b>-35.1</b>	<b>-41.5</b>
1. Receipts	79.9	91.2	95.3	100.3	19.9	18.6	27.3	29.5	23.4	23.6	24.7	28.6	23.4	23.6	24.7	28.6	23.4	23.6	24.7	28.6	23.4	23.6
1.1 General government	27.2	32.0	26.6	25.5	5.2	3.6	8.1	9.8	5.3	5.0	7.6	7.7	5.3	5.0	7.6	7.7	5.3	5.0	7.6	7.7	5.3	5.0
1.2 Other sectors	52.7	59.2	68.7	74.8	14.7	15.1	19.2	19.7	18.1	18.6	17.1	21.0	18.1	18.6	17.1	21.0	18.1	18.6	17.1	21.0	18.1	18.6
1.2.1 Workers' remittances	1.6	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.0	0.0	0.1	0.3	0.0	0.0	0.1	0.3	0.0	0.0
1.2.2 Other transfers	51.1	59.2	68.7	74.4	14.7	15.1	19.2	19.7	18.1	18.5	17.0	20.8	18.1	18.5	17.0	20.8	18.1	18.5	17.0	20.8	18.1	18.5
2. Payments	266.0	317.2	315.9	283.4	71.3	86.3	70.1	88.3	58.5	65.1	70.6	89.2	58.5	65.1	70.6	89.2	58.5	65.1	70.6	89.2	58.5	65.1
2.1 General government	8.5	19.9	14.3	16.1	2.4	0.4	0.9	10.6	1.0	0.4	1.3	13.4	1.0	0.4	1.3	13.4	1.0	0.4	1.3	13.4	1.0	0.4
2.2 Other sectors	257.6	297.2	301.6	267.3	68.9	85.8	69.1	77.8	57.5	64.7	69.3	75.8	57.5	64.7	69.3	75.8	57.5	64.7	69.3	75.8	57.5	64.7
2.2.1 Workers' remittances	85.7	105.1	112.3	113.5	26.0	27.4	28.6	30.3	24.1	27.7	29.1	32.6	24.1	27.7	29.1	32.6	24.1	27.7	29.1	32.6	24.1	27.7
2.2.2 Other transfers	171.8	192.2	189.3	153.8	42.8	58.5	40.6	47.5	33.4	37.0	40.3	43.2	33.4	37.0	40.3	43.2	33.4	37.0	40.3	43.2	33.4	37.0
<b>4. Current account balance (1+2+3)</b>	<b>-10.0</b>	<b>-357.9</b>	<b>-73.1</b>	<b>390.6</b>	<b>-22.0</b>	<b>-58.0</b>	<b>-186.7</b>	<b>193.7</b>	<b>18.6</b>	<b>170.6</b>												

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

During period	2007				2008								
	2006				2007								
	I	II	III	IV	I	II	III	IV					
<b>1. Capital account</b>	<b>33.9</b>	<b>33.3</b>	<b>-25.2</b>	<b>32.4</b>	<b>-62.3</b>	<b>2.8</b>	<b>2.3</b>	<b>32.0</b>	<b>2.1</b>	<b>3.6</b>	<b>15.4</b>	<b>11.4</b>	<b>4.2</b>
A. Capital transfers	33.9	33.3	37.8	32.4	0.7	2.8	2.3	32.0	2.1	3.6	15.4	11.4	4.2
1.1 General government	30.9	28.5	33.1	33.5	1.7	0.1	0.4	30.8	2.7	2.5	13.6	14.7	3.1
1.2 Other sectors	2.9	4.8	4.7	-1.1	-1.0	2.7	1.9	1.2	-0.6	1.1	1.8	-3.4	1.1
1.2.1 Migrants' transfers	-0.6	4.7	4.7	-1.1	-1.0	2.7	1.9	1.2	-0.6	1.1	1.8	-3.4	1.1
1.2.2 Other	3.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Acquisition/disposal of n.p.f. assets	0.0	0.0	-63.1	0.0	-63.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>2. Financial account</b>	<b>-12.8</b>	<b>252.1</b>	<b>152.4</b>	<b>-390.0</b>	<b>118.8</b>	<b>63.9</b>	<b>159.9</b>	<b>-190.3</b>	<b>50.4</b>	<b>-189.4</b>	<b>-250.8</b>	<b>-0.2</b>	<b>281.9</b>
1. Direct investment	290.4	223.9	1,116.6	-271.4	141.8	243.9	103.6	627.4	-371.9	58.8	-11.1	52.9	80.0
1.1 Abroad	18.0	15.7	24.1	-52.9	8.9	3.7	6.0	5.6	5.0	4.6	-72.1	9.6	-1.3
1.2 In Araba	272.3	208.2	1,092.5	-218.5	132.9	240.1	97.6	621.8	-376.9	54.1	61.0	43.3	81.3
2. Portfolio investment	58.8	-14.2	-80.2	-457.7	-26.0	-13.6	-8.3	-32.4	-573.8	-27.8	60.7	83.2	-5.1
2.1 Assets	-49.7	-52.2	-144.4	-610.6	-16.7	-10.0	9.6	-127.4	-562.5	-25.0	-0.5	-22.5	-1.1
2.2 Liabilities	108.5	38.0	64.2	152.8	-9.4	-3.6	-17.9	95.0	-11.3	-2.8	61.2	105.8	-4.0
3. Financial derivatives	0.0	1.5	-4.8	-1.7	1.2	-1.9	0.6	-4.7	-1.7	0.5	-3.1	2.5	0.1
3.1 Assets	0.0	1.5	-4.8	-1.7	1.2	-1.9	0.6	-4.7	-1.7	0.5	-3.1	2.5	0.1
3.2 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
4. Other investment	-362.0	40.9	-879.2	340.8	1.9	-164.5	64.0	-780.6	997.9	-220.9	-297.3	-138.8	206.9
4.1 Assets	-271.5	106.6	-755.6	445.0	40.2	-104.2	81.3	-772.9	1,057.8	-194.3	-311.9	-86.6	242.3
4.1.1 Loans	-1.3	-6.2	4.2	10.7	4.6	1.4	1.9	-3.7	5.1	3.8	5.2	-3.4	-1.1
4.1.2 Other assets	-270.2	112.8	-759.8	434.4	35.6	-105.6	79.4	-769.2	1,052.8	-198.2	-317.0	-83.2	243.5
4.1.2.1 Currency and deposits	-261.7	115.6	-754.3	439.8	37.2	-105.9	80.3	-766.0	1,053.7	-196.7	-315.6	-81.7	244.1
4.1.2.2 Others assets, n.i.e.	-8.5	-2.7	-5.5	-5.5	-1.6	0.3	-0.9	-3.3	-0.9	-1.5	-1.5	-1.5	-0.6
4.2 Liabilities	-90.5	-65.7	-123.5	-104.2	-38.3	-60.2	-17.3	-7.7	-40.0	-26.6	14.5	-52.2	-35.5
4.2.1 Loans	-63.9	-46.3	-94.2	-92.8	-31.0	-52.9	-10.5	0.3	-33.6	-18.3	1.4	-42.3	-27.6
4.2.1.1 General government	-23.4	-5.7	-24.7	-22.9	-5.2	-1.3	-0.1	-18.0	-5.5	-1.3	-0.1	-15.9	-5.7
4.2.1.2 Other sectors	-40.5	-40.5	-69.5	-70.0	-25.8	-51.6	-10.4	18.3	-28.2	-17.0	1.5	-26.4	-21.9
4.2.2 Other liabilities, n.i.e.	-26.5	-19.4	-29.3	-11.4	-7.2	-7.3	-6.8	-8.0	-6.3	-8.3	13.1	-9.9	-7.9
<b>3. Capital and financial account balance (1+2)</b>	<b>21.1</b>	<b>285.4</b>	<b>127.2</b>	<b>-357.6</b>	<b>56.5</b>	<b>66.7</b>	<b>162.2</b>	<b>-158.3</b>	<b>52.5</b>	<b>-185.8</b>	<b>-235.5</b>	<b>11.1</b>	<b>286.1</b>

1) Excluding banking transactions and official reserves.

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

During period	2006 I			2007 I			2008 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>17.1</b>	<b>8.9</b>	<b>-48.0</b>	<b>-22.0</b>	<b>-16.0</b>	<b>-1.5</b>	<b>36.1</b>	<b>18.6</b>	<b>-234.2</b>	<b>-9.6</b>	<b>114.2</b>	<b>-129.6</b>
A. Goods and services	33.1	9.1	44.8	87.1	-10.7	-1.2	102.2	90.3	-218.4	-9.1	180.1	-47.4
1. Goods	188.7	10.6	-363.2	-163.8	41.8	1.2	-362.6	-319.5	-68.8	-5.6	-381.9	-456.3
1.1 Exports f.o.b.	1,631.4	25.3	4.7	1,661.4	515.8	25.8	2.6	544.2	1,352.5	37.1	5.0	1,394.6
1.2 Imports f.o.b.	1,442.6	14.8	367.9	1,825.3	473.9	24.6	365.2	863.7	1,421.3	42.7	386.9	1,850.9
2. Services	-155.6	-1.5	408.0	250.9	-52.6	-2.5	464.8	409.8	-149.6	-3.5	562.0	408.9
2.1 Receipts	1.2	0.0	681.6	682.7	1.3	0.0	730.1	731.3	1.6	0.9	865.5	868.0
2.2 Payments	156.8	1.5	273.6	431.8	53.8	2.5	265.3	321.6	151.2	4.4	303.5	459.0
B. Income	0.0	0.0	-57.6	-57.7	0.0	0.0	-36.6	-36.6	0.0	0.0	-35.4	-35.4
1. Receipts	0.0	0.0	17.6	17.6	0.0	0.0	27.0	27.0	0.0	0.0	31.3	31.3
2. Payments	0.0	0.0	75.3	75.3	0.0	0.0	63.6	63.6	0.0	0.0	66.6	66.6
C. Current transfers	-16.0	-0.2	-35.2	-51.4	-5.3	-0.3	-29.6	-35.1	-15.8	-0.5	-30.6	-46.8
1. Receipts	0.0	0.0	19.9	19.9	0.0	0.0	23.4	23.4	0.0	0.0	29.1	29.1
2. Payments	16.0	0.2	55.1	71.3	5.3	0.3	53.0	58.5	15.8	0.5	59.7	76.0
<b>2. Capital and financial account (net)</b>	<b>47.4</b>	<b>-0.6</b>	<b>9.7</b>	<b>56.5</b>	<b>42.7</b>	<b>-0.2</b>	<b>10.0</b>	<b>52.5</b>	<b>259.5</b>	<b>-0.9</b>	<b>27.5</b>	<b>286.1</b>
A. Capital account	0.0	0.0	-62.3	-62.3	0.0	0.0	2.1	2.1	0.0	0.0	4.2	4.2
1. Capital transfers	0.0	0.0	0.7	0.7	0.0	0.0	2.1	2.1	0.0	0.0	4.2	4.2
2. Acquisition/disposal of n.p.n.f. assets	0.0	0.0	-63.1	-63.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial account	47.4	-0.6	72.0	118.8	42.7	-0.2	7.9	50.4	259.5	-0.9	23.3	281.9
1. Direct investment	0.0	0.0	141.8	141.8	-463.2	0.0	91.3	-371.9	-0.3	0.0	80.2	80.0
2. Portfolio investment	-0.3	0.0	-25.8	-26.0	-540.9	0.0	-32.9	-573.8	0.7	-0.1	-5.7	-5.1
3. Financial derivatives	0.0	0.0	1.2	1.2	0.0	0.0	-1.7	-1.7	0.0	0.0	0.1	0.1
4. Other investment	47.7	-0.6	-45.2	1.9	1,046.9	-0.2	-48.8	997.9	259.0	-0.8	-51.4	206.9
<b>3. Items not yet classified 2)</b>	<b>0.0</b>	<b>0.0</b>	<b>6.4</b>	<b>6.4</b>	<b>0.0</b>	<b>0.0</b>	<b>4.5</b>	<b>4.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>	<b>0.7</b>
<b>4. Overall balance (1+2+3)</b>	<b>64.5</b>	<b>8.4</b>	<b>-32.0</b>	<b>40.9</b>	<b>26.7</b>	<b>-1.7</b>	<b>50.5</b>	<b>75.5</b>	<b>25.3</b>	<b>-10.4</b>	<b>142.3</b>	<b>157.2</b>
<b>5. Banking transactions 3)</b>	<b>-64.5</b>	<b>-8.4</b>	<b>85.6</b>	<b>12.7</b>	<b>-26.7</b>	<b>1.7</b>	<b>-39.3</b>	<b>-64.3</b>	<b>-25.3</b>	<b>10.4</b>	<b>-33.7</b>	<b>-48.6</b>
<b>6. Increase (-) in official reserves 4)</b>	<b>0.0</b>	<b>0.0</b>	<b>-53.6</b>	<b>-53.6</b>	<b>0.0</b>	<b>0.0</b>	<b>-11.2</b>	<b>-11.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-108.6</b>	<b>-108.6</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	-53.6	-53.6	0.0	0.0	-11.2	-11.2	0.0	0.0	-108.6	-108.6

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	2004		2005		2006		2007		2008				
	I	II	I	II	I	II	I	II	I	II			
<b>1. Exports f.o.b.</b>	<b>4,875.0</b>	<b>6,235.0</b>	<b>6,567.4</b>	<b>4,816.4</b>	<b>1,661.4</b>	<b>1,926.4</b>	<b>1,336.0</b>	<b>1,643.5</b>	<b>544.2</b>	<b>1,735.7</b>	<b>1,285.8</b>	<b>1,250.7</b>	<b>1,394.6</b>
A. General merchandise	96.7	104.8	135.6	128.8	28.7	30.1	35.6	41.2	27.6	29.2	28.1	43.9	40.8
1. Free-zone	73.1	85.9	114.7	115.0	25.3	25.4	26.7	37.2	25.8	26.1	22.7	40.4	37.1
2. Other sectors	23.6	18.9	21.0	13.8	3.4	4.8	8.8	4.0	1.8	3.2	5.4	3.4	3.8
B. Goods for processing	4,504.5	5,928.0	6,272.4	4,562.0	1,581.0	1,862.8	1,263.8	1,564.7	486.1	1,672.2	1,223.7	1,180.0	1,305.9
C. Goods procured in ports by carriers	273.8	202.2	159.4	125.6	51.6	33.4	36.6	37.7	30.6	34.3	34.0	26.8	47.9
D. Repairs on goods	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>2. Imports f.o.b.</b>	<b>5,377.6</b>	<b>6,194.5</b>	<b>6,781.8</b>	<b>5,101.2</b>	<b>1,825.3</b>	<b>1,932.2</b>	<b>1,519.6</b>	<b>1,504.8</b>	<b>863.7</b>	<b>1,594.0</b>	<b>1,254.2</b>	<b>1,389.3</b>	<b>1,850.9</b>
A. General merchandise	1,681.1	1,953.0	2,126.7	2,041.6	575.5	518.8	527.4	505.0	468.7	492.6	494.8	585.5	640.8
1. Oil sector	352.6	521.8	589.6	524.5	192.9	141.4	151.7	103.7	79.1	132.7	133.0	179.7	211.6
2. Free-zone	55.1	74.0	92.0	99.9	14.8	25.0	29.0	23.3	24.6	25.7	28.7	20.8	42.7
3. Other sectors	1,273.4	1,357.2	1,445.0	1,417.3	367.8	352.4	346.7	378.1	365.0	334.2	333.0	385.0	386.6
B. Goods for processing	3,696.3	4,241.3	4,654.7	3,057.7	1,249.7	1,413.3	992.1	999.6	394.8	1,101.3	758.7	802.9	1,209.7
C. Goods procured in ports by carriers	0.0	0.0	0.1	1.2	0.0	0.0	0.0	0.1	0.1	0.1	0.5	0.5	0.3
D. Repairs on goods	0.2	0.1	0.3	0.7	0.1	0.1	0.1	0.0	0.0	0.0	0.3	0.4	0.0
<b>3. Merchandise trade balance (1-2)</b>	<b>-502.6</b>	<b>40.5</b>	<b>-214.4</b>	<b>-284.9</b>	<b>-163.8</b>	<b>-5.7</b>	<b>-183.5</b>	<b>138.7</b>	<b>-319.5</b>	<b>141.6</b>	<b>31.6</b>	<b>-138.6</b>	<b>-456.3</b>

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

(Period averages)

	Canadian dollar	Pound sterling	Netherlands 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/Euro 1) (x 100)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2004	1.389	3.312		144.722				166.471	223.843
2005	1.488	3.284		144.109				163.430	223.609
2006	1.589	3.330		143.325				154.700	225.983
2007	1.687	3.615		149.775				152.965	246.688
2006	I 1.559	3.166		138.450				153.905	216.316
	II 1.606	3.305		144.465				157.362	226.301
	III 1.607	3.386		145.064				154.807	229.240
	IV 1.583	3.457		145.223				152.796	231.830
2007	I 1.537	3.528		145.542				150.760	235.749
	II 1.643	3.585		146.831				148.889	242.476
	III 1.721	3.646		149.681				152.750	247.145
	IV 1.837	3.694		156.664				159.106	260.597
2008	I 1.794	3.570		167.934				170.826	269.384

1) On January 1, 1999, the ECU was replaced by the euro. Also on January 1, 2002, the euro replaced the Netherlands guilder, the French franc, the German mark and the Italian lire.

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

(End of period)

	Canadian dollar	Pound sterling	Netherlands 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/Euro 1 (x 100)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2004	1.495	3.488		158.424				175.464	245.035
2005	1.549	3.111		136.190				152.788	212.222
2006	1.553	3.541		147.107				150.973	236.922
2007	1.834	3.623		159.647				160.567	264.823
2006	I 1.548	3.141		137.519				152.889	217.745
	II 1.620	3.318		145.603				156.913	228.701
	III 1.613	3.374		143.095				152.502	227.747
	IV 1.553	3.541		147.107				150.973	236.922
2007	I 1.561	3.537		147.130				152.291	239.584
	II 1.707	3.617		146.440				145.801	242.948
	III 1.807	3.672		153.285				155.960	255.073
	IV 1.834	3.623		159.647				160.567	264.823
2008	I 1.754	3.587		180.242				180.752	284.450

1) On January 1, 1999, the ECU was replaced by the euro. Also on January 1, 2002, the euro replaced the Netherlands guilder, the French franc, the German mark and the Italian lire.

### **General note to the tables of the statistical annex**

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.

## Explanatory notes to the tables of the statistical annex

### Table 1.1 Gross domestic product and its components

Gross Domestic Product (GDP) and its components are calculated on the basis of the United Nations publication "A System of National Accounts, 1993". The Central Bureau of Statistics has published GDP figures for 1995 up to and including 2006.

Exports and imports of goods and services exclude crude oil and refined oil products. An estimation of the net value added of the oil sector is included in the data on exports.

The real GDP is calculated using the change in the consumer price index (1995 = 100) as a proxy for the deflator.

Population data refer to the average of this variable at the beginning and at the end of each respective year.

### Table 1.6 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 1.9 Utilities

The table Utilities reflect the consumption of water, electricity and gas. The consumption of water is excluding sales to Coastal Aruba N.V., Valero Aruba Refining Co. 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 1.10 and Table 1.11 Merchandise foreign trade, respectively by country and by product category

The data for these tables (by country and by product category) are derived from the automated customs system Asycuda. In this system, about 8,000 documents related to export and import are registered on a monthly basis. The Central Bureau of Statistics processes this data using the International Special Trade System. Certain types of goods are excluded from the data, e.g., monetary gold, securities, bank notes, coins in circulation, and postal items. Furthermore, goods consigned by a government to its armed forces and diplomatic representatives abroad (including embassies, consulates, the Cabinet of the Netherlands-Antillean and Aruban Affairs (KABNA), the Cabinet of the Governor of Aruba representing the Queen of the Kingdom of the Netherlands, and the Marine Corps) are also excluded from the trade statistics. These exclusions are in accordance with the recommendations of the United Nations. Mineral fuels are also excluded.

The country from which goods are imported is the country of consignment or provenance from which goods are dispatched to Aruba without any commercial transactions in intermediate countries. The country of export is the country of destination known at the time of dispatchment as the final country to which goods are delivered.

### 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, official foreign exchange and security holdings are excluded in order to calculate the net import of foreign funds by the nonmonetary 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**

This table reflects the causes of changes in broad money broken down in net foreign assets and net domestic assets. The latter include the non-credit-related balance sheet items of the money-creating institutions.

*Inflow of foreign funds*

Financial flows arising from changes in market prices and exchange rates of gold, official foreign exchange and security holdings are excluded in order to calculate the net import of foreign funds by the nonmonetary sectors.

**Table 2.4 Foreign assets**

Aruba's net foreign assets consist mainly of convertible claims on nonresidents and gold less convertible liabilities to nonresidents, including revaluation of gold. Aruba has no accounts with the International Monetary Fund, because it participates in this institution as part of the Kingdom of the Netherlands. Until the end of 2000, the gold holdings of the Bank was valued once every three years at the lowest yearly average market price of gold, converted into florin, in the three calendar years preceding

the date of valuation, less 30 percent. Since December 31, 1998, gold has been valued at Afl. 368.58 (previously: Afl. 450.74) per fine troy ounce. Effective December 31, 2001, gold is valued on a quarterly basis at the prevailing market rate. Financial flows arising from changes in these market prices and exchange rates of gold, official foreign exchange and security holdings of the Bank are included in the revaluation account.

*Column:*

*(9) Revaluation differences*

Revaluation account for gold, official foreign exchange and security 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*

Revaluation account for gold, official foreign exchange and security holdings. In accordance with the Central Bank Ordinance as revised in December 1989, financial flows arising from changes in the market prices and exchange rates of gold, official foreign exchange and security holdings 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 Aruba N.V. the former 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 4.4 and Table 4.5 Commercial banks' loans to domestic sectors by kind of economic activity**

These tables provide a distribution of resident commercial loans to economic sectors according to the third revision of the International Standard Industrial Classification (ISIC) of all economic activities of 1990 of the United Nations. Table 4.4 gives an overview of the outstanding commercial loans, loans to government and to individuals of the banking sector, divided in three categories, i.e., current accounts, term loans and mortgages, and their contribution in total loans, for the period under review. Table 4.5 gives a historic overview of the outstanding loans of the banking sector provided in Table 4.4.

**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 nonresidents. It comprises the accounts of

the Bank, 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, the Social Security Bank and IBA Corporation N.V (established in October 2003 to support the settlement of the take-over of Interbank Aruba (N.V.) by Aruba Bank N.V.) .

**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 a summary of the financial operations of the government on a cash basis, including imputed noncash transactions such as the transactions related to the hotel guarantee issue and the APFA debt conversion.

The government as defined by the Bank comprises all departments, including the Department of Public Works (DOW), "Landsbedrijf Ontwikkelingsprojecten" (LOP) and the Fondo Desaroyo Aruba (FDA). Thus, excluded are the social security sector, which comprises mainly the Social Security Bank (SVb) and the General Health Insurance (AZV).

In December 2004, following the approval by the Parliament of Aruba of the privatization of the civil servants pension fund, APFA, an agreement between the government and the APFA was reached on a debt conversion pertaining to existing payment arrears in premiums and cost of living allowances and private loans extended by the APFA to the government. The conversion consisted of a 12-year bond and a 35-year annuity loan, while a

small part will be settled against future tax liabilities of APFA to the government.

The government finance data for the period between 1992 and 2003 were also revised to include the government's debt assumption, including a debt forgiveness, related to the hotel guarantees issued in the past.

#### *Revenue and grants*

Comprise receipts recorded by the Tax Collector's Office, the Department of Finance and the Bank. Tax and nontax revenues are classified according to the nature of the base on which the tax is levied or the kind of action which creates the obligation concerned. Grants are unrequited, nonrepayable, non-compulsory receipts from other governments or international institutions. Grants and debt forgiveness are also included in nontax revenue.

#### *Expenditure*

The level of expenditure is derived as a residual of total registered revenue (including grants minus net lending) 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. In 2000 and the fourth quarter of that year, the Afl. 36.7 million debt settlement resulting from the separation of funds associated with the Status Aparte of Aruba in 1986 was reclassified from a current transfer in the "items not included elsewhere" to a repayment of debt in the item "net foreign capital".

#### *Lending minus repayments*

This category covers government payments leading to financial claims upon others or to government equity participation in the ownership of enterprises, minus receipts reducing or extinguishing such claims or equity holdings undertaken for public policy purposes.

#### *Net financing*

Net financing comprises net foreign capital, nonbank domestic capital, and the net recourse to the monetary system of the government.

#### *Net foreign capital*

Includes net-borrowing on behalf of public institutions, bonds issues and private placements on international markets.

#### *Net domestic capital*

Includes net-borrowing from nonmonetary sectors, mainly by issuing government bonds and the reclassification of the debt settlement mentioned in the heading expenditure.

#### *Net recourse to the monetary system*

Includes commercial banks loans to the government and purchases of government bonds by those banks.

#### *Memorandum items*

The unmet financing requirements comprise all registered payment obligations to other sectors, irrespective of the time frame in which they mature.

The financial deficit includes the change in the unmet financing requirements.

### **Table 7.2 Government revenue**

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

In March 2003, a debt forgiveness amounting to Afl. 171.7 million granted by the Italian export credit insurer, SACE, to the government as part of the settlement of the hotel guarantees issued in the past was classified as a capital transfer and registered in the item other nontax revenue.

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

This table covers the government's financial position with 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 7.4 Outstanding government debt**

Table 7.4 gives a detailed overview of the outstanding government debt based on information provided by the Department of Finance, the APFA and the Bank. The total debt, excluding the outstanding government guarantees, is divided into a domestic and a foreign debt component. The former comprises negotiable and non-negotiable debt, which is further divided into short and long term. The foreign debt, valued at end-of-period exchange rates, includes the debt to the Netherlands, the European Investment Bank,

the United States and a residual category, comprising among others the Netherlands Antilles.

Data on outstanding government debt for the period between 1992 and 2003 were revised to reflect the government's debt assumption related to the hotel guarantees issued in the past.

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

#### *Current and 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, including the Refinery, holding accounts with 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, as well as in other direct investment capital and other investment capital, respectively.

#### *Items not yet classified*

Within the balance-of-payments system of closed and consistent returns, these items related to transactions which have already resulted, within a given recording period, in payments or settlements within the monetary sector but of which the nature of the underlying transactions in the nonmonetary sectors is not yet known. As soon as this information is available these items are entered in the current or capital and financial account. 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*

The official reserves comprise all claims and liabilities of the Bank vis-à-vis nonresidents. Changes in the foreign exchange reserves (excluding revaluation differences of gold, foreign exchange and security holdings) cover all changes in claims on and liabilities to nonresidents of the Bank denominated in foreign currencies, as well as changes in Aruban florin accounts held with the Bank by nonresidents.

### **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 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 Dutch 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, financial services, computer and information 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 transfers, i.e., workers' remittances and other current transfers of individuals as well as pension, alimony and other support remittances and official transfers, i.e., grants for social and cultural projects and contribution to the Solidarity fund.

**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, financial derivatives, and other investment. The latter is subdivided into loans and other financial transactions.

**Table 8.4 Balance of payments by sectors**

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

*Columns:*

*Oil sector*

Transactions of Aruba's Refinery and its related businesses and Barlock/Texaco (the former Barlock/Shell), which are settled through the banking system as well as through foreign accounts 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 accounts.

*Other sector*

This column contains transactions of the rest of the economy (excluding the oil and free-zone sectors), which are settled through the banking system and accounts held with nonresidents.

**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)**

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