



CENTRALE BANK VAN ARUBA

QUARTERLY BULLETIN

2006-II

December 8, 2006
Issue no. 80

Correspondence related to this report should be addressed to the Economic Policy Department of the Centrale Bank van Aruba
J.E. Irausquin Boulevard 8
P.O. Box 18
Telephone: (297) 5252-100
Telefax: (297) 5252-101
Website: www.cbaruba.org
E-mail: cbaua@setarnet.aw

© 2006 De Centrale Bank van Aruba

The information contained in this report may be published and copied for educational and noncommercial purposes, provided the source is acknowledged.

ISSN: 0920-9905

CONTENTS

1. Developments in the second quarter of 2006

1.1	Introduction	1
1.2	The real sector	
	- Business Perception Index	2
	- Partial Economic Activity Index	
	- Tourism	
	- Construction	
	- Utilities	
	- Oil sector	
	- Merchandise trade	
	- Price developments	
1.3	Money and credit	6
	- Changes in the money supply	
	- Interest rates	
1.4	Nonmonetary financial institutions	8
	- The balance sheet	
	- The mortgage market	
1.5	Government finance	9
	- Financial operations	
	- Outstanding debt	
1.6	Balance of payments	12
	- Overall outcome	
	- Oil sector	
	- Free-zone sector	
	- Rest of the economy	

2. Notices and articles

2.1	The turnover tax (BBO) and its macroeconomic implications	17
	<i>A study by the Economic Policy Department</i>	
2.2	Introduction of the turnover tax system (BBO) in Aruba	27
	<i>A presentation by M.M. Gonzalez, Manager of the Economic Policy Department</i>	
2.3	Recent developments in the Aruban real sector, and an outlook	31
	<i>A report by J.R. Ridderstaat, Economist at the Economic Policy Department</i>	

3. Statistical annex

1. DEVELOPMENTS IN THE SECOND QUARTER OF 2006

1.1 Introduction

Available information indicates a weakening in current business activities in the second quarter of 2006. Indicative hereof is that the Partial Economic Activity Index (PEAI), as published by the Central Bureau of Statistics (CBS), showed a 2.0 percent decline in the volume of business activities, compared to the corresponding quarter a year earlier. The Bank's Business Perception Survey confirmed this development. Compared to previous surveys, a decline in the optimism for the coming months has also been noticed. The performance in business activities is affected by an ongoing weak performance in the tourism sector, as indicated by the numbers of stay-over visitors and nights spent on the island, which declined by 5 percent and 4 percent, respectively. This weakening in the tourism sector was, however, not as profound as in the previous three quarters. Still, gross tourism receipts decreased by 4 percent, while the hotel occupancy rate recorded a 6.3 percentage points decline to 74.4 percent.

Inflationary pressures remained unabated in the second quarter of 2006. The quarterly average inflation rate remained high at 3.9 percent, mainly because of a further increase in tariffs for water and electricity, as well as in gasoline and food prices. Measured on a 12-month basis, the inflation rate reached 4 percent, up from 3 percent a year earlier. This is slightly higher than the inflation in the United States of America, our major trading partner, which recorded a rate of 3.8 percent during the corresponding period. When excluding the energy-related components, the inflation rate rose by 0.3 percentage point to 2.1 percent, compared to a year earlier.

Transactions in the external sector produced a rebound of the overall balance of payments, i.e., from a deficit of Afl. 63 million in the second quarter of 2005 to an Afl. 15 million surplus in the quarter under review. The oil and free-zone sectors contributed, on balance, Afl. 25 million positively to the net international reserves. In contrast, the transactions of the rest of the economy resulted in a net outflow of funds to abroad of Afl. 10 million. Consequently, the net international reserves of the monetary sector reached Afl. 649 million at the end of June 2006, which is Afl. 6 million or 1 percent higher than a year earlier.

In the quarter under review, government's financial deficit (including the change in unmet financing requirements) declined to Afl. 10 million, down from Afl. 81 million in the corresponding quarter of 2005. This improvement reflected mainly a decrease in payment arrears to government-related institutions (including the AZV) and suppliers of goods and services of, respectively, Afl. 29 million and Afl. 9 million. However, total government debt surged by Afl. 119 million (7 percent) to Afl. 1,882 million, compared to the second quarter of 2005, reflecting increases in both domestic and foreign debt of Afl. 69 million (7 percent) and Afl. 50 million (6 percent), respectively. The debt-to-GDP (GDP 2005) ratio rose by 3 percentage points 47 percent.

This issue of the Quarterly Bulletin contains also three articles. The first article “The turnover tax (BBO) and its macroeconomic implications” analyses in detail the assumptions and macroeconomic implications surrounding the BBO, while the second article “Introduction of the turnover tax system (BBO) in Aruba” is a presentation held by the Bank on November 23, 2006 regarding its view on the introduction of the turnover tax (BBO) as of January 1, 2007. The third article “Recent developments in the Aruban real sector, and the outlook” describes some trends in the real sector of Aruba between 2001-2005, and provides a brief outlook of the short-term future, including the factors that may affect the economic outcome of Aruba.

1.2 The real sector

Business Perception Index

Businesses in general were pessimistic about the economy in the quarter under review. The index on current economic conditions decreased by 11 percent to 95. This decrease was attributed to a negative sentiment in almost all the sectors with the exception of “construction” and “financial intermediation”, which remained optimistic about the current economic conditions. However, when compared to the second quarter of 2005, it is obvious that the sentiment of all sectors deteriorated during the period under review.

The general short-term economic outlook of businesses was slightly positive (100.2) in the second quarter of 2006, but was notably less positive when compared to the index of 108.8 in the corresponding quarter of 2005. Overall, the BPS index fell by 10 percent to 97.1, the lowest since the second quarter of 2002. Further results of the BPS indicate that about 41 percent of the respondents reported a worsening in their business activities in the quarter under review, while 62 percent reports no change in the next six months. About 54 percent of the respondents indicated that their business investments remained unchanged in the second quarter of 2006, and about 49 percent expects no change in the next few months. In the period under review, an estimated 43 percent of the respondents indicated no change in their number of personnel in the quarter under review, while about 62 percent of respondents expects the same for the next six months (statistical annex Table 1.2 A and B).

Partial Economic Activity Index

In the second quarter of 2006, the Partial Economic Activity Index (PEAI) – an indicator of variations in the volume of turnover in seven sectors accounting for 71 percent of the total value added in Aruba – went down by 2.0 percent, compared to the corresponding quarter a year earlier when a growth of 5.4 percent was registered. All sectors, with the exception of “construction” and “housing”, contributed to this decline. The output of the tourism-related sectors “hotels & restaurants” and “transport, storage & communication” contracted by 5.1 percent and 2.1 percent, respectively, while activities in the sectors “public administration & education”, “trade”, and “utilities” declined by 5.2 percent, 4.8 percent, and 2.2 percent, respectively. In contrast, the sectors “housing” and “construction” showed volume expansions of 3.5 percent and 2.8 percent, respectively (Table A and statistical annex Table 1.3).

Table A: Partial Economic Activity Index 1)

	<i>Share in GDP</i>		2004		2005	2006	
	<i>(in percent)</i>						
	2004	2005	II	II	I	II	
	<i>(Period average)</i>						
Total Index	71.3	3.2	4.8	4.4	5.4	3.2	-2.0
a. Utilities	4.1	0.5	3.8	5.7	4.1	-2.8	-2.2
b. Construction	8.6	-8.6	43.6	-14.5	33.2	39.4	2.8
c. Trade	14.2	3.4	-3.8	8.5	-1.3	-0.7	-4.8
d. Hotels & restaurants	10.5	10.0	1.7	15.0	4.4	-6.1	-5.1
e. Transport, storage & communication	8.2	9.1	-2.1	11.9	1.5	-0.8	-2.1
f. Housing	12.6	2.6	3.3	2.5	2.9	3.6	3.5
g. Public adm. & education	13.1	1.8	3.2	1.7	4.8	2.4	-5.2

Source: CBS.

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

Tourism

In the second quarter of 2006, the number of stay-over visitors and their nights spent on the island declined by 5 percent (second quarter 2005: +3 percent) and 4 percent (second quarter 2005: +3 percent), respectively. Visitor arrivals from the U.S.A. and the Netherlands shrank by, respectively, 9 percent (second quarter 2005: +4 percent) and 10 percent (second quarter 2005: +12 percent). Arrivals from Venezuela, however, grew by 18 percent, following a 12 percent decrease in the corresponding quarter of 2005. Information collected by the Central Bureau of Statistics on the hotel sector show decreases of, respectively, 6.3 percentage points to 74.4 percent in the average hotel occupancy rate and 8 percent to Afl. 133 in the revenue per available room when compared to the second quarter of 2005. On the other hand, the average daily rate of the hotel sector surged by 12 percent to Afl. 300. Room tax receipts rose by 4 percent to Afl. 8 million, in contrast to a 16 percent rise in the corresponding quarter of 2005. Gross tourism receipts, as recorded in the balance of payments, shrank by 4 percent to Afl. 450 million, contrary to an 8 percent increase in the corresponding quarter a year earlier. Consequently, the share of these receipts in total current account receipts of the balance of payments (excluding the oil and free-zone sectors) went down by 3 percentage points to 76 percent (Table B and statistical annex Tables 1.4 and 1.5).

According to the Cruise Tourism Authority, the number of cruise passengers decreased slightly by 1 percent in the quarter under review, which is a similar decline as in the second quarter of 2005. On the other hand, the number of port calls fell by 25 percent to 48.

Table B: Indicators of tourism activity

			2004	2005	2006	
	2004	2005	II	II	I	II
1. a. Tourism receipts (x Afl. million) 1)	1,889.5	1,955.4	433.8	469.3	567.1	449.9
b. Tourism expenditures (x Afl. million) 2)	1,436.6	1,461.9	324.4	346.6	382.7	334.2
2. Stay-over visitors (x 1,000)	728.2	732.5	178.1	183.0	170.3	173.8
3. Market shares (in percentage)						
a. United States	73.5	73.1	76.1	77.0	75.1	74.1
b. Venezuela	8.1	8.2	6.8	5.8	5.3	7.2
c. The Netherlands	5.2	5.3	4.8	5.2	5.3	2.1
d. Canada	2.8	2.9	2.0	2.2	5.1	2.2
e. Colombia	1.5	1.3	1.6	1.3	1.0	2.1
f. Other countries	8.9	9.2	8.7	8.4	8.2	9.5
4. Visitor nights (x 1,000)	5,639.9	5,694.5	1,301.9	1,345.9	1,408.3	1,293.1
5. Average nights spent	7.7	7.8	7.3	7.4	8.3	7.4
6. a. Receipts per visitor night (Afl.)	335	343	333	349	403	348
b. Average daily expenditure (Afl.) 3)	207	214	191	210	220	216
7. Average hotel occupancy rate	80.7	81.7	77.3	80.7	84.4	74.4
8. Average daily hotel rate (Afl.) 4)	266	317	238	267	419	300
9. Revenue per available room (Afl.) 4)	151	170	130	144	215	133
10. Room tax receipts (x Afl. million) 5)	30.5	33.1	6.2	7.2	11.2	7.5
11. Cruise visitors (x 1,000)	576.3	552.8	113.2	112.2	209.5	111.7
12. Number of cruise ship calls	318	311	53	64	102	48
13. Contribution to current account 6)	79	78	79	79	78	76

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

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) Including time-shares units.

5) Excluding tax receipts related to previous periods.

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

Construction

Activities in the construction sector picked up in the second quarter of 2006. Total imported cement surged by 131 percent compared to the second quarter of 2005. The number of construction permits granted went up by 14 percent, ascribed mainly to the category "houses". The value of these permits soared by 123 percent, reflecting an increase in the category "others", which included the expansion of two existing hotels (statistical annex Table 1.8).

In contrast, the number of electrical installations approved by the Department of Technical Inspection fell by 18 percent, due mainly to the categories “houses”.

Utilities

In the second quarter of 2006, water consumption measured in cubic meter rose by 3 percent (second quarter of 2005: -3 percent). Its consumption measured in value rose notable by 23 percent. Electricity and gas consumption measured in KWH and pounds declined by, respectively, 2 percent and 1 percent, compared to the corresponding period of 2005. However, their consumption measured in value increased by 19 percent and 4 percent, respectively. On balance, the weighted utilities consumption index fell slightly by 0.7 percentage point to 142.1 (statistical annex Table 1.9).

Oil sector

In the second quarter of 2006, the refinery’s throughput volume fell by 15 percent. Export revenues from refined oil products grew by 52 percent to Afl. 2,469 million (second quarter of 2005: +37 percent), and payments for imported crude oil rose by 25 percent to Afl. 1,821 million (second quarter of 2005: +35 percent). Both increases reflected higher oil prices on the international market. At the end of June 2006, 700 persons were directly employed at the refinery, representing 31 persons more than in the corresponding period of 2005 (statistical annex Table 1.12).

Merchandise trade

Trade figures on a transaction basis, as compiled by the Central Bureau of Statistics, show that merchandise imports (excluding mineral fuels and free-zone goods) grew by 6 percent to Afl. 408 million, mainly because of increased imports of “machinery and electrotechnical equipment”, “base metals and derivated works” (both related to special construction activities), and “chemical products”. Merchandise exports rose by 3 percent to Afl. 10 million. As a result, the trade deficit widened further by Afl. 22 million to Afl. 399 million compared to the corresponding quarter a year earlier (statistical annex Tables 1.10 and 1.11).

Price developments

In the second quarter of 2006, the quarterly average increase in the consumer price index rose by 0.4 percentage point to 3.9 percent, compared to the corresponding quarter a year earlier. This increase was mainly attributed to a steeper price increase in the category “housing”, which was influenced by higher water and electricity tariffs. The 12-month average inflation rate accelerated by 1 percentage point to 4.0 percent and the inflation differential to the United States, Aruba’s main trading partner, widened by 0.2 percentage point. Consequently, the real exchange rate index of the Aruban florin against the U.S. dollar also rose by 0.2 percent to 105.2. The inflation differential with Curaçao narrowed by 0.6 percentage point to +0.2 percentage point, while the differential with the inflation in the Netherlands widened by 0.9 percentage point to +2.5 percentage points (Table C and statistical annex Tables 1.6 and 1.7). When adjusting for the energy-related components (water, electricity, and gasoline), the Aruban inflation rate rose by 0.3 percentage point to 2.1 percent in the second quarter of 2006.

Table C: Consumer price index
(Percentage change)

	2004	2005	2004	2005	2006	
			II	II	I	II
<i>(Period average)</i>						
Total index	2.5	3.4	2.4	3.5	4.4	3.9
a. Food	3.9	3.8	4.1	3.3	3.3	3.6
b. Beverage & tobacco	0.6	1.4	0.7	1.2	1.2	0.8
c. Clothing & footwear	3.8	0.7	3.7	1.0	1.3	1.7
d. Housing	2.1	6.8	1.7	7.1	12.2	9.4
e. Housekeeping & furnishing	2.0	1.8	1.8	2.1	1.3	1.2
f. Health	0.0	0.0	0.0	0.0	0.0	0.0
g. Transport & communication	2.4	2.8	2.4	3.0	1.2	1.9
h. Recreation & education	2.5	2.4	2.5	2.3	3.3	2.8
i. Other	1.5	2.1	1.3	2.2	2.7	2.4
<i>(Twelve-month average)</i>						
Aruba	2.5	3.4	2.4	3.0	3.9	4.0
United States	2.7	3.4	2.2	3.0	3.5	3.8
Curaçao	1.4	3.4	1.1	2.2	3.6	3.8
The Netherlands	1.2	1.7	1.7	1.4	1.5	1.5
Real exchange rate index (1995=100) 1)	105.0	105.0	105.0	105.0	105.2	105.2

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

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

1.3 Money and credit

Changes in the money supply

In the second quarter of 2006, money supply rose by Afl. 27 million or 1 percent to Afl. 2,469 million compared to the preceding quarter (Table D and statistical annex Tables 2.1, 2.2 and 2.3). Narrowly-defined money grew by Afl. 70 million or 7 percent, mainly reflecting an increase in demand deposits denominated in Aruban florin. In contrast, quasi money fell by Afl. 43 million or 3 percent, due largely to a decrease in time deposits denominated in both Aruban florin and foreign currency.

The increase in money supply was attributed in part to an Afl. 15 million (2 percent) net inflow of funds from abroad. The reserves held by the commercial banks rose by Afl. 45 million (63 percent), but the official reserves of the Bank fell by Afl. 30 million (5 percent). At the end of June 2006, total net foreign assets (excluding revaluation differences of gold and official foreign exchange holdings) amounted to Afl. 649 million, which is Afl. 6 million or 1 percent higher than the amount held in the corresponding period a year earlier. The ratio of net foreign assets to money supply remained virtually unchanged at 26 percent, compared to the first quarter of 2006 (statistical annex Table 2.4).

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

	2004	2005	2004	2005	2006	
			II	II	I	II
1. Net domestic money creation	51.3	201.4	-67.5	75.2	-20.9	12.1
a. Net domestic credit	117.1	217.6	-51.8	69.6	-11.9	26.8
- Public sector	21.3	22.8	-54.4	39.4	-38.0	16.9
- Private sector	95.8	194.8	2.6	30.2	26.1	9.9
b. Other domestic factors	-65.8	-16.2	-15.7	5.6	-9.0	-14.7
2. Inflow of foreign funds 1)	19.9	-59.8	61.2	-62.6	35.9	15.0
a. Current account transactions	33.2	-349.3	-189.6	-83.1	-34.9	-90.0
b. Net foreign capital 2)	-13.3	289.4	250.8	20.5	70.8	105.0
3. Broad money creation	71.1	141.6	-6.3	12.5	15.0	27.1
a. Money	27.6	4.1	4.7	-10.7	36.8	70.2
b. Quasi-money	43.5	137.4	-11.0	23.2	-21.8	-43.1
<i>(12-month percentage change)</i>	<i>(3.2)</i>	<i>(6.2)</i>	<i>(6.4)</i>	<i>(6.9)</i>	<i>(1.6)</i>	<i>(2.2)</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.

Net domestic assets rose by Afl. 12 million (1 percent) to Afl. 1,820 million in the second quarter of 2006, compared to the previous quarter. Net banks' claims on the public sector grew by Afl. 17 million, reflecting a decrease in government deposits (including development funds). Commercial banks' credit granted to the private sector went up by Afl. 10 million or 0.4 percent, because of increases in both housing mortgages and loans to enterprises of Afl. 8 million (1 percent) and Afl. 13 million (1 percent), respectively. In contrast, consumer credit fell by Afl. 2 million. In addition, non-credit-related balance sheet items declined by Afl. 15 million.

Interest rates

In the second quarter of 2006, the commercial banks' interest rates margin, measured as the difference between the weighted average lending rate and deposit rate of new transactions, decreased by 0.2 percentage point to 7.7 percent, compared to the first quarter of 2006 (statistical annex Table 6.1). The weighted average lending rate went down by 0.2 percentage point to 11.5 percent, mainly because of a 1.4 percentage point decrease in the interest rate of commercial mortgage loans. Moreover, the interest rate on housing mortgages for individuals also declined by 0.2 percentage point. The weighted average interest rate on deposits remained unchanged at 3.8 percent.

The Bank's interest rates on time deposits, which are linked to the corresponding rates of the Federal Reserve Bank of New York, rose further in the quarter under review (statistical annex Table 6.3). The cost of short-term government borrowings on 3-

month treasury bills also continued to rise. The weighted average yield on this paper amounted to 4.29 percent during the period January to October 2006, compared to 2.50 percent in the corresponding period of 2005. The borrowing costs on the 6-month cash loan certificates grew again in June 2006 to 4.41 percent, against an average yield of 3.44 percent for both issues in 2005. The average yield of long-term government financing through the Bank stood at 6.3 percent in 2005.

1.4 Nonmonetary financial institutions

The balance sheet

In the second quarter of 2006, the aggregated assets of nonmonetary financial institutions expanded by Afl. 28 million or 1 percent to Afl. 2,105 million compared to the previous quarter. This expansion resulted from an Afl. 33 million or 2 percent increase in the domestic claims of these institutions. Specifically, their claims on the government rose by Afl. 26 million (4 percent), while their claims on the private sector went up by Afl. 7 million (1 percent). The former reflected the participation in the Afl. 34 million private placement arranged in June 2006 by the government. Net foreign assets of the nonmonetary financial institutions fell by Afl. 5 million (1 percent) to Afl. 590 million at end-June 2006. This amount is five times higher than the net foreign assets of the commercial banks. On the liability side, pension fund provisions went up by Afl. 25 million (2 percent), while the insurance reserve fund grew by Afl. 2 million (1 percent) (Table E and statistical annex Table 5.1).

Table E: Nonmonetary financial institutions 1)
(End of period, in Afl. million)

	2005				2006	
	I	II	III	IV	I	II
1. Net foreign assets	491.0	488.5	535.1	562.3	595.1	590.2
2. Domestic assets	1,297.3	1,355.8	1,393.2	1,429.2	1,481.8	1,514.3
a. Government	571.2	601.7	620.0	633.1	674.2	700.0
b. Private sector	726.1	754.2	773.2	796.0	807.6	814.3
3. Total assets=total liabilities	1,788.4	1,844.4	1,928.3	1,991.5	2,076.9	2,104.5
4. Borrowings and deposits	39.7	39.4	39.5	38.9	38.8	38.8
a. Government	36.7	36.7	36.7	36.6	36.6	36.6
b. Other residents	3.0	2.7	2.8	2.2	2.2	2.2
5. Pension fund provisions	1,409.9	1,403.0	1,469.5	1,495.4	1,529.1	1,553.8
6. Insurance reserve fund	296.4	300.2	301.4	305.4	315.3	317.5
7. Other items, net	42.4	101.8	117.9	151.8	193.7	194.4

Source: CBA.

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

The mortgage market

In the second quarter of 2006, housing mortgage lending by commercial banks, specialized mortgage banks and pension funds rose by, respectively, Afl. 8 million (1 percent), Afl. 5 million (2 percent), and Afl. 4 million (3 percent), compared to the previous quarter. In contrast, the housing mortgage loan portfolio of life insurance companies decreased by Afl. 1 million or 2 percent. Consequently, the share of nonmonetary financial institutions in the total housing mortgage portfolio remained virtually unchanged at 37 percent (Table F).

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

	2005				2006	
	I	II	III	IV	I	II
1. Total	1,066.0	1,083.3	1,108.6	1,127.9	1,148.9	1,164.2
2. Commercial banks	663.7	672.9	690.8	703.8	719.8	727.7
3. Mortgage banks	214.0	217.8	223.6	228.6	232.4	237.5
4. Pension funds	113.9	119.0	122.8	126.4	129.0	132.6
5. Life insurance companies	56.9	55.9	55.3	52.8	51.8	50.6
6. Other	17.5	17.7	16.2	16.5	15.8	15.8

Source: CBA.

1.5 Government finance

Financial operations

In the second quarter of 2006, total government revenue rose by Afl. 11 million or 5 percent to Afl. 250 million compared to the corresponding quarter of 2005. This increase was attributed to an Afl. 23 million (62 percent) higher nontax revenue, which was partly offset by an Afl. 11 million (6 percent) decrease in tax revenue (Table G and statistical annex Tables 7.1 and 7.2). The contraction in tax income was predominantly the result of an Afl. 4 million decrease in revenue from both taxes on income and profit (4 percent), as well as on commodities (7 percent). Higher nontax revenues resulted from the receipt of distributed profit by the government from Utilities N.V. and the Centrale Bank van Aruba, and the settlement with the General health Insurance (AZV) for services rendered by the government's laboratory.

The decline in receipts from taxes on income and profit was largely attributed to lower profit and wage tax revenues of Afl. 4 million (13 percent) and Afl. 2 million (3 percent), respectively. The smaller receipts from taxes on commodities resulted mainly from Afl. 4 million (24 percent) lower excises on gasoline. Taxes on property and services and foreign exchange tax shrank slightly in the quarter under review.

Table G: Government financial operations 1)
(In Afl. million)

			2004	2005	2006	
	2004	2005	II	II	I	II
1. Revenue	835.9	909.7	175.9	239.3	229.1	250.4
a. Tax revenue	707.1	779.4	158.1	203.0	204.5	191.8
b. Nontax revenue 2)	128.8	130.3	17.8	36.2	24.6	58.7
2. Expenditures	1,180.2	1,034.6	298.1	278.9	249.5	291.8
3. Lending minus repayments 3)	9.3	0.7	-0.5	0.4	0.4	-8.6
4. Financial deficit (-)	-353.6	-125.6	-121.7	-40.1	-20.7	-32.8
5. Net foreign capital	95.6	47.1	118.2	-0.7	-5.3	-3.7
6. Net domestic capital 4)	236.7	55.7	57.9	1.4	64.0	19.6
7. Net recourse to the monetary system (-)	-21.3	-22.8	54.4	-39.4	38.0	-16.9
8. Memorandum item						
a. Unmet financing requirements 5)	156.7	183.2	297.7	181.8	173.6	150.1
b. Financial deficit (-) 6)	-224.7	-152.1	-119.8	-80.6	-11.1	-9.3

Source: Department of Finance; Tax Collector's Office; 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 time frame in which they mature, registered by the Department of Finance.
- 6) Including the change in unmet financing requirements.

In the period under review, total expenditures on a cash basis, as estimated by the Bank, grew by Afl. 13 million to Afl. 292 million compared to the second quarter of 2005. Data provided by the Department of Finance show that this increase was the net result of an Afl. 33 million higher transfer to the General Health Insurance (AZV) and an Afl. 17 million decline in the category "items not included elsewhere", which includes transfers and subsidies. Moreover, wage-related expenses rose by Afl. 1 million, while payments for goods and services, and interest payments decreased by Afl. 2 million and Afl. 1 million, respectively. Government investments (including developments fund spending) remained virtually unchanged. Net lending fell to minus Afl. 9 million in the quarter under review compared to the corresponding quarter a year earlier, reflecting mainly early repayment on loans by Utilities N.V. amounting to Afl. 8 million.

Consequently, the government's financial deficit amounted to Afl. 33 million in the quarter under review. Compared to the preceding quarter, the outstanding unmet

financing requirements fell by Afl. 24 million to Afl. 150 million. This decline was caused mainly by an Afl. 36 million decrease in payment arrears to government-related institutions (including the AZV) and an Afl. 4 million decrease in payment arrears to suppliers. However, payment arrears to the civil servants pension fund (APFA) rose by Afl. 9 million in the period under review. When including the change in the unmet financing requirements, an Afl. 9 million financial deficit was posted in the second quarter of 2006, compared to an Afl. 81 million deficit recorded in the corresponding quarter a year earlier.

In the second quarter of 2006, total financing needs of the government reached Afl. 51 million, consisting of the Afl. 33 million financial deficit mentioned earlier and the repayment of Afl. 18 million in maturing debt. These financing needs were covered largely by an Afl. 34 million private placement on the local capital market.

Outstanding debt

In the quarter under review, outstanding government debt grew by Afl. 119 million or 7 percent to Afl. 1,882 million compared to the second quarter of 2005. The debt-to-GDP (GDP 2005) ratio rose by 3 percentage points to 47 percent. The rise in outstanding government debt was brought about by increases in both the domestic and foreign debt component of, respectively, Afl. 69 million (7 percent) and Afl. 50 million (6 percent). The rise in domestic debt was mainly attributed to an Afl. 143 million or 39 percent increase in non-negotiable long-term debt, reflecting in part five private placements of, respectively, Afl. 29 million (September 2005), Afl. 40 million (December 2005), Afl. 20 million (December 2005), Afl. 24 million (March 2006), and Afl. 34 million (June 2006). The proceeds of these loans were used largely to cover the budget deficit and to repay maturing debt. In contrast, non-negotiable short-

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

	2005				2006	
	I	II	III	IV	I	II
1. Total debt	1,688.3	1,763.5	1,852.3	1,869.3	1,882.5	1,882.4
2. Domestic debt	864.5	953.1	920.2	1,012.4	1,026.8	1,022.2
a. Negotiable	358.7	368.1	377.1	377.1	377.1	361.8
- Treasury bills	40.0	40.0	40.0	40.0	40.0	40.0
- Cash certificates	8.0	8.0	8.0	8.0	8.0	8.0
- Government bonds	310.7	320.1	329.1	329.1	329.1	313.8
b. Non-negotiable	505.8	585.0	543.1	635.2	649.6	660.4
- Short-term 1)	141.3	217.8	133.1	183.2	173.6	150.1
- Long-term	364.5	367.2	410.0	452.0	476.0	510.3
3. Foreign debt 2)	823.9	810.4	932.1	856.9	855.7	860.2

Source: Department of Finance; APFA.

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

term debt declined by Afl. 68 million (31 percent), largely reflecting the settlement of the AZV deficit related to 2005 (Table H and statistical annex Table 7.4).

The foreign debt component rose by Afl. 50 million or 6 percent to Afl. 860 million, which is equivalent to 46 percent of total debt of the government (second quarter 2005: 46 percent). Other foreign debt rose by Afl. 167 million or 46 percent to Afl. 529 million, due largely to a US\$ 93 million (Afl. 166 million) bond issue on the international capital market in September 2005. The proceeds of this issue were used largely to refinance maturing debt. Additionally, in December 2005 an Afl. 16 million financial domestic claim on the government, related to the construction and finance of two government buildings, was transferred to a nonresident company. On the other hand, debt to U.S. residents fell by Afl. 108 million or 44 percent, due to a repayment of three private placements of, respectively, US\$ 25 million (Afl. 45 million), US\$ 15 million (Afl. 27 million), and US\$ 20 million (Afl. 36 million). Moreover, foreign debt to the government of the Netherlands contracted by Afl. 10 million or 5 percent, associated with the annual repayment on loans from the Dutch government in the framework of development aid in December 2005.

1.6 Balance of payments

Overall outcome

In the second quarter of 2006, the overall balance of payment rebounded to an Afl. 15 million surplus, up from an Afl. 63 million deficit in the corresponding period a year earlier (Table I and statistical annex Table 8.1). This outcome was the result of an expansion in the surplus on the capital and financial account, i.e., from Afl. 21 million in the second quarter of 2005 to Afl. 105 million (including items not yet classified) in the period under review. In contrast, the current account deficit widened by Afl. 7 million to Afl. 90 million.

Consequently, net foreign assets of the monetary sector (excluding revaluation differences of gold and official foreign exchange holdings) reached Afl. 649 million at the end of June 2006, i.e., Afl. 6 million or 1 percent higher than the level recorded a year earlier. The latter increase in international reserves on an annual basis was on balance the result of an Afl. 110 million net sale of foreign exchange by the oil and free-zone sectors to the commercial banks, which was largely offset by an Afl. 104 million net outflow of funds due to external transactions of the rest of the economy (excluding the oil and free-zone sectors).

Oil sector

The Afl. 25 million surplus on the current account of the oil sector recorded in the second quarter of 2005 widened significantly by Afl. 96 million to Afl. 120 million in the quarter under review. This improvement was attributed mainly to an Afl. 450 million or 31 percent increase in exports of refined oil products and goods procured in

Table I: Balance of payments
(In Afl. million)

			2004	2005	2006	
	2004	2005	II	II	I	II
1. Current account (net)	33.2	-349.3	-189.6	-83.1	-34.9	-90.0
a. Oil sector	251.1	-58.6	-118.5	24.7	-9.6	120.2
b. Free zone	11.9	4.1	7.4	-3.1	8.9	-2.3
c. Rest of economy	-229.9	-294.8	-78.5	-104.6	-34.2	-207.9
- Private sector	-105.1	-172.2	-52.7	-80.5	-0.5	-182.8
- Public sector	-124.8	-122.6	-25.8	-24.1	-33.7	-25.1
2. Capital and financial account (net)	-17.2	271.7	254.9	26.7	71.9	100.8
a. Oil sector	-181.9	110.3	128.0	-17.0	47.4	-92.1
b. Free zone	-2.4	8.9	-1.9	-0.1	-0.6	-0.3
c. Rest of economy	167.0	152.5	128.8	43.7	25.1	193.3
- Private sector	40.1	75.2	10.5	32.3	28.3	197.0
- Public sector	126.9	77.3	118.3	11.4	-3.2	-3.7
3. Items not yet classified 1)	3.9	17.7	-4.1	-6.2	-1.1	4.2
4. Overall balance (1+2+3)	19.9	-59.8	61.2	-62.6	35.9	15.0
5. Banking transactions 2)	-17.1	20.1	9.4	49.6	17.7	-44.8
6. Increase (-) in official reserves 3)	-2.8	39.7	-70.6	13.0	-53.6	29.7
Memorandum items:						
7. Official reserves (including gold) 4)	614.4	588.6	694.2	690.9	655.8	630.9
8. a. Total reserves of the monetary sector 5)	722.9	677.1	786.3	710.2	726.5	746.3
b. In months of merchandise imports 6)						
- End-of-period	5.5	4.7	6.8	5.4	5.2	5.5
- 12-month average	6.2	5.5	6.2	5.8	5.3	5.3
c. In months of import payments 7)						
- End-of-period	3.0	2.6	3.7	3.0	2.8	2.7
- 12-month average	3.4	3.0	3.4	3.2	2.9	2.8

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 oil sector).

ports. This increase was partially offset by an Afl. 317 million or 25 percent rise in import payments. Consequently, the surplus on the merchandise account widened from Afl. 173 million in the second quarter of 2005 to Afl. 307 million in the quarter under review. The services account deficit grew by Afl. 35 million to Afl. 169 million, following an Afl. 32 million increase in payments to abroad for import-related freight services.

On the other hand, the capital and financial account balance recorded an Afl. 92 million deficit, which is Afl. 75 million larger than the deficit registered in the second quarter of 2005. This deterioration was mainly attributed to a net outflow on the other

investment account, mainly related to an increase in foreign bank deposits. On balance, the oil sector sold Afl. 28 million in foreign exchange to the local commercial banks during the second quarter of 2006.

Free-zone sector

The external transactions of the free-zone sector led to an Afl. 3 million overall deficit in the second quarter of 2006, which was virtually equal to the deficit recorded in the second quarter of 2005. Export receipts for merchandise goods grew by Afl. 8 million or 52 percent, but were offset by a similar increase (Afl. 8 million or 43 percent) in merchandise import payments. The deficit on the services account of the free-zone sector remained unchanged at Afl. 2 million. On balance, the free-zone sector bought Afl. 3 million foreign exchange reserves from the local commercial banks.

Rest of the economy

In the second quarter of 2006, the overall balance of the rest of the economy (i.e., excluding the oil and free-zone sectors) improved to an Afl. 10 million deficit, compared to an Afl. 67 million deficit in the second quarter of 2005. This was largely brought about by an Afl. 150 million rise in the surplus on the capital and financial account, which largely countered the nearly doubling deficit of the current account in the quarter under review (Afl. 208 million compared to Afl. 105 million in the second quarter of 2005). The deterioration in the current account was mainly attributed to an Afl. 93 million decrease in the surplus on the services account, following higher payments for freight and other business services and lower receipts from tourism. Moreover, the trade account deficit expanded by Afl. 11 million to Afl. 339 million, influenced by an increase in import payments. The income account deficit narrowed by Afl. 6 million to Afl. 35 million, while the deficit on the current transfers account widened by Afl. 6 million to Afl. 41 million.

The improvement in the capital and financial account mentioned earlier was brought about predominantly by an Afl. 210 million expansion in the surplus of the direct investment account, which recorded a surplus of Afl. 272 million in the quarter under review (second quarter 2005: +Afl. 62 million). This was associated largely with the granting of intercompany loans by nonresidents related to the restructuring of a number of local companies. The Afl. 34 million deficit on the portfolio investment account recorded in the second quarter of 2005 narrowed by Afl. 28 million to Afl. 5 million in the quarter under review, reflecting an Afl. 9 million decrease in portfolio investment transactions involving financial assets and an Afl. 19 million decrease in those involving financial liabilities. The Afl. 5 million surplus on the other investment account turned into an Afl. 75 million deficit in the quarter under review, mainly reflecting an increase in the balances of foreign bank accounts of residents.

On balance, the external transactions of the rest of the economy resulted in an Afl. 10 million net outflow of funds to abroad compared to a net outflow of Afl. 67 million in the second quarter of 2005.

2. Notices and articles

2.1 THE TURNOVER TAX (BBO) AND ITS MACROECONOMIC IMPLICATIONS

A study of the Economic Policy Department

1. Introduction

The government of Aruba is planning to introduce, a new tax law¹ for a turnover tax (the so-called “Belasting op Bedrijfsomzetten” or “BBO”) as of January 1, 2007. Under this tax, 3 percent will be levied on the turnover generated by entrepreneurs related to the delivery of goods and services in Aruba. The following points were considered by the government when evaluating the introduction of the BBO.²

- Internationally, there has been a move from direct to indirect taxes to broaden the tax base. Nearly every country has a form of tax on sales, including the members of the European Union (BTW³ or VAT⁴), several States within the United States (sales tax), several Latin American countries (IVA⁵), and the Netherlands Antilles (BBO and OB).
- Aruba still has relatively high profit and income tax tariffs. To improve Aruba’s competitive position and the Aruban fiscal climate, the profit and income taxes tariffs will be reduced simultaneously with the introduction of the BBO.
- International organizations, such as the International Monetary Fund (IMF) and the World Bank, have advised the government to introduce a value added tax, combined with a reduction of the profit and income tariffs. The government considers it appropriate to implement mentioned shift from direct to indirect taxes as of January 1, 2007.

The proposed BBO regime is highly similar to that used in St. Martin, St. Eustatius and Saba, where it was introduced on January 1, 1997. According to the Aruban government, the choice was based on the following considerations: (a) the lowest additional (administrative) burden possible for Aruban businesses; (b) a relatively simple turnover tax regulation for Aruban businesses; (c) the most simple execution of a new law for the tax department; (d) the experiences in the Netherlands Antilles with their sales tax system.

Beside these considerations of the government, there are other important aspects related to the BBO that should be taken into account, which will be detailed in the next paragraphs. The purpose of this study is to analyze in detail the assumptions and implications surrounding the BBO, mainly from a macroeconomic perspective. The information used in this analysis is mainly based on reports produced by several established institutions and the Bank’s own investigation. Following this introduction, the main characteristics of the BBO will be described in paragraph 2 using the state ordinance of the BBO and its explanation as well as the macro calculations made by the Department of Economic Affairs, Commerce and Industry (Department of Economic Affairs). The analysis of the assumptions and implications of the BBO will be presented in paragraph 3. Some concluding remarks are then offered in paragraph 4.

2. Some important elements of the BBO

Scope

The BBO is levied on turnover generated from the delivery of goods and services by –initially– all entrepreneurs residing or established in Aruba, except when the revenues of a company result from deliveries of goods and services outside Aruba. However, this will only apply to a limited number of cases, because entrepreneurs residing or established outside Aruba can also be liable for the BBO when the delivery of the goods and services is in Aruba.

Tariff

The 3 percent tariff of the BBO is based on a so-called cascading tariff structure, meaning that it is applicable to every link in the production and/or distribution chain, i.e., the entrepreneurs will not be entitled to deduct the BBO already paid by his supplier of goods or services. The government does not expect any significant disadvantages from the cumulative system because it assumes that there are only a limited number of links in the production and distribution chain in Aruba (MEMBBO, p. 4).

Exemptions

According to the draft state ordinance, exemptions on the BBO are granted objectively, i.e., the company revenue resulting from the sale of goods and services, and not the subject, i.e., the entrepreneur. Most exemptions are granted based on social desirability (e.g., medical services and education) or macroeconomic considerations (e.g. tourism). One important exemption granted by the BBO is on the renting of hotel rooms and apartments that are already subject to a lodging tax, in order to avoid double taxation. A similar reasoning is used for casinos that are already subject to a casino drop tax. Also, companies that offer international transport services, educational institutions financially supported by the government, the renting of certain immovable objects, and interest revenues on loans granted are exempted from the BBO.

Periodicity of declaration

The BBO is a so-called declaration tax (“aangiftebelasting”), with a notification and payment period of no longer than 15 calendar days after the end of each month.

Levy and control

The Tax Department will be in charge of the levying and control of the BBO. According to this department’s intentions, the control will be characterized by a high frequency of business visits. Initially, the emphasis of these visits will be on providing information to the entrepreneurs. In a later phase, these visits will focus more on the adherence to the law and the possible use of sanctions against those entrepreneurs who do not comply.

Macroeconomic effects

According to the Department of Economic Affairs, the BBO will generate on a gross basis Afl. 128.6 million in 2007 (excluding possible BBO receipts from the oil refinery). About two-thirds of the revenue (Afl. 86.8 million) will be directly generated by consumption, of which 54 percent or Afl. 47.0 million by local

consumption (households and the government) and 46 percent or Afl. 39.8 million by tourists. Investments by companies and the government account for 33 percent of the revenue. However, in the calculations it is assumed that due to the pass-on effects of the BBO consumers will finally contribute by Afl. 69.2 million (54 percent) to the revenue of the BBO. The government intends to fully compensate for the Afl. 69.2 million loss of purchasing power, among others, by reducing the tariffs on the income tax. Consequently, the total net revenue from the BBO will amount to Afl. 62.4 million.⁶

According to the calculation of the Department of Economic Affairs, the increase in revenue for the government will be accompanied by a direct inflationary effect of 3.1 percent⁷ and an indirect inflationary effect of 1.1 percent. The latter will be spread over four years after the introduction of the BBO. The total effect for a longer term on the consumer prices is thus estimated at 4.2 percent. This estimated loss in purchasing power is based on the assumptions that (1) there will be no pass-on effect of the BBO in the wages; (2) there will be no speculative effects resulting from the BBO; (3) companies will pass on the costs related to the BBO completely to the consumers; and (4) the possible lowering of some import tariffs has not been included in the calculation.

According to the calculations of the Department of Economic Affairs, the BBO is expected to have other additional macroeconomic effects. Export prices are expected to rise directly by 1.7 percent in 2007, while the total volume of exports is expected to decrease by 0.6 percent. Export prices for tourists⁸ are expected to rise by 3.7 percent. It is, however, unclear how the tourist will react to this price increase. If they are price inelastic within certain margins, the tourists will experience an estimated average loss of purchasing power of Afl. 81 per tourist per visit as insignificant. This implies according to the Department of Economic Affairs that the tourists will collectively maintain their purchasing power, while paying the Afl. 39.8 million additional BBO charge. Therefore, the profit margins of the tourism-related businesses will not be affected. However, if the tourists are price elastic and adjust their demand accordingly, the profit margins of tourism-related businesses will be adversely affected. According to the Department of Economic Affairs, these businesses will then lower their prices, which will stimulate the demand again. Following the scenario of a price elastic tourism demand, consumption volume is expected to decrease by 3.1 percent spread over four years. Investment volume is expected to decrease directly by 1.5 percent. Consequently, the real GDP is expected to decrease by 1.5 percent, spread over a period of four years, which implies a possible loss of Afl. 60 million in GDP (SER, 2006) in this 4-year period and Afl. 3 million less in tax income for the government each year, while about 600 jobs will be lost.

According to the Department of Economic Affairs, the government is aware that the BBO will have an impact on the business structure in Aruba, because it is a cumulative tax system. On the one hand, certain wholesale and retail traders may opt to work together in order to limit the cumulative effects of the BBO. On the other hand, certain retail traders may choose to import their products directly from abroad, thereby by-passing the wholesale trader, who will then suffer a loss of business. It will also imply that the retail traders that are able to import directly will gain a competitive advantage on those that forcefully depend on the wholesalers.

3. An analysis of the assumptions and implications of the BBO

Based in part on the previous assumptions and implications, the following analysis can be made on the BBO:

Turnover tax versus a value-added tax (VAT)

The IMF⁹ and other international institutions advised in the past against the introduction of a cumulative indirect tax system, and recommended a VAT instead. The VAT system is used in most countries with an indirect system. Many countries that previously introduced a turnover tax have switched over to a VAT in the course of time.¹⁰ The table below shows a comparison between the VAT and the turnover tax, indicating that the turnover tax has far more economic implications than the VAT. For example, investments, in Aruba an important source of economic growth, are taxed under the turnover tax, but are not taxed under a VAT.

Table: VAT versus turnover tax

	VAT	Turnover tax
Economic essence	Consumption tax, collected fractionally as a percentage of prices.	Indirect tax on the sales of producers and traders
Cumulative (cascade) effect	No	Yes
Deductions of the taxes previously paid	Yes	No
Taxation of investments	No	Yes
Impact on relative prices of different commodities and services	No	Yes
Neutrality with regard to organizational form of business	Neutral	Non-neutral
Neutrality with regard to exports-imports	Neutral	Non-neutral

Source: Institute for Economic Research and Policy Consulting.

General considerations

- The Centrale Bank van Aruba (the Bank) is of the opinion that the introduction of an indirect tax system should be part of a comprehensive revision of the tax system in Aruba. This revision should be accompanied by a structural policy directed towards a balancing of the government's budget, a ceiling on its expenditures, and an anticyclical fiscal policy. However, at present the government policy is strongly geared towards acquiring additional revenues through, among others, more taxes, which can pose serious negative consequences for Aruba's competitive position, the business environment, the productivity of labor, etc. Furthermore, the overtaxation of consumers and businesses, especially if this is done to finance ever-increasing current expenditures, only stimulates further aversion towards tax compliance.
- The government has announced concrete plans for the introduction of a BBO system as of January 1, 2007, very late during 2006. Details of this plan were made public only recently. As of the beginning of December, Parliament had not yet received the draft state ordinance for its review. The risks associated with a hastily introduced tax system should not be underestimated and may pose serious consequences that cannot be simply reversed through "amendments while on the

road". Experience in the recent past with the General Health Insurance (AZV) (2001) has clearly shown that the lack of a well-thought and well-discussed plan is a recipe for failure.

- It should be clear that the government's main driving force for the introduction of the BBO is its urgent need to generate additional funds to alleviate its precarious financial position. However, this motive is not mentioned at all in the draft state ordinance. For transparency reasons, it is advisable to also include this consideration as a motive for the introduction of the BBO in mentioned draft.
- It is of the utmost importance for the government to take into consideration that the expected additional revenues of the BBO are currently only based on estimates. Therefore, the government should not –in anticipation of the higher revenues due to the BBO–increase its already excessive expenditures, thereby worsening its financial condition even more in case of disappointing revenues. This is especially important considering that the 2007 fiscal budget still has not been presented to Parliament for approval, while the 2006 fiscal budget was presented nearly one year later than normal.
- The granting of exemptions with regard to the BBO is something that should be considered carefully and should be strictly limited. For once, every exemption reduces the BBO tax base, while it creates inequality among potential tax subjects. Some of them may opt to take the government to court and demand equal treatment. In addition, each exemption erodes the potential revenues from the BBO. Exemptions cannot guarantee that particularly the prices of goods and services that the government wants to contain are indeed contained. Businesses in the chain prior to the exempted business may still be subjected to the BBO, which costs are then passed on to the exempted business, which will increase its costs and its inclination to pass on these costs.
- The success of the revenue-generating effect of the BBO depends strongly on the control of the businesses that are subject to the BBO. The question is whether the tax department is properly manned to adequately monitor the operation of the BBO. A good surveillance is necessary not only to counter practices of non- or incomplete reporting, but also to prevent businesses from overcharging the consumers or other businesses.¹¹

Analysis of the calculations by the Department of Economic Affairs of the macroeconomic effects of the BBO

- The calculation of the macroeconomic effects of the BBO was based on national accounts figures of 2002 of the Central Bureau of Statistics (CBS), which are the latest available national accounts figures for Aruba. These figures were subsequently adjusted to reflect the situation in 2007. Consequently, there may be adjustment errors included in the estimated macroeconomic effects, for which the calculated outcome should be interpreted with caution.
- The calculations of the macroeconomic effects have been made for 2007 only. In order to get a more complete picture of these macroeconomic effects, the total effects on the years beyond 2007 need to be considered too. It is also important to estimate the impact of the BBO on a sectoral level as some sectors will be affected differently by the BBO.
- The macroeconomic effects are calculated based on a lack of adequate statistics. What is, for example, the indirect effect of the BBO on the volumes of investments? What are the effects of the BBO on the balance of payments of

Aruba? What are the effects on each economic sector, including the tourism sector? This demonstrates that the calculated effects are limited and do not offer a comprehensive picture of the consequences of the BBO. Still, the calculated macroeconomic effects are worrisome, particularly under the current economic situation where the fiscal policy forms a main factor for overliquidity and balance of payments deficits. The question is whether Aruba's economy can handle these effects, and probably other unforeseen effects that will be the result of the BBO.

- The BBO, as it is presented now, does not treat local and imported goods and services equally. The BBO makes it more attractive to import goods and services directly from abroad, which can be detrimental for certain businesses, e.g., in the wholesale sector. The cascading effect of the tax will disturb the economic relations between businesses, because the longer the production process or distribution chain, the higher the tax burden. Consequently, a number of links in the production process will most probably be eliminated, which will have its macroeconomic impact in, e.g., the labor market as well as the revenues of the government. The change in the behavior of businesses can also negatively impact the availability of products (SER, 2006).
- The assumptions of the Department of Economic Affairs that there will be no pass-on effect of price increases induced by the BBO in the wages and no speculative effects following the BBO are both unrealistic. The possibility exists that labor unions will demand higher wages as a result of the BBO. Furthermore, there will be speculative effects, particularly in cases where businesses expect a decrease in their revenues, and will try to compensate this by increasing their prices. Though the analysis of the Department of Economic Affairs indicates that the indirect effect of the inflation is expected to be spread over a period of four years, it is most certainly that the majority of this indirect effect will already occur in 2007, thereby incrementing the total inflation effect for that year beyond that initially expected by the Department of Economic Affairs. It is also important to mention that the CBS has recently conducted its "income and expenditure survey". The results of this survey will be used to rebase the weights used to calculate the consumer price index. This may affect the inflation effect induced by the BBO differently, and should therefore be reconsidered and recalculated. The Bank has made its own preliminary estimate of the inflation effect of the BBO, indicating that, given the assumption of that some products will have up to two links of production/distribution while others have only one or none, the BBO will cause an additional inflation of about 5.3 percent in 2007. When including the effects of the lowering of certain import tariffs as of January 2007, the inflationary effect of the BBO is estimated at 4.0 percent.¹²
- Hotel room rates are excluded from the BBO to avoid double taxation (hotel room tax and BBO). However, the operational expenses of the hotel rooms will be affected by the BBO. For example, the external laundry services that are used by many hotels are subject to the BBO and will be passed on by the laundry service company to the hotel. The hotels on their turn will somehow try to pass on this BBO charge to the tourists, most certainly through their room rates. So, even though one link of the business chain is exempted from the BBO, the subjecting of one or more previous link(s) to the BBO will have an impact on the operational costs of the exempted business.¹³ This may mean that in the end, the tourist may experience an increase in the price of the product that is higher than the 3.7 percent estimated by the Department of Economic Affairs. Furthermore, an average loss in

purchasing power of Afl. 81 per tourist per visit may seem reasonable at first glance, but the fact is that tourists usually do not travel alone, but either as a couple or as a family. This implies that the overall loss of purchasing power will increase by a multiple of at least two for each group of tourists, which in the end can become substantial for the one person paying the bill. Most probably, this may affect the number of nights that tourists will remain in Aruba, or may cause the tourist to seek another travel destination. In the analysis of the Department of Economic Affairs, the assumption was made that tourists collectively will maintain their purchasing power. This assumption is incorrect, because it expects the price of the tourist product to adjust downward simultaneously. If prices are not adjusted downward, tourists may buy less goods and services for the same amount of money they initially planned to spend on their vacation. Therefore, the perception of Aruba as an expensive destination will grow stronger. This means that one should not underestimate the effect of the BBO on Aruba's tourism. Furthermore, it is important to take into consideration that the marketing strategies and competitiveness of Aruba's competitors in the Caribbean (e.g., Jamaica, the Bahamas, the Dominican Republic, Curaçao, etc.) are becoming more and more aggressive, which may pose a further threat to Aruba's already vulnerable tourism sector.

- The comparison with St. Martin's tourism experience with the introduction of its BBO in 1997 is doubtful. First, Aruba's current economic situation (among others a weakly performing tourism industry) is not the same as that of St. Martin at that time. Also, the tourism industry has become a more competitive business in the course of time, influenced in part by the advances of the internet (where tourist can easily get information on and compare prices for each destination). Last but not least, unlike Aruba, St. Martin does not have any import duties. In Aruba's case, this will increase the price of the product further.
- In the event that tourists are price conscious, and local consumers receive insufficient compensation for the inflationary effects of the introduction of the BBO, then this will certainly affect the turnover and profitability of businesses due to lower consumptive demand. Consequently, the government will receive less revenue from profit taxes from these businesses, and fewer taxes from the BBO. In addition, in order to improve their profitability, businesses may be inclined to lower their business costs, e.g., by cutting on labor, which, through the multiplier effects will further cause a negative spiraling effect on consumption, profitability, government revenues, etc.
- It is also questionable whether tourism-related businesses will lower their profit margins in order to maintain the number of visitors stable. This is only possible if the profit margin is high enough. Mentioned aggressive regional competition makes the latter questionable. In addition, there are indications that the price mechanism in the tourist sector has a lag in adjustment that may take more than 6 months. In the meantime, tourists may have already chosen to spend their vacation elsewhere.

4. Concluding remarks

Based on the currently available information and the analysis conducted, the Bank can conclude that the macroeconomic effects of the introduction of the BBO are hampered by many uncertainties that still need to be addressed. The question is whether these can be dealt with in an acceptable way prior to the introduction of the

BBO on January 1, 2007. If they are not dealt with properly and in time, they could have serious consequences for Aruba's already fragile economy through higher inflation, lower revenues, lower tourism, loss of jobs, etc. Considering this, it is rather questionable whether it is fiscally and economically responsible to introduce the BBO as of January 1, 2007. In the opinion of the Bank, this consideration should by far outweigh the recurring and constant need of the government for additional funds. In order to prevent a further deterioration of Aruba's economy and its economic structure, the safest option is to temporarily postpone the introduction of the BBO. In the meantime, a more comprehensive and deeper analysis of the effects of this new tax system on the macro as well as the micro level should be performed, while alternative tax systems can be evaluated on their micro- and macroeconomic effects.

References

- _____, Landsverordening houden regels inzake een belasting op bedrijfsomzetten (Landsverordening belasting op bedrijfsomzetten (Ontwerp en Memorie van Toelichting).
- Directie Economische Zaken Handel en Industrie**, *Nota DEZHI op introductie van Belasting op Bedrijfsomzetten*, 2006.
- Institute for Economic Research and Policy Consulting**, *To change or not to change?, Economic and fiscal implications of turnover taxation*, July 2005.
- International Monetary Fund**, *Aruba: Tax Reforms*, January 31, 1989.
- Sociaal Economische Raad**, Advies aan Directie Economische Zaken, Handel en Industrie inzake conceptnota macro-economische consequenties BBO, September 25, 2006.
- W-Tax & Legal Services**, *Nota betreffende de invoering van de belasting op de bedrijfsomzetten in Aruba*, October 18, 2006.

Notes

- ¹ “Landsverordening belasting op bedrijfsomzetten”.
- ² Memorie van Toelichting “Landsverordening belasting op bedrijfsomzetten”, p. 1-2.
- ³ Belasting Toegevoegde Waarde.
- ⁴ Value Added Tax.
- ⁵ Impuesto al Valor Agregado.
- ⁶ Afl. 59.4 million plus an additional Afl. 3 million resulting from the direct compensation of consumers through the income tax. The perception of the Department of Economic Affairs is that consumers will consider the compensation as “an impulse for additional consumption”.
- ⁷ Assuming an estimated consumption of Afl. 2,260 million for 2007, and the BBO revenues generated through consumers, this implies a loss in purchasing power of:

$$\frac{\text{Afl. 69.6 million}}{\text{Afl. 2,260 million}} \times 100 \text{ percent} = 3.1 \text{ percent}$$

In other words, the total consumption will grow by 3.1 percent due to the introduction of the BBO for consumers:

$$\left(\left(\frac{\text{Afl. 2,260 million}}{\text{Afl. 2,260 million} - \text{Afl. 69.6 million}} \right) - 1 \right) \times 100 \text{ percent} = 3.1 \text{ percent}$$

This is equal to their loss in purchasing power. The recently announced adjustment of the minimum wages due to the BBO will have an additional inflationary impact of about 0.3 percentage point, according to the Department of Economic Affairs, thereby bringing the total direct inflationary effect to 3.4 percent.

⁸ This calculation is based on stay-over tourism only. Cruise tourism has not been included in the calculation by the Department of Economic Affairs of the macroeconomic impact of the BBO.

⁹ International Monetary Fund, *Aruba: Tax Reforms*, January 31, 1989.

¹⁰ Institute for Economic Research and Policy Consulting, *To change or not to change?, Economic and fiscal implications of turnover taxation*, July 2005.

¹¹ Businesses may overcharge other businesses or consumers and, due to non- or incomplete reporting, use this (over)charge to widen their profit margin.

¹² The latter depends on whether the businesses pass the lowering of the import tariffs on to the consumers.

¹³ The same development may be applicable to other sectors, such as utilities (water and electricity), and even medical services.

2.2 INTRODUCTION OF THE TURNOVER TAX SYSTEM (BBO) IN ARUBA

A presentation by Miriam M. Gonzalez, Manager Economic Policy Department at the Information Evening on BBO organized by the Chamber of Commerce of Aruba on November 23, 2006

First and foremost, I would like to thank the Chamber of Commerce for the opportunity given to the Centrale Bank van Aruba to present its view on the pending introduction of the turnover tax system (BBO) in Aruba.

The Centrale Bank van Aruba (the Bank) stands positively with regard to a shift from a direct tax system to an indirect one, because such a reform of the tax structure would broaden the tax base, decrease the cost of labor by reducing the current margin between gross and net wages, and simplify the tax structure. However, the introduction of such a tax system requires adequate preparatory works.

A properly prepared introduction implies that businesses, the public and all institutions concerned should be adequately and timely informed about the new tax system and its effects prior to its introduction. This increases the transparency of government's policy intentions and broadens the possibility of open discussions, which could result in an improved tax law. In this way, possible flaws in this law and potential negative effects of it could be foreseen, discussed and eliminated prior to its implementation. Consequently, there would be less need to amend the law when it is enacted. A proper preparation and ample information will also enable the business community to consider the effects of the new tax system when preparing their business plans, and to adapt their administration accordingly. In addition, the consumer will be able to adjust his consumption plans to prepare for the introduction of the new tax system when this takes place.

Without proper preparation, government's intentions will not be transparent. This will result in uncertainty and speculation by the economic actors, and may conduce to more price increases in addition to those directly caused by the introduction of the new tax system itself. On its turn, this additional inflation will spur higher wage claims and price increases, which may lead to the so-called price-wage spiral with all the possible negative consequences this will entail for our economy (including the loss of competitiveness in the international tourism industry).

Moreover, the Bank calls into question whether the BBO is the best indirect tax system for the Aruban economy. The government has opted for this tax system because its execution is relatively easy and because it broadens the tax base (more shoulders to carry the tax burden and contribute to the treasury). However, the BBO tax system has many economic disadvantages. The first relates to the inflationary effects inherent to the cascading aspect of this system. The BBO tax is levied on every link of the production and distribution chain, and on the handling or processing of a product before it passes a link (for instance, the costs of handling and transportation of a product in Aruba prior to its delivery to the importer). Therefore, the base on which the BBO tax is levied rises

with every economic transaction that takes place on the way to the final consumer of the product or service.

The Department of Economic Affairs, Commerce and Industry has calculated an additional inflationary effect resulting from the BBO of 3.1 percent. The Bank foresees a more substantial inflationary effect, particularly when considering the extra costs between links mentioned earlier, additional costs of production or higher costs of doing business in general (including costs related to the adjustment of the minimum wage and possible other wage claims), and price increases in connection with the speculative tendencies of the entrepreneur due to uncertainties concerning the outcome of the BBO on his business and government policy in the future. The Bank projects that, given the available information at the moment, the additional inflationary effect of the BBO will amount to approximately 4.5 to 5 percent in 2007. Therefore, an overall inflation of about 7.5 to 8 percent could be expected in that year (presuming that the oil price on the international market remains stable). When considering that only 3.1 percent of the loss of purchasing power of local consumers (not tourists) will be compensated, one can expect higher wage claims, as well as a decline in consumption and the volume of business sales. Consequently, revenues related to BBO would decrease.

A second economic disadvantage relates to the criterion of neutrality of a tax system. In the case of the BBO tax system, the neutrality is harmed because the effective BBO taxation on similar products or services that have a different cost structure will differ. This will result in a distortion of prices of goods and services, which will influence the economic decisions related to the final price of the product for the consumer, the allocation of resources, and the consumption choice. For example, a product bought by a consumer directly from the wholesaler/importer is cheaper than when the consumer buys a similar product from a retailer who bought the product from the wholesaler. Moreover, a consumer would buy a product cheaper from a retailer who directly imported this product instead of through a wholesaler/importer. These decisions have a direct impact on the operating results of a business, and can lead to the elimination of one or more links in the production and distribution chain and, subsequently, to foreclosures and unemployment.

A third economic disadvantage refers to the fact that in Aruba investments are also subject to the BBO taxation. This could hamper our economic development. For example, investments that are needed to improve efficiency and modernize certain services (such as investments in IT) will be implemented more cautiously. This will negatively impact productivity in our economy. In addition, investments of entrepreneurs to expand production and/or service of their business will be negatively affected.

Taking into account the aforementioned disadvantages, as well as advises of several tax experts, we can conclude that the BBO may not be the best tax system to implement in Aruba. An alternative, commonly used internationally, which would take aforementioned disadvantages into consideration and could result in a less negative economic impact, is a VAT tax system. It is recommendable to seriously evaluate this alternative.

An aspect of concern to the Bank, but one that has not received proper attention yet in all the discussion surrounding the BBO, is the additional government revenue that will result from the introduction of the BBO. On the one hand, these additional funds will alleviate government's structural liquidity situation. On the other hand, these additional revenues will lessen the existing sense of urgency to structurally reduce government expenditures and reform the civil service. In such a circumstance, there is a clear risk that government expenditures will remain high or rise further, and, consequently, the financial problems of the government will continue in the future.

To prevent a situation of continued financial problems in the future, the government should stipulate in advance how these additional revenues will be spent. To be able to do so, the government should delineate a long-term economic development plan and prioritize its intended investment projects (including private/public partnerships). Sectors of great importance are, according to the Bank, the tourism sector and education. Additionally, funds should be allocated for the diversification of the economy, including a further development of the free-zone sector.

Another important aspect to be taken into consideration is the debt burden of the government. The government should reserve part of the funds to pay off some of its debt in order to scale down its debt burden to a level that is better manageable. It is the Bank's opinion that the debt to GDP ratio should be lowered from the current 46 percent to about 30 percent, which would result in a more adequate debt burden given the characteristics of the Aruban economy.

We should be aware that the additional revenues will have a considerable impact on the economy. It is advisable to the government to earmark a large part of these additional revenues in order to carefully plan how to spend these funds responsibly and outline the long-term economic development. Additionally, the discipline with regard to public sector's expenditure management should be strengthened. This could be realized with a long-term plan that would set up standards for expenditure and debt limitations, and that would chart procedures necessary for a transparent government expenditure policy. All these issues should be embedded in a law with sanctions for non-compliance (the so-called Fiscal Responsibility Law). In this way we can all benefit from more balanced government finances.

I thank you for your attention.

References

Institute for Economic Research and Policy Consulting, *To Change or Not to Change? Economic and Fiscal Implications of Turnover Taxation, July 2005*

International Monetary Fund, *Aruba: Tax Reforms, January 31, 1989*

International Monetary Fund, *Aruba: 2005 Article IV Consultation – Staff Report, June 2005*

International Monetary Fund, *Aruba: Selected Issues and Statistical Appendix, June 2005*

Ontwerp-landsverordening houdende regels inzake een belasting op bedrijfsomzetten (Landsverordening belasting op bedrijfsomzetten)

Reugebrink, prof. Mr. J., *Een onderzoek naar het type omzetbelasting dat eventueel in Aruba zou kunnen worden ingevoerd*

2.3 RECENT DEVELOPMENTS IN THE ARUBAN REAL SECTOR, AND THE OUTLOOK

A report by J.R. Ridderstaat, Economist at the Economic Policy Department

1. General

The Aruban economy had undergone major changes in the period 1981-2000. Prior to the closure of the Lago refinery in 1985, the economy had been supported by two pillars, i.e., oil refining and tourism. The departure of the refinery left the island with only one main pillar namely tourism, which was further developed in the following years. While economic growth was on average negative between 1981-1985, the next period of five years (1986-1990) saw an immense growth slightly over 10 percent, but kept losing ground in the nineties (see table 1). While this process was going on, economic growth had also become less volatile, as indicated by the standard deviation of the real economic growth.¹ Inflation was lower than 5,5 percent during the whole period and had also become less volatile over time.

Table 1: Real growth and inflation (trends and volatilities)

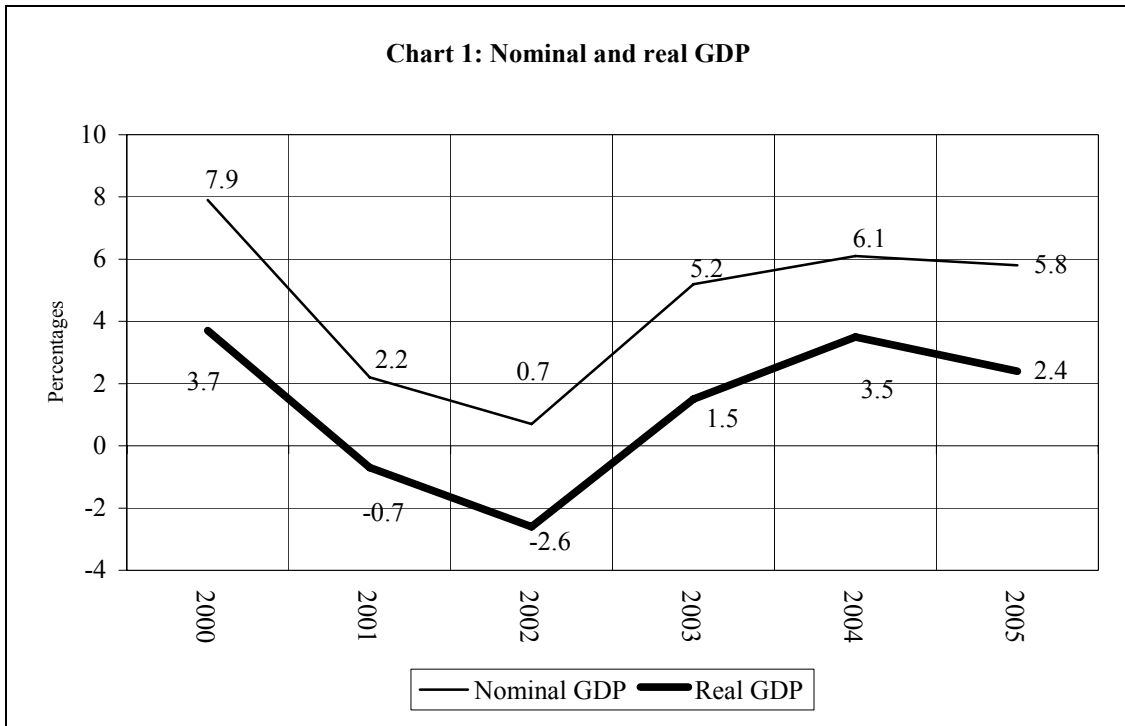
	Real GDP		Inflation	
	Average growth	Standard deviation	Average growth	Standard deviation
1981-1985	-3.3	13.3	5.4	4.1
1986-1990	10.3	7.7	3.5	1.7
1991-1995	6.4	2.3	4.9	1.2
1996-2000	4.1	3.0	2.9	0.8

Source: CBA.

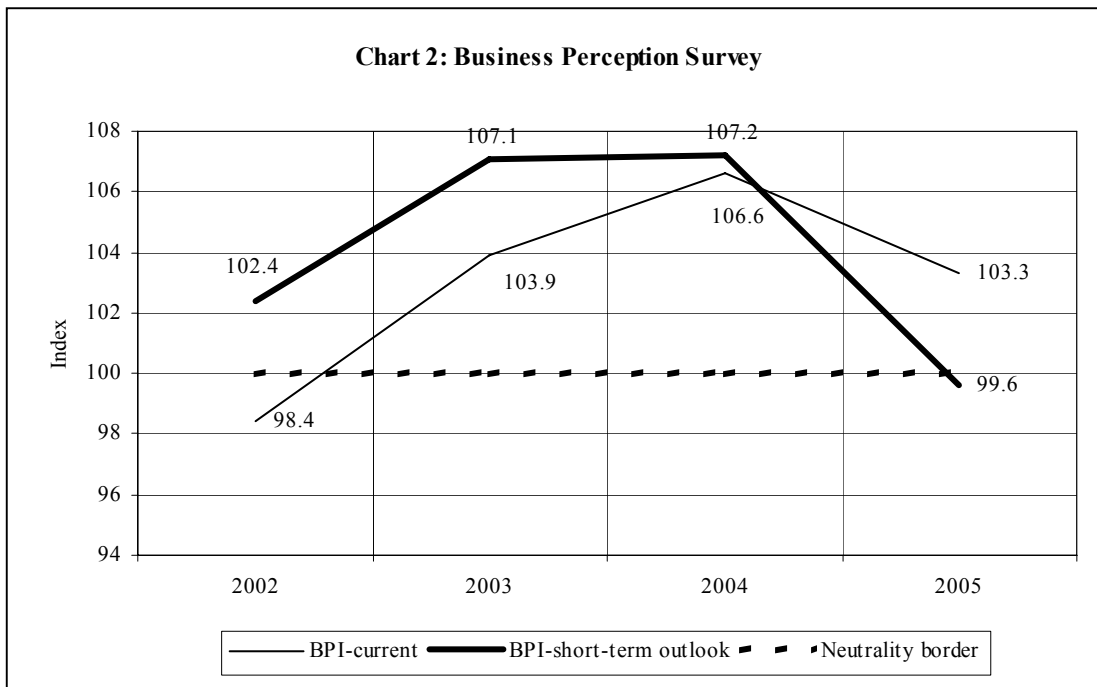
This article describes some trends in the real sector of Aruba after 2000, more specifically during the period between 2001-2005. It also provides a brief outlook of the short-term future, and the factors that may affect the economic outcome of Aruba in the future.

2. The economy in general terms

The economy of Aruba grew by an estimated 2.4 percent in 2005, continuing on the growth path that followed the economic recession in 2001 and 2002 (see chart 1 and annex 1). On average, the economy grew by 0.8 percent between 2001-2005, which is lower than most of the economies in North and South America, Europe, Asia, and the Caribbean. Average growth between 2001-2002 was -1.7 percent, while the average growth in the years after 2002 amounted to +2.5 percent.



In 2005, the real GDP per capita decreased by 0.7 percent, because the 2.4 percent growth in real GDP was countered by a 3.0 percent growth in the average population. Real GDP per capita showed an average decrease of -1.4 percent between 2001-2005. This negative average resulted mainly because real economic growth between 2001-2005 was unable to keep pace with a continued growth in Aruban population, which was mainly influenced by larger immigration flows (see paragraph 7).



Box 1: Purchasing Power of the Parity of the Aruban florin against the U.S. dollar

The Purchasing Power Parity (PPP) is a method used to calculate an alternative exchange rate between two countries. It is a theory of exchange rates whereby a unit of any given currency should be able to buy the same quantity of goods in all countries (Gregory Mankiw, p. 651). There exists two versions of the PPP, i.e., the absolute version and the relative version. The absolute version of the PPP postulates that commodities tend to have the same price worldwide when measured in the same currency, which is sometimes referred to as *the law of one price*. This absolute version does not seem to hold, in part because there are additional factors, such as transportation costs and trade barriers, that will keep prices from equalizing across different markets. Also, the difference in the composition and relative importance of various goods is another explanation why this absolute version does not hold. Therefore, a second, weaker version of the PPP is used, the so-called relative PPP, which relates the changes in the exchange rates to rates of inflation in two countries. In formula for Aruba and its main trading partner, the United States, this would be as follows:

$$PPPrel(US\$/Afl.)_t = R(US\$/Afl.)_{t-n} \times [(PI_{t,USA}/PI_{t-n,USA})/(PI_{t,Aruba}/PI_{t-n,Aruba})]$$

Where:

PPPrel = Relative purchasing power parity;
 US\$ = U.S. dollar;
 Afl. = Aruban florin;
 t = Current period;
 t-n = Basis period;
 R = Exchange rate;
 PI = Price index.

Applying this formula reveals that the PPPrel exchange rate was on average higher than the actual exchange rate between 2001-2005, implying that the Aruban florin was about 4.8 percent overvalued relative to the US\$ in this period (see table A).

Table A: Exchange rate Aruba against the US\$

In Afl./US\$ and Afl./US\$ PPP

	2001	2002	2003	2004	2005	Average
Normal exchange rate (Afl./US\$)	1.7900	1.7900	1.7900	1.7900	1.7900	1.7900
Exchange rate (Afl./US\$ PPP, 1995=100)	1.8368	1.8681	1.8934	1.8906	1.8907	1.8759

Source: CBA.

In similar fashion, it is possible to estimate Aruba's relative GDP per capita in PPPrel (see table B). The overvalued Aruban florin relative to the US\$ implies that the real GDP per capita was slightly overvalued in the period under review, when using the normal exchange rate against the US\$.

Table B: Real GDP per capita Aruba

In US\$/US\$ PPP

	2001	2002	2003	2004	2005	Average
Real GDP per capita (US\$)	17,332	16,629	16,572	16,702	16,585	16,764
Real GDP per capita (US\$ PPP, 1995=100)	16,985	16,022	15,755	15,902	15,790	16,091

Source: CBA.

The current as well as the short-term perception of businesses on the economic conditions, as portrayed by the results of the Business Perception Survey (BPS)

conducted by the Centrale Bank van Aruba (the Bank) showed a turnaround in 2005 from the increasing optimistic trend of the prior two years into a less positive trend. The outlook for 2006 even turned slightly pessimistic (see chart 2 and annex 3). On average, about 46 percent of the surveyed businesses experienced an improvement in the economic conditions in Aruba between 2002-2005. However, this perception has been decreasing since 2003 reaching about only one-third in 2005. The same pattern has been noticed for the short-term outlook, where in 2005 only 20 percent of the respondents believed that the economic conditions in Aruba will improve in 2006. On average, about 56 percent of the respondents experienced an improvement in their business condition between 2002-2005, while nearly 50 percent believed that their business activities would improve the next year. An average 45 percent of the respondents indicated that the investments in their business experienced no change compared to a year earlier, while about the same percentage believed that their investment would remain unchanged in the next year. About 48 percent of the surveyed companies indicated that their employment remained unchanged compared to the previous year, while about 58 percent were expecting this same condition to prevail in the next year.

3. Price developments

Inflation, measured as the 12-month moving average of the consumer price index, reached 3.4 percent in 2005, compared to its lowest point since 1999, which was 2.5 percent in 2004. This acceleration in prices resulted mainly because of higher water and electricity tariffs as well as a rise in gasoline prices, associated with the increase in oil prices on the international market. The average inflation between 2001-2005 reached 3.1 percent, which is 0.5 percentage point higher than that of its main trading partner, the United States (2.6 percent) (see chart 3 and annex 4). However, this average inflation was lower than that of the Dominican Republic, Guyana, Haiti, Jamaica, Puerto Rico and Trinidad & Tobago. Nonetheless, Aruba lost ground in competitive position with the remaining selected Caribbean countries.

Estimations by the Bank indicate that the imported inflation accounted for about half of the total inflation between 2001-2005 (see chart 4). This foreign component of the inflation consisted for about half in increases in oil prices on the international market, while the remainder was attributed to price increases of imported goods and services (excluding oil) (see 5).

Chart 3: Inflation Aruba, USA and the Caribbean

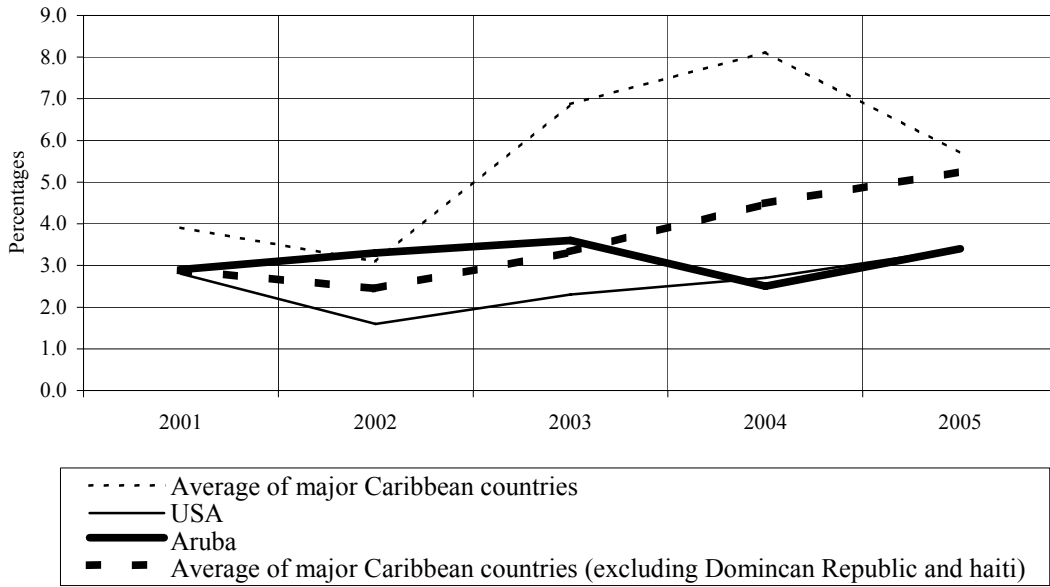


Chart 4: Average composition of inflation

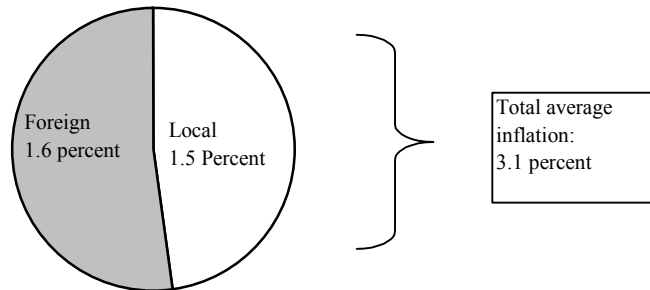
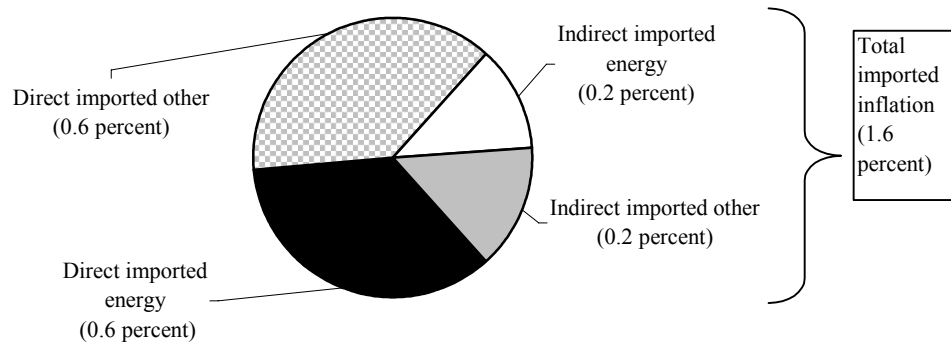


Chart 5: Average composition of imported inflation



Box 2: Inflation and the purchasing power

The purchasing power refers to the amount of goods and services that one can buy with a given amount of money. The purchasing power can be derived from the following formula of the purchasing power index:

$$\text{Purchasing Power Index} = [\text{Income index}/\text{Price index}] \times 100$$

The development in the purchasing power is then computed by subtracting the purchasing power indices for two different periods. The development of the purchasing power of several income groups in Aruba is provided in the chart below. Compared to 1997, the income of these group has not kept pace with the accelerating inflation. In other words, the purchasing power of these income earners has been eroding over the years. The greatest erosion is visible for the average general old age pension earners, whose purchasing power decreased by 18.8 percent compared to 1997. In 2005, the purchasing power of the minimum wage earners improved slightly compared to 1997, while the purchasing power of the median wage earners decreased by 5.6 percent during the period 1997-2003 (see chart).

Chart: Purchasing power median wages, minimum wages, and pensions

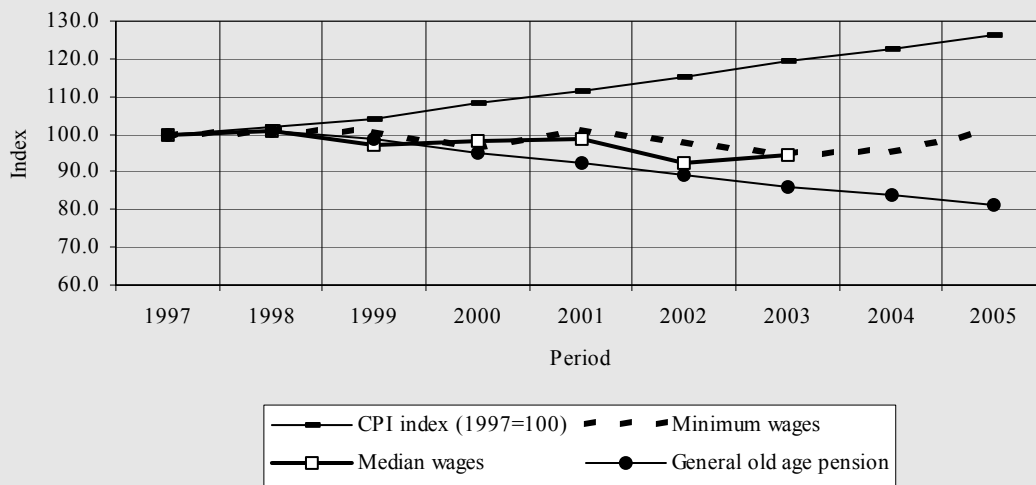


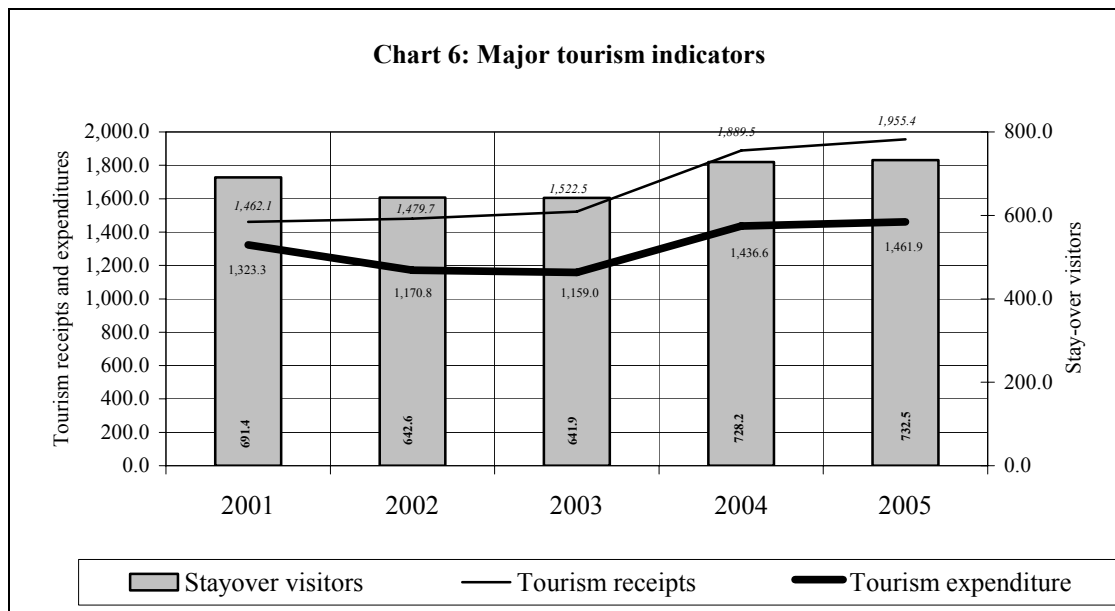
Table: Estimated purchasing power development (1997=100)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Median wages	0.0	0.6	-2.7	-1.6	-1.3	-7.5	-5.6	n.a.	n.a.
Minimum wages	0.0	0.8	0.6	-3.3	1.5	-1.8	-5.2	-4.7	1.4
General old age pension	0.0	0.8	-1.4	-5.2	-7.9	-10.8	-13.9	-16.0	-18.8

Source: CBA, CBS, SVB.

4. Tourism

After a good start at the beginning of 2005, tourism showed signs of significant weakening by mid-year. The number of stay-over visitors and their nights spent on the island rose by merely 0.6 percent and 1.0 percent, respectively, during 2005 as a whole, mainly ascribed to a weaker performing U.S. market (+0.1 percent in stay-over visitors and +0.9 percent in visitor nights). Its market share contracted by 0.4 percentage point to 73.1 percent. The Venezuelan and Dutch markets expanded by, respectively, 1.2 percent and 1.4 percent, while the Colombian market contracted by 7.4 percent (see chart 6 and annex 6).²

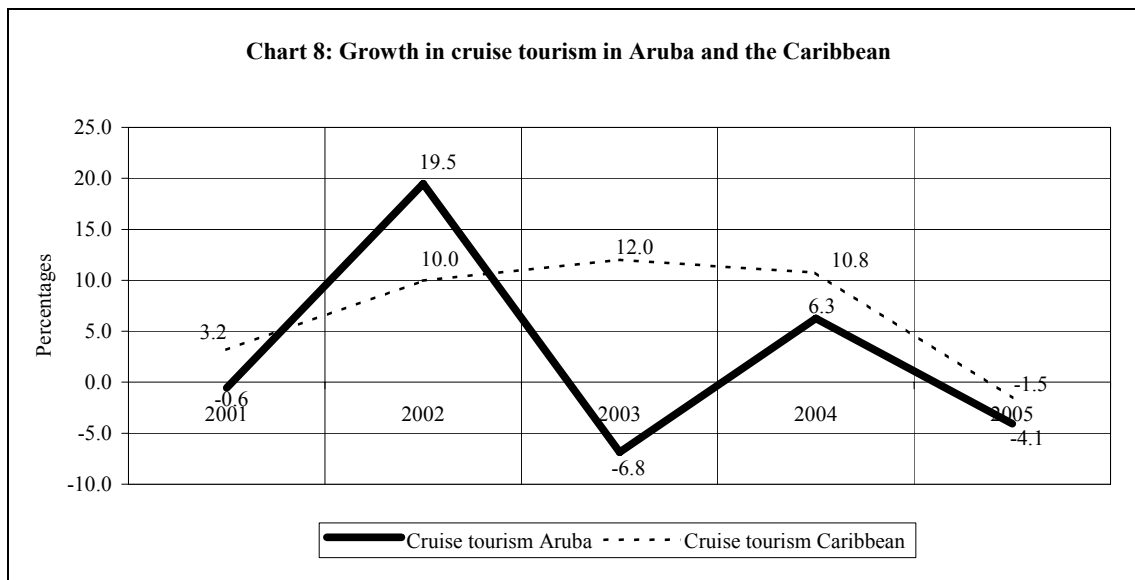
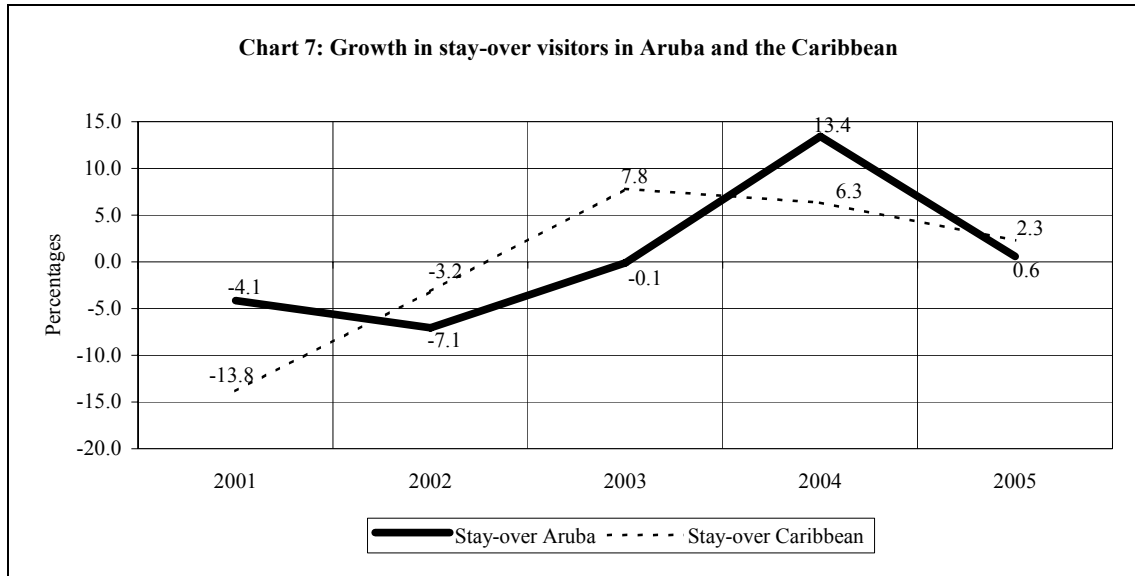


Cruise tourism also performed poorly in 2005. The number of cruise visitors decreased by 4.1 percent to 552,819. The number of cruise ship calls decreased by 7 to 311 ships.

Aruba's performance in the tourism sector was below that of the Caribbean, which registered an overall 2.3 percent growth in stay-over visitors and a 1.5 percent decrease in cruise visitors. Nonetheless, both Aruba's market shares in Caribbean stay-over and cruise tourism remained virtually unchanged compared to 2004, at 3.7 percent and 2.9 percent, respectively.

Tourism receipts in 2005, as registered by the Bank on a cash basis in the balance of payments, grew by 3.5 percent to Afl. 1,955.4 million, while the average tourism receipts per visitor night reached Afl. 343, representing a 2.4 percent rise compared to a year earlier. Tourism receipts accounted for 77.8 percent of the current account of the balance of payments (excluding the oil and free zone sectors) (2004: 78.7 percent). Despite the disappointing performance in tourism, Aruba's hotel occupancy rate still rose by 1.0 percentage point to 81.7 percent in 2005 compared to a year earlier, because some hotels were closed for renovation. The average daily rate of hotels rose by 19.2 percent to Afl. 317, in part pushed up by additional charges

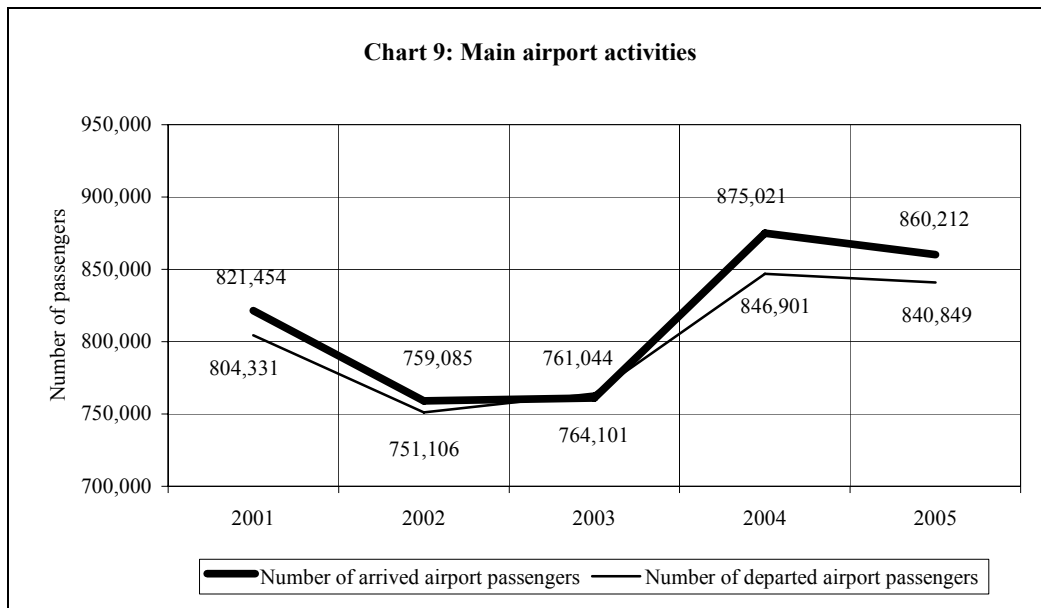
related to increased energy prices by some hotels. Consequently, the revenue per available room of the hotels rose by 12.6 percent to Afl. 170. The government collected Afl. 2.6 million or 8.5 percent more in room taxes in 2005.



5. Transport activities

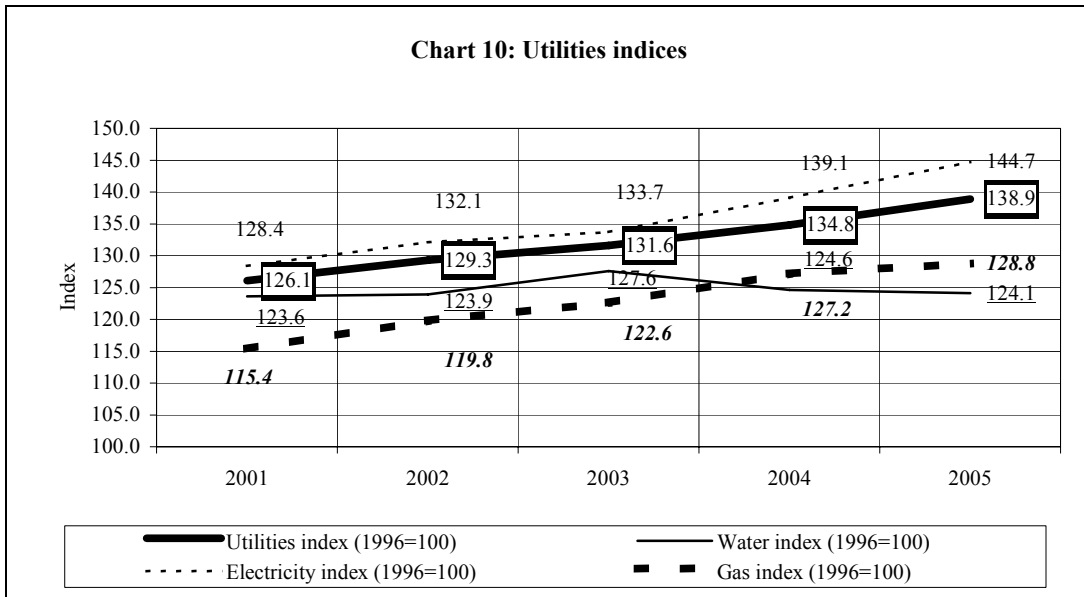
Overall air transportation was slower in 2005 than a year earlier. The number of air passengers fell by 2.1 percent compared to 2004, influenced largely by the performance of stay-over tourism. Passenger arrivals and departures declined by 1.7 percent and 0.7 percent, respectively, while the number of transit passengers contracted by a notable 54.2 percent (see chart 9 and annex 7). The latter was attributed mainly to the rerouting of some weekly flights by the Dutch airline company KLM to Bonaire. The number of commercial aircraft landings fell by 11.7 percent, while non-commercial aircraft landings rose by 6.4 percent. Airport revenues remained virtually unchanged.

The number of harbor calls contracted by 17.5 percent to 2,306, reflecting mainly decreases in motor and steamships, sailing ships and other small ships. Nonetheless, pilotage dues rose by 22.2 percent to Afl. 1.1 million.



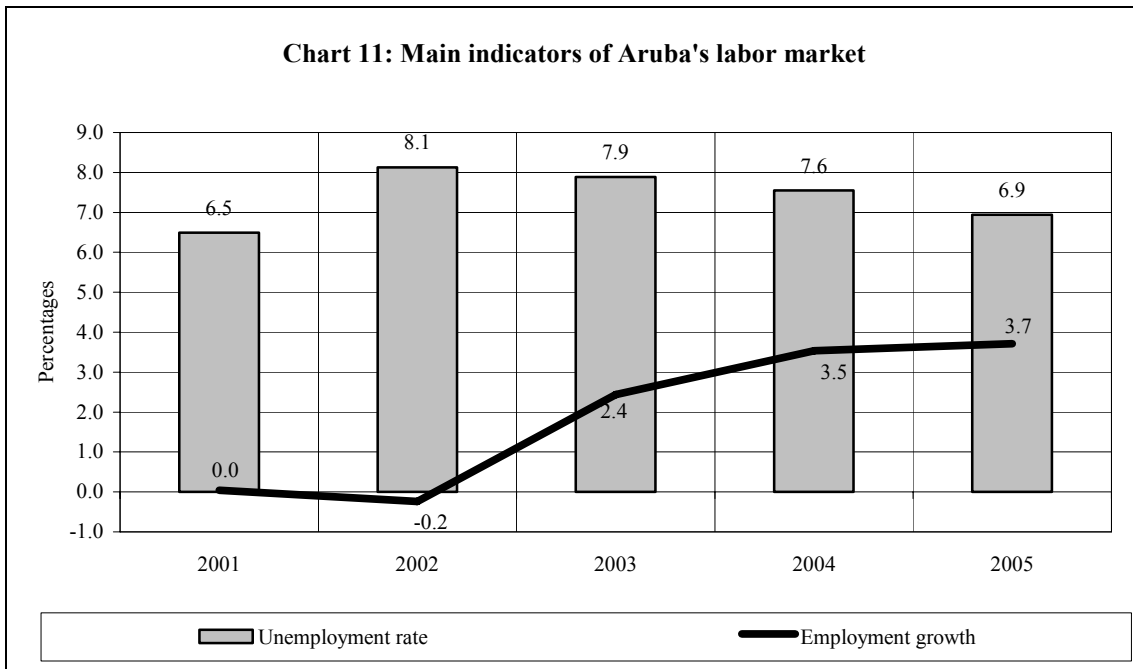
6. Utilities

In 2005, volume of water consumption decreased slightly, while the value of the consumed water rose by 13.7 percent. The volume of electricity consumption rose by 4.0 percent, but the value of this consumption surged by 19.9 percent. Both sharp increases in consumption values are attributed to steep increases in the tariffs of both water and electricity during 2005. The volume of gas consumption rose by 1.2 percent, while the value of this consumption rose by 3.5 percent. Consequently, the weighted utilities consumption index rose by 3.0 percent to 138.9 (see chart 10 and annex 8). This index has been showing an increasing trend in the last five years, representing an overall increase of 10.2 percent between 2001-2005.



7. Labor market developments

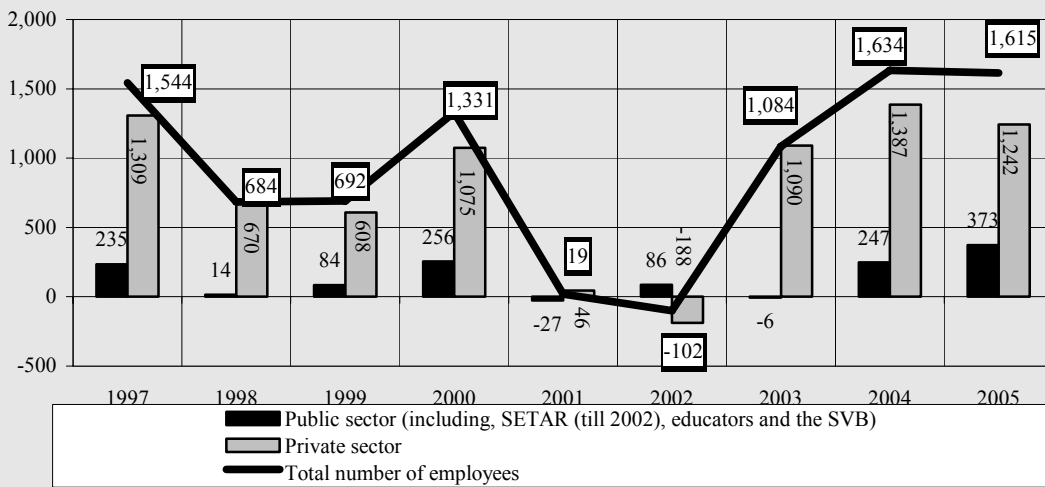
According to estimations by the Bank, the unemployment rate decreased slightly in 2005 to 6.9 percent, down from 7.6 percent in 2004, (see chart 11 and annex 9).³ The number of employed persons grew by about 1,726 (3.8 percent) to 47,396. The number of unemployed persons decreased by 230 (6.2 percent) to 3,501, while the working age population expanded by 2,786 or 3.6 percent. The participation rate of the labor force in the working age population fell slightly to 63.2 percent in 2005. Real productivity, measured as the ratio of the real GDP and number of employed persons, contracted by 0.3 percent in 2005.



Box 3: Growth in the number of employees and net migration

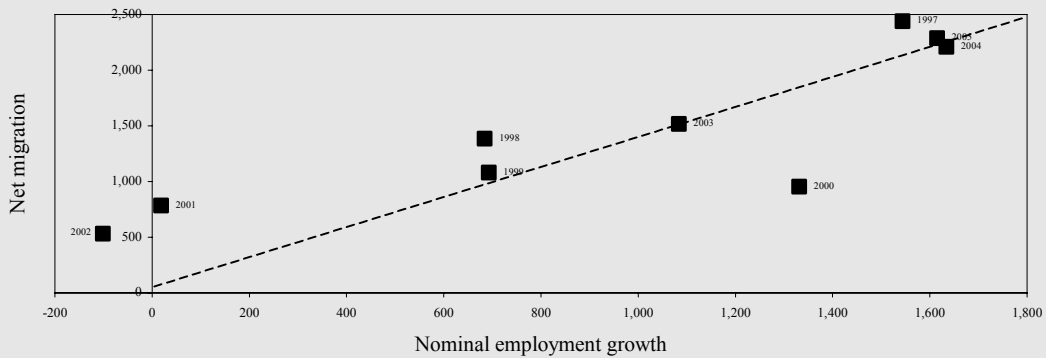
A further dissection of the growth in the number of employed persons during the period 1997-2005 is indicated in the chart below. The growth was particularly attributed to the private sector, accounting for 7,239 jobs in the period under review. The highest growth was realized in 2004. Total growth in the number of employees within the public sector amounted to 1,262 during 2002-2005, of which the largest growth was recorded in 2005.

Chart: Growth in the number of employees, divided between the public and the private sector



A comparison between the absolute growth in employment and net migration reveals that both variables appear to be correlated ($R^2=0.85$) during the period 1997-2005. A close relationship seems to exist in 1997, 1998, 1999, and during the period 2003 up to and including 2005, meaning that a significant part of the jobs that were created was likely filled by immigrants.

Chart: Net migration and nominal change in employment



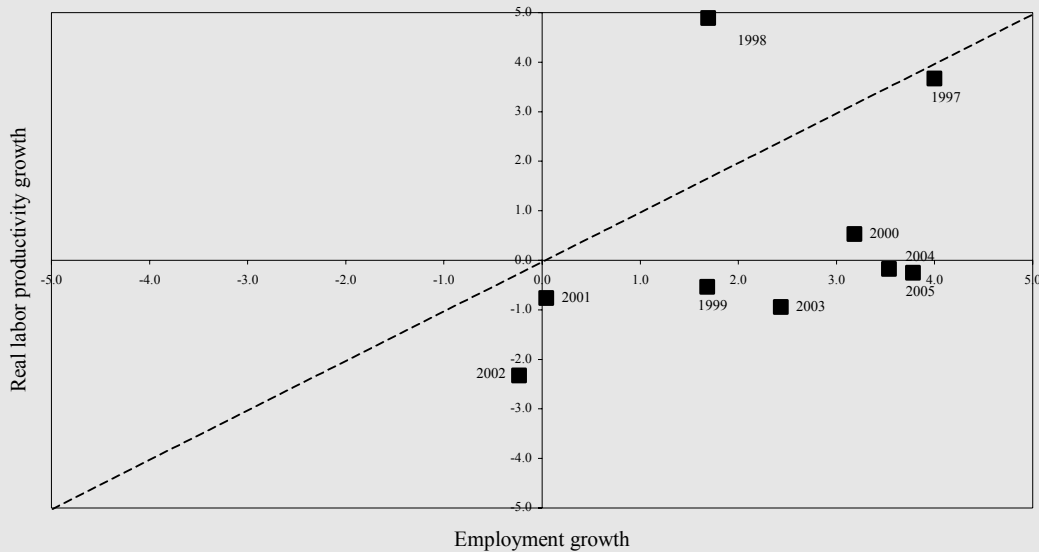
Box 4: Employment growth and productivity

Productivity is one of the most important objectives that businesses and their management try to improve, because productivity is closely related to profitability. Productivity is defined as the ratio between the value of goods and services provided to consumer and the amount of time worked and capital used to produce these goods and services.

When a company produces more goods while maintaining its costs, its profitability increases. Then, there is a probability that this company will invest the funds from its increased profits in building a bigger business, which will allow it to make an even bigger profit. This process will continue until other companies notice the success of the productive firm and try to copy its operation mode. If they are successful, the profitability of the first company will decrease, but the productivity of all companies will have increased (Lewis, 2004).

Real labor productivity change (defined as the percentage change of the ratio of real GDP and the number of employed persons) appears to be uncorrelated ($R^2=0.48$) with the percentage change in employment. Exceptions are the years 1997 and 2001 where the growth in real labor productivity was roughly in line with that of employment. While employment showed growth in most of the years under review, real productivity growth was mostly negative or slightly positive, with the exception of 1997, 1998. Newly created jobs apparently did not have a significant positive impact on the productivity of labor in real terms, which is possibly the result of the creation of mostly low-skilled/low productive jobs in the period under review.

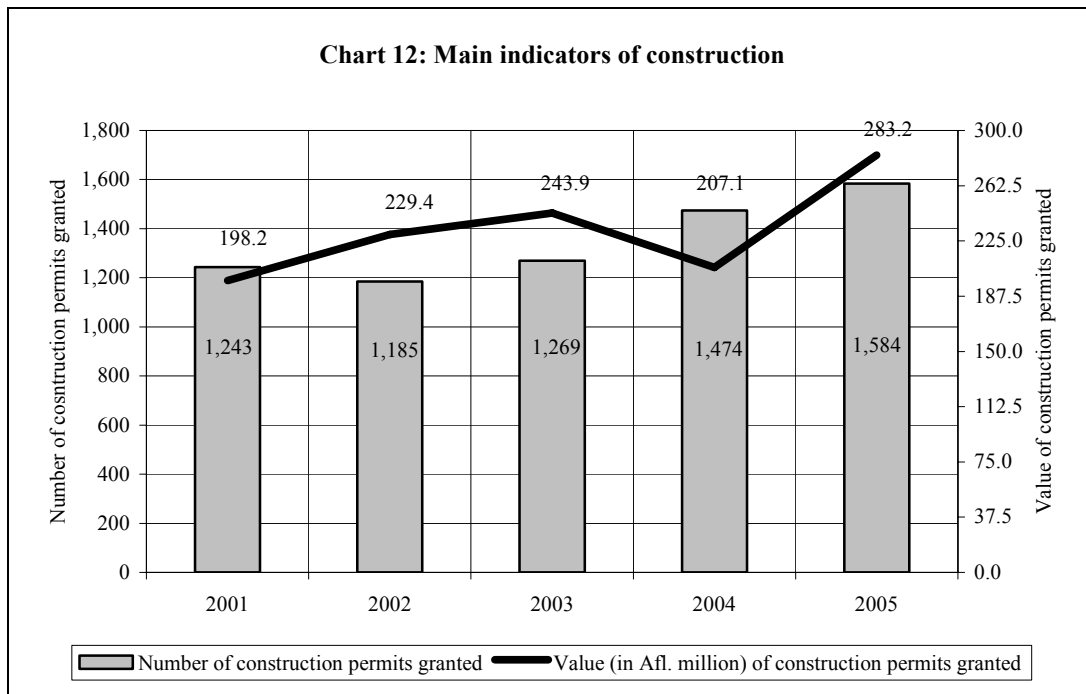
Chart: Labor productivity and employment growth



8. Construction

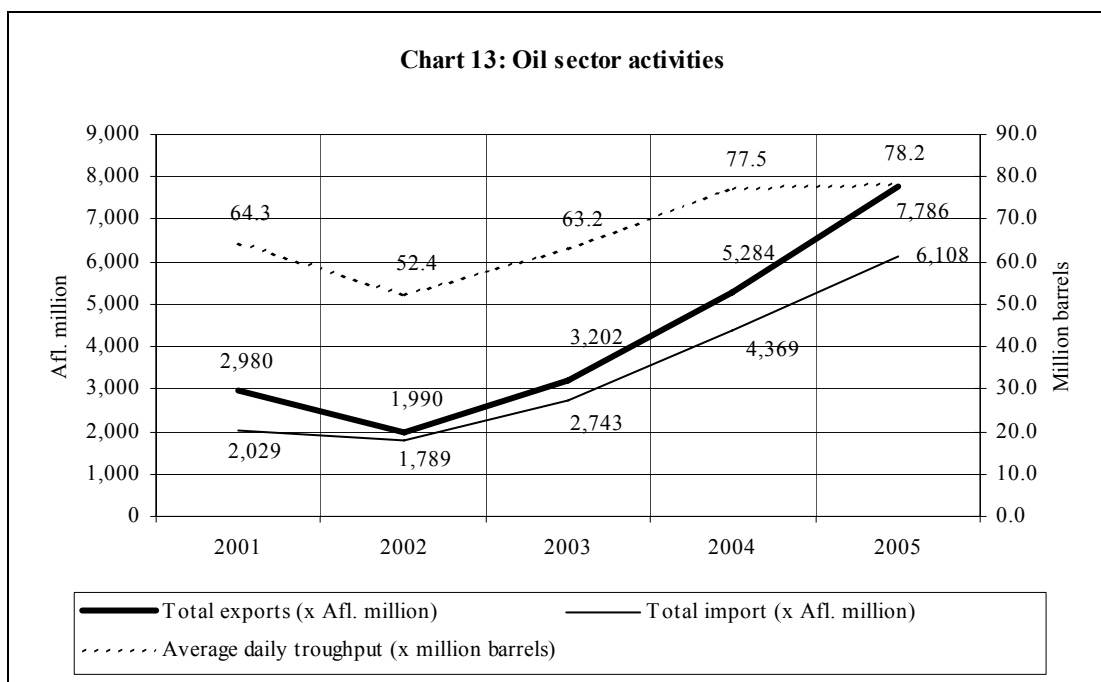
Activities in the construction sector were more vivid in 2005. The number of construction permits granted, which is indicative of intended or just initiated construction activities, rose by 7.5 percent to 1,584. The latter was mainly caused by an 11.8 percent increase in the category “others”, which included a number of projects, such as a hotel, a condominium, several restaurants, and the expansion of the prison building. The value of the construction permits granted rose by Afl. 76.1

million or 36.7 percent to Afl. 283.2 million. Total imported cement surged by 48.7 percent, while the number of electrical installations approved grew by 8.7 percent (see chart 12 and annex 10).



9. Oil sector

Activities in the oil sector continued on a high level in 2005. The total value of exports of this sector surged by 47.4 percent to Afl. 7.8 billion, due mainly to higher refined product prices. The value of exported refined oil products rose by 51.0 percent to Afl. 7.6 billion, while bunkering activities contracted by 34.1 percent. The value of total imports grew by 39.8 percent to Afl. 6.1 billion, of which that of crude oil rose by 38.5 percent to Afl. 5.9 billion, while related products nearly doubled. The quantity of oil refined increased by 1 percent to 78,236 barrels, while the total number of directly employed persons grew by 6.4 percent to 696 (see chart 13 and annex 11).



Box 5: Valero Aruba Refining Co. N.V.

On March 5, 2004, Valero Energy Corporation purchased the refinery in Aruba and related marine bunkering and marketing operations from El Paso Corporation for US\$ 465 million plus approximately US\$ 168 million for working capital. The purpose of this acquisition was to strengthen the company’s geographic and product diversification and to ensure a more secure supply of intermediate feedstock and blendstocks to certain of its refineries, and to enable it to take advantage of positive heavy sour crude oil fundamentals (Valero, March 2005, p. 73). Furthermore, following a tax treaty with the Aruban government, the operations in Aruba are non-taxable until December 31, 2010. The Aruban refinery generally processes heavy, sour crude oil, and produces mainly intermediate feedstock and finished distillate products. These products are delivered by ship mainly to markets in the U.S. Gulf Coast, Florida, New York, the Caribbean and Europe.

In 2005, Valero Aruba Refining Co. N.V. (Valero) contributed by about US\$ 561 million to the operating income of its parent company, which is more than double the US\$ 253 million operating income it realized in 2004. Together, these operating incomes notably surpassed the original purchase price of the refinery in March 2004 (including the acquired working capital at the time of the purchase) by US\$ 181 million.

10. Short-term outlook and main factors affecting the outcome

Preliminary estimates for 2006 and 2007 indicate that the Aruban economy is expected to grow by, respectively, 2.5 percent and 2.3 percent in real terms.⁴ Furthermore, inflation is expected to reach between 3.7 and 4.0 percent in 2006, while the unemployment rate is expected to reach 6.8 percent in 2006 and stay at that level in 2007. However, these estimates should be interpreted with caution, as Aruba’s short-term economic performance will be determined by a number of both local and foreign factors. These factors will have an impact on one or more economic indicators, for example, tourism, inflation, GDP, etc. The following is an overview of

the most important factors that will determine the outcome of Aruba's economic performance in the coming years.

Expansionary fiscal policy

The weak financial position of the Aruban government has been an issue of concern for many years already. The structural weakness of the public sector is in part ascribed to excessive consumptive spending, predominantly as a result of a large wage bill and significant budgetary contributions to the Civil Servants Pension Fund (APFA) as well as the General Health Insurance (AZV). This leaves little room for other necessary government spending, particularly in the areas of infrastructure investment and education. To cover its continuous financial deficits and to repay maturing debt, the government has resorted frequently to commercial borrowings on the capital market. Also, the government has resorted in the recent time to raising several tariffs of import duties and excises, that work distortionary to the economy. The ongoing fiscal expansion has also led to excessive liquidity creation in the Aruban economy, which hampers the effectiveness of the monetary policy, requiring the latter to be tightened further in order to counteract the excessive liquidity creation. Unfortunately, this tightening of the monetary policy works against the activities of the private sector. Besides an increasing mismatch between the fiscal and monetary policies, the excessive liquidity creation of the government has also been influencing the outcome of the current account of the balance of payment of the rest of the economy which has been showing persistent deficits since 2000. These persistent deficits cannot go on infinitely, and have shown in other countries that they can cause imminent international payment disability in the end, or even a financial crisis.⁵ As long as an expansionary fiscal policy continues, it remains a burden for the potential economic outcome in Aruba.

The turnover tax (BBO)

Continuing on its path of applying revenue-generating measures, it is the intention of the government to introduce a turnover tax or "belasting op bedrijfsomzetten (BBO)" by January 1, 2007. This new tax is not only based on pragmatic intentions such as the switch from a direct to an indirect tax system, or the improvement of the international competitive position of Aruba⁶, but has a more urgent one as it is also a source for generating additional revenues to the government, currently estimated at Afl. 62.4 million on a net basis. Most advises up to now indicate that this tax system may be significantly harmful to Aruba's economy, translated in, among others, increases in the inflation rate, export prices (for tourists), and real GDP. Also, the introduction of the BBO is hampered by many uncertainties and/or questions that still need to be addressed before January 1, 2007. In short, the BBO, in its current state, may have serious consequences for Aruba's already fragile economy, and it is questionable whether it is fiscally and economically responsible to introduce the BBO at the beginning of January 2007.

Oil prices

Like many other countries in the world, Aruba's economy is very susceptible to movements in oil prices. These movements are translated into the tariffs of water and

electricity as well as into the prices of gasoline. These three components account for 12.5 percent of the consumer price index of Aruba, which determines total inflation in Aruba.

Prices for West Texas Intermediate (WTI) are projected to average US\$ 66.26 and US\$ 65.17 per barrel in, respectively, 2006 and 2007.⁷ These figures are, respectively, 17.3 percent higher and 1.6 percent lower than a year earlier.

Terrorism

The ever-present danger of a terrorist attack, particularly in the United States, will continue in 2006 and beyond. Aruba's large dependency on this market makes it significantly vulnerable for a terrorist attack in that country. The September 11 terrorist attack made this vulnerability clear, when Aruba's stay-over tourism decreased by 4.1 percent and 7.1 percent in, respectively, 2001 and 2002, while its GDP in real terms contracted by 0.7 percent and 2.6 percent, respectively.

Box 6: Some possible direct and indirect effects of terrorism on the Economy

Direct effects	Indirect effects
<ul style="list-style-type: none"> • Decline in private consumption because of a decrease in demand in certain sectors (e.g. tourism). • Decrease in physical capital (e.g. buildings or aircraft) which are destroyed. Though these physical capitals are usually replaced (increase in investments), the general effect on the economy is negligible. • Higher expenditure for the government or the private sector because of additional money needed to combat or prevent terrorism. • Negative effect on foreign trade, as means of merchandise transportation (e.g. oil pump stations and container ships) become the target of terrorism. 	<ul style="list-style-type: none"> • Damage to confidence. Consumers may postpone spending. Also financial markets may, for example, experience a fall in equity prices. • Negative effects for investments, particularly, because in the view of foreign investors, terrorism reduces the expected returns on investment projects and adds to the risk of projects. • Increase in delivery times due to tighter security at airports or ports. Combined with higher insurance costs, this may lead to higher transportation costs, which can be translated over to the selling prices of products.

Source: De Nederlandsche Bank (September 2005).

Currently, the terror-alert status of the Homeland Security Advisory system is elevated (yellow), meaning that there is still a significant risk of terrorist attacks.⁸ In general, the consequences of terrorism (direct or indirect) for an economy can be enormous, varying from unemployment, homelessness, deflation, crime and other economic and social ills.⁹

The U.S. economy

The U.S. economy plays an important role in the economic development of Aruba. Next to being the largest trading partner, it is also by far the largest market for the Aruban tourism industry. The U.S. economy is expected to show a slightly higher

growth rate in 2006 (3.4 percent) compared to 2005 (3.1 percent) (World Economic Outlook, September 2006). This growth is expected to slow down to 3.0 percent in 2007. Consumer prices are also expected to be slightly lower than a year earlier (2.9 percent in 2006 compared to 3.0 percent in 2005), while this tendency is expected continue in 2007 (2.0 percent). The employment in the United States is expected to remain stable around 5 percent. However, the U.S. current account deficit, which has been an issue of concern for a long time already, is expected to widen to 6.6 percent and 6.9 percent of GDP in, respectively, 2006 and 2007.

Box 7: Expected development of the U.S. dollar

	Dec.2005	Dec.2006	Mar.2007	Jun.2007	Sept.2007	Dec.2007
U.S. dollar per euro	1.18	1.33	1.37	1.35	1.32	1.30
Trade-weighted US\$	84.5	82.8	81.6	81.6	81.6	82.3

Source: BMO Nesbitt Burns.

The U.S. dollar-euro relation

In the current situation, the U.S. dollar is expected to depreciate significantly against the euro in 2006, and is expected to depreciate further until mid-2007. A depreciation of the U.S. dollar is -ceterus paribus- suitable for Aruba's European tourism market. At the same time, however, it makes merchandise imports from European countries, particularly the Netherlands, more expensive.

Socioeconomic and political conditions in Venezuela

Aruba's economic ties with Venezuela stem mostly from the stay-over visitors it receives from this country, which account for about 9 percent of the total stay-over visitors Aruba receives each year. In 2005, Venezuelans spent about US\$ 72 million, while in Aruba, representing about 10 percent of the total.¹⁰ In addition, about 3 percent of Aruba's imports are from Venezuela, while the export from Aruba to that country vary between 4 percent and 9 percent of the total. All this shows a certain depending of Aruba's economic performance on the performance in Venezuela, from a socioeconomic and political point of view.

With soaring oil prices, this country has been experiencing record oil revenues¹¹ which are used to fund education, health and food programs. This increase in government spending is boosting up consumer demand, which stimulates growth but at the same time can potentially push up consumer prices.

Estimations by the International Monetary Fund¹² indicate that the Venezuelan economy is projected to grow by 7.5 percent in real terms in 2006, but this growth is expected to slowdown in 2007 to 3.7 percent. Though the inflation is projected to decrease by 3.8 percentage points to 12.1 percent in 2006, it is expected to rise again to about 15.4 percent in 2007.

On the political front, the presidential elections of December 2006 were easily won by the current president, who is expected to initiate the deepening process of his socialist revolution. The consequences of this process are uncertain at this moment. Analysts believe that in the longer term, emerging strategic and ideological divisions within the government may affect governability and to erode support for the government.¹³ So, the outcome in the socioeconomic and political development in Venezuela is uncertain, and will also influence Aruba's economic performance in the coming years.

Hurricane activities

The 2005 hurricane season was the most active and most destructive season on record. The 2006 season has been a pretty tranquil one, despite initial expectations. The Atlantic Ocean has seen a very large increase in major hurricanes in the period 1995-2005 in comparison to the period 1970-1994. Hurricane activities have been widely observed to be increasing in intensity in the Caribbean.¹⁴ A study conducted by the Economic Commission for Latin America and the Caribbean (ECLAC) indicate that hurricanes have a definite macroeconomic effect.¹⁵ In general, the effects are felt on the GDP growth, the budget deficit, the current account and in the construction sector. Despite the fact that Aruba lies outside the Caribbean hurricane belt, the near hit experience with hurricane Ivan in 2004, proved that hurricanes can actually hit below the belt.¹⁶

Economic expansionary drift under scarce resources

After the terrorist attack of September 2001, the Aruban economy went into a recession in 2001 and 2002. The government's response was to apply the same recipe as applied after the closure of the Lago refinery in March 1985, i.e., the further expansion of the capacity in the tourism sector. The government by-passed the hotel moratorium that was in place since 1994 and new hotel rooms were built, while other hotel projects are currently in the pipeline. The new policy with regard to tourism was one of a quantitative and qualitative expansion of the existing number of hotel rooms in order to structurally upgrade the economy.¹⁷ However, the question remains whether this (intended) capacity expansion in hotel rooms can be realized without compromising Aruba's long-term growth potential, as these projects require the use of scarce resources, i.e., labor and land. Experience from a similar expansionary drift in the late 1980's and early 1990's have not produced a sustainable economic growth for Aruba, as a built-up of production capacity goes hand in hand with a continued increase in population, fostered by uninterrupted immigration resulting mainly from continued increase in the demand for foreign labor.

It goes without saying that capacity expansion does not automatically mean demand expansion, as would have been the case in the late eighties and nineties. The tourism market has changed over time, not only due to demand-sided demographic or socioeconomic factors, but also due to supply-sided conditions. The competition has increased over time and has become more aggressive in its application of tourism marketing. All in all, tourism growth is no longer an automatism in the case of Aruba. This brings additional uncertainties to the future economic outcome of the island.

11. Concluding remarks

Aruba's economic performance between 2001 and 2005 was, generally speaking, positive but with reservations. The trend in the real GDP growth continued to decrease in the period under review, while this indicator also remained volatile. Its international performance in combination with a low productivity trails behind in an increasing competitive environment. Particularly, the year 2005 was a challenging one as indicated by many of the macroeconomic indicators presented in this article.

The outlook for the short-term future is full of uncertainties, as it is affected by a considerable number of both foreign and local factors. Awareness of these factors and preparedness against their potential impact should be important components in the policy-making process for the coming years. *Business as usual is not enough*, to quote a well-known Aruban researcher.¹⁸ What is required are adequate and timely produced economic statistics combined with a good dosage of acceptance and flexibility to face these uncertainties. Afterall, it is the best approach to counter the turbulent waters that Aruba is currently sailing in.

Annex 1: Real GDP Aruba versus selected countries

In percentage changes.

	2001	2002	2003	2004	Average	
					2005	2001-2005
Aruba	-0.7	-2.6	1.5	3.5	2.4	0.8
World	2.6	3.1	4.1	5.3	4.9	4.0
United States	0.8	1.6	2.5	3.9	3.2	2.4
Japan	0.4	0.1	1.8	2.3	2.6	1.4
Canada	1.8	2.9	1.8	3.3	2.9	2.5
China	8.3	9.1	10.0	10.1	10.2	9.5
Selected European countries						
France	1.8	1.1	1.1	2.0	1.2	1.4
Germany	1.2	0.0	-0.2	1.2	0.9	0.6
Italy	1.8	0.3	0.0	1.1	0.0	0.6
The Netherlands	1.4	0.1	0.3	2.0	1.5	1.1
United Kingdom	2.4	2.1	2.7	3.3	1.9	2.5
Selected Latin American countries						
Argentina	-4.4	-10.9	8.8	9.0	9.2	2.3
Brazil	1.3	1.9	0.5	4.9	2.3	2.2
Colombia	1.5	1.9	3.9	4.8	5.1	3.4
Mexico	0.0	0.8	1.4	4.2	3.0	1.9
Venezuela	3.4	-8.9	-7.7	17.9	9.3	2.8
Selected Caribbean nations						
Antigua and Barbuda	1.5	2.0	4.3	5.2	5.0	3.6
Bahamas	0.8	2.3	1.4	1.8	2.7	1.8
Barbados	-2.6	0.5	1.9	4.8	3.9	1.7
Dominica	-4.2	-5.1	0.1	3.0	3.4	-0.6
Dominican republic	4.0	4.5	-1.9	2.0	9.3	3.6
Jamaica	1.5	1.1	2.3	0.9	1.4	1.4
Netherlands Antilles	1.4	0.4	1.4	1.0	0.7	1.0
Puerto Rico	1.6	-0.2	1.9	2.8	2.0	1.6
Trinidad & Tobago	4.2	7.9	13.9	9.1	7.9	8.6

Source: CBA; CBS; IMF; Latin America Monitor.

Annex 2: Real GDP per capita 2000-2005

In Afl. million or otherwise stated.

						Average	
	2001	2002	2003	2004	2005	2001-2005	
Real GDP (1995=100)	2,866	2,793	2,836	2,936	3,004	2,887	
Mid-year population	91,870	93,311	95,076	97,658	100,629	95,709	
Real GDP per capita	31,198	29,932	29,830	30,064	29,853	30,175	
<i>In percentage changes</i>							
Real GDP (1995=100)	-0.7	-2.6	1.5	3.5	2.4	0.4	
Mid-year population	1.4	1.6	1.9	2.6	3.0	1.9	
Real GDP per capita	-2.1	-4.1	-0.3	0.8	-0.7	-1.4	

Source: CBA; CBS.

Annex 3: Business perception survey, current and expected short-term economic conditions 1]

	Improvement					No change					Worsening				
	2002	2003	2004	2005	Avg.	2002	2003	2004	2005	Avg.	2002	2003	2004	2005	Avg.
A. Current economic conditions	24.3	47.1	53.9	43.6	42.2	42.1	32.1	34.9	34.3	35.9	33.6	20.7	11.2	22.1	21.9
1. The economic conditions in Aruba	17.1	71.4	60.5	34.3	45.8	28.6	14.3	36.8	31.4	27.8	54.3	14.3	2.6	34.3	26.4
2. The activities of your business	28.6	57.1	76.3	60.0	55.5	37.1	22.9	18.4	11.4	22.5	34.3	20.0	5.3	28.6	22.0
3. The investments of your business	37.1	40.0	42.1	42.9	40.5	54.3	45.7	39.5	40.0	44.9	8.6	14.3	18.4	17.1	14.6
4. The number of employees at your company	14.3	20.0	36.8	37.1	27.1	48.6	45.7	44.7	54.3	48.3	37.1	34.3	18.4	8.6	24.6
B. Expected short-term economic conditions 2]	31.4	51.4	52.6	25.7	40.3	49.3	40.0	38.8	46.4	43.6	19.3	8.6	8.6	27.9	16.1
1. The economic conditions in Aruba	40.0	74.3	60.5	20.0	48.7	31.4	22.9	34.2	45.7	33.6	28.6	2.9	5.3	34.3	17.7
2. The activities of your business	40.0	68.6	60.5	31.4	50.1	48.6	31.4	34.2	40.0	38.6	11.4	0.0	5.3	28.6	11.3
3. The investments of your business	28.6	42.9	52.6	31.4	38.9	57.1	42.9	39.5	40.0	44.9	14.3	14.3	7.9	28.6	16.3
4. The number of employees at your company	17.1	20.0	36.8	20.0	23.5	60.0	62.9	47.4	60.0	57.6	22.9	17.1	15.8	20.0	18.9

Source: CBA.

1] As a percentage of the total.

2] For the next year.

Avg. = average

Annex 4: Annual inflation Aruba and other selected countries

	2001	2002	2003	2004	2005	Average 2001-2005
Aruba	2.9	3.3	3.6	2.5	3.4	3.1
Antigua and Barbuda	-0.4	2.4	2.0	2.0	2.1	1.6
Bahamas, The	2.0	2.2	3.0	0.9	2.2	2.1
Barbados	2.8	0.2	1.6	1.4	6.0	2.4
Belize	1.2	2.2	2.6	3.1	3.7	2.6
Dominica	1.6	0.1	1.6	2.4	1.6	1.5
Dominican Republic	8.9	5.2	27.4	51.5	4.2	19.4
Grenada	1.7	1.1	2.2	2.3	3.5	2.2
Guyana	2.7	5.4	6.0	4.7	6.9	5.1
Haiti	14.2	9.9	39.3	21.2	15.8	20.1
Jamaica	7.0	7.1	10.5	13.4	15.3	10.7
Netherlands Antilles	1.6	0.4	1.9	1.6	3.2	1.7
Puerto Rico	6.4	6.3	7.8	20.7	10.9	10.4
St. Kitts and Nevis	2.1	2.1	2.3	2.1	3.6	2.4
St. Lucia	5.4	-0.3	1.0	1.5	3.9	2.3
St. Vincent and the Grenadines	0.8	0.8	0.2	3.0	3.7	1.7
Trinidad and Tobago	5.5	4.2	3.8	3.7	6.9	4.8
United States	2.8	1.6	2.3	2.7	3.4	2.6

Source: IMF, CBA.

Annex 5: Composition of Aruba's inflation

	Imported inflation						Total imported	Local inflation	Total inflation
	Direct			Indirect					
	Energy	Other	Total	Energy	Other	Total			
2001	-0.2	0.2	0.0	-0.1	0.1	0.0	0.0	2.9	2.9
2002	0.0	0.2	0.2	0.0	0.1	0.1	0.3	3.0	3.3
2003	1.2	0.7	1.9	0.4	0.3	0.7	2.6	1.0	3.6
2004	0.4	1.2	1.6	0.4	0.3	0.7	2.3	0.2	2.5
2005	1.6	1.0	2.6	0.3	0.3	0.6	3.2	0.2	3.4
Average	0.6	0.7	1.3	0.2	0.2	0.4	1.7	1.5	3.1

Source: CBA.

Annex 6: Indicators of tourism activity

	2001	2002	2003	2004	2005	Average 2001-2005
1. a. Tourism receipts (in Afl. million)	1,462.1	1,479.7	1,522.5	1,889.5	1,955.4	1,661.8
b. Tourism expenditure (in Afl. million)	1,323.3	1,170.8	1,159.0	1,436.6	1,461.9	1,310.3
c. Tourism receipts as a percentage of GDP	43.0	43.3	42.3	49.5	48.0	45.2
d. Tourism expenditure as a percentage of GDP	38.9	34.2	32.2	37.6	35.9	35.8
e. Tourism receipts per capita (in Afl.)	15,915	15,858	16,014	19,376	19,143	17,261
f. Tourism expenditure per capita (in Afl.)	14,404	12,548	12,190	14,732	14,308	13,636
2. a. Stay-over visitors (in thousands)	691.4	642.6	641.9	728.2	732.5	687.3
b. Stay-over visitors per inhabitant	7.5	6.9	6.8	7.5	7.2	7.2
3. Market shares (in percentages)						
a. United States	64.9	67.9	72.4	73.5	73.1	70.4
b. Venezuela	15.8	12.7	8.5	8.1	8.2	10.7
c. The Netherlands	4.1	4.4	5.7	5.2	5.3	4.9
d. Canda	2.7	2.7	2.7	2.8	2.9	2.8
e. Colombia	3.5	3.6	1.8	1.5	1.3	2.3
f. Other countries	9.0	8.6	9.0	8.9	9.2	8.9
4. Visitor nights (in thousands)	5,144.6	4,862.5	5,097.6	5,639.9	5,694.5	5,287.8
5. Average nights spent	7.4	7.6	7.9	7.7	7.8	7.7
6. a. Receipts per visitor night (in Afl.)	284	304	299	335	343	313
b. Average daily expenditure (in Afl.)	211	207	186	207	214	205
7. Average hotel occupancy rate	75.6	71.9	74.4	80.7	81.7	76.9
8. Average daily rate hotels (in Afl.)	243	248	240	266	317	263
9. Revenue per available room (in Afl.)	135	124	124	151	170	141
10. Room tax receipts (in Afl. million)	25.8	24.1	25.6	30.5	33.1	27.8
11. a. Cruise visitors (in thousands)	487.3	582.2	542.3	576.3	552.8	548.2
b. Number of cruise visitors per inhabitant	5.3	6.2	5.7	5.9	5.4	5.7
c. Number of ship calls	298	337	315	318	311	316
12. Contribution to current account (in percentages) 1]	74.7	76.3	75.3	78.7	77.8	76.6
13. Aruba's market share in the Caribbean						
a. Stay-over tourism	4.0	3.8	3.5	3.8	3.7	3.8
b. Cruise tourism	3.4	3.7	3.1	2.9	2.9	3.3

Source: CBA, CBS, CTO, ATA.

1] On a cash basis, excluding the oil and free zone sectors.

Annex 7: Transport activities

	2001	2002	2003	2004	2005	Average
						2001-2005
1. Number of airport passengers	1,800,737	1,663,853	1,558,493	1,749,779	1,713,823	1,697,337
a. Arrived	821,454	759,085	761,044	875,021	860,212	815,363
b. Departed	804,331	751,106	764,101	846,901	840,849	801,458
c. Transit	174,952	153,662	33,348	27,857	12,762	80,516
2. Number of aircraft landings	17,283	16,874	15,642	17,866	16,270	16,787
a. Commercial	13,886	13,761	12,394	15,114	13,342	13,699
b. Non-commercial	3,397	3,113	3,248	2,752	2,928	3,088
3. Airport revenues (in Afl. million)	39.1	36.1	34.8	39.4	39.5	37.8
a. Landing revenues	4.2	3.8	3.3	3.8	3.7	3.8
b. Passenger facility charges	33.5	31.1	30.4	34.5	34.4	32.8
c. Parking revenues	0.1	0.1	0.1	0.1	0.2	0.1
d. Fuel revenues	1.3	1.1	0.9	1.0	1.2	1.1
4. Number of harbor calls	2,811	2,840	2,953	2,795	2,306	2,741
5. Pilotage dues (in Afl. million)	1.1	1.0	0.9	0.9	1.1	1.0

Source: CBS.

Annex 8: Utilities

	2001	2002	2003	2004	2005	Average
						2001-2005
1. a. Water (x1,000 m3) 1)	11,353	11,374	11,718	11,438	11,399	11,456
b. Value (in Afl. million)	n.a.	66.3	74.6	72.9	82.9	74.2 2)
c. Connected premises	31,218	31,952	32,786	33,626	34,905	32,897
2. a. Electricity (x 1,000 KWH)	673,611	692,813	701,577	729,790	759,336	711,425
b. Value (in Afl. million)	n.a.	164.6	181.4	190.4	228.2	191.2 2)
c. Connections	37,404	38,051	39,004	39,806	40,765	39,006
d. Number of users	33,147	33,909	34,802	35,733	36,737	34,866
3. a. Gas (x 1,000 pounds)	17,629	17,795	18,221	18,898	19,133	18,335
b. Value (in Afl. million)	n.a.	10.4	10.9	11.4	11.8	11.1 2)
c. Household	7,206	7,337	7,342	7,393	7,416	7,339
d. Commercial	10,422	10,458	10,879	11,505	11,717	10,996
4. a. Utilities index (1996=100)	126.1	129.3	131.6	134.8	138.9	132.2
b. Water index (1996=100)	123.6	123.9	127.6	124.6	124.1	124.8
c. Electricity index (1996=100)	128.4	132.1	133.7	139.1	144.7	135.6
d. Gas index (1996=100)	115.4	119.8	122.6	127.2	128.8	122.8

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

- 1) Sale of water, excluding to Coastal Aruba Refining Co. N.V., Valero Aruba Refining Co. N.V., and vessels.
 2) Average of 2002-2005.

Annex 9: Labor market statistics 1]

						Average
	2001	2002	2003	2004	2005	2001-2005
Number of employed persons	43,165	43,063	44,111	45,670	47,396	44,681
Number of unemployed persons	2,995	3,811	3,775	3,731	3,501	3,562
Labor force	46,160	46,874	47,886	49,401	50,896	48,243
Nonactive population	25,505	26,154	27,071	28,328	29,619	27,335
Population aged 15 and older	71,665	73,028	74,957	77,729	80,515	75,579
Net migration	784	533	1,518	3,061	2,270	1,633
Unemployment rate	6.5	8.1	7.9	7.6	6.9	7.4
Employment growth	0.0	-0.2	2.4	3.5	3.8	1.9
Participation rate	64.4	64.2	63.9	63.6	63.2	63.9
Real productivity change	-0.8	-2.3	-0.9	-0.2	-0.3	-0.9

Source: CBA.

1] Estimated at end-December by CBA.

Annex 10: Construction activities

						Totals
	2001	2002	2003	2004	2005	2001-2005
Number of construction permits granted	1,243	1,185	1,269	1,474	1,584	6,755
a. Houses 1)	749	852	774	1,034	1,092	4,501
b. Apartments	22	42	22	17	25	128
c. Office buildings	12	10	12	16	15	65
d. Stores and shopping malls 2)	24	25	29	25	25	128
e. Others	435	256	432	382	427	1,932
Total value of construction permits (x Afl. million)	198.2	229.4	243.9	207.1	283.2	1,161.8
a. Houses 1)	78.6	79.7	92.6	97.0	113.7	461.5
b. Apartments	4.5	18.1	6.9	23.5	5.0	58.1
c. Office buildings	11.6	15.4	4.4	15.9	10.1	57.4
d. Stores and shopping malls 2)	33.7	15.2	16.1	25.4	17.4	107.8
e. Others	69.7	101.1	123.9	45.3	137.0	476.9
Total cement imported (x 1,000 Kg)	35,277	47,643	64,497	59,676	88,719	295,812
Number of electrical installations approved	2,873	2,628	3,021	2,541	2,763	13,826
a. Houses 1)	722	667	735	721	857	3,702
b. Apartments	197	206	257	264	258	1,182
c. Enterprises	175	151	267	372	296	1,261
d. Others	1,779	1,604	1,762	1,184	1,352	7,681

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

1) Excluding additions to and remodeling of existing houses.

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

Annex 11: Oil sector activities

	2001	2002	2003	2004	2005	Average 2001-2005
1. Total exports (x Afl. million)	2,980	1,990	3,202	5,284	7,786	4,248
of which refined oil and other products (x Afl. million)	2,882	1,898	3,120	5,058	7,637	4,119
of which bunkering (x Afl. million)	99	92	81	226	149	129
2. Import of crude (x Afl. million)	2,029	1,789	2,743	4,369	6,108	3,407
of which crude oil (x Afl. million)	1,997	1,751	2,670	4,267	5,910	3,319
of which oil related products (x Afl. Million)	32	38	73	102	198	89
3. Quantity of oil refined (x 1,000 barrels)	64,327	52,383	63,155	77,468	78,236	67,114
4. Average daily capacity (x million barrels)	280	280	280	285	275	280
5. Number of employees (at end of period) 1)	597	672	662	654	696	656

Source: Valero Aruba Refining Company.

1) Excluding persons employed with contractors.

References:

- Appleyard, D.R. & Alfred J. Field**, *International Economics*, U.S.A., 1992.
- Bloomberg**, “Venezuela August government spending jumps 45 percent (Uptade 4)”, www.blooming.com, October 31, 2005.
- Bloomberg**, “Venezuelan 1st – Qtr GDP grows 9.4 percent on Oil surge (update 1)”, www.bloomberg.com, May 30, 2005.
- Caribbean Compass**, “Ivan hits below the belt”, October 2004, www.caribbeancompass.com, November 2, 2006
- Centrale Bank van Aruba**, *Quarterly Bulletin 2005 – IV*, May 12, 2006.
- Central Bureau of Statistics**, *Enterprises in Aruba, 1997-2001*, January 2004.
- Central Bureau of Statistics**, *Statistical Yearbook 2005*, May 2005.
- Central Bureau of Statistics**, *Tourist Profile, Year Report 2005*, April, 2006.
- De Nederlandsche Bank**, “Terrorism: limited impact on the economy”, *Quarterly Bulletin* September 2005, pp. 47-54.
- Directie Economische Zaken Handel en Industrie**, Nota DEZHI op introductie van Belasting op Bedrijfsomzetten, 2006
- ECLAC**, “ECLAC in the Caribbean: Confronting Natural Disasters”, in *Focus*, Newsletter of the Caribbean development and Cooperation Committee (CDCC), July-December 2004, pp. 3-6.
- El Paso Corporation**, *Form 10-K405, Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934, For the fiscal year ended December 31, 2000*, March 23, 2001.
- El Paso Corporation**, *Form 10-K405, Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934, For the fiscal year ended December 31, 2001*, March 28, 2002.
- El Paso Corporation**, *Form 10-K405, Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934, For the fiscal year ended December 31, 2002*, April 1, 2003.
- El Paso Corporation**, *Form 10-K, Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934, For the fiscal year ended December 31, 2003*, March 31, 2004.
- Energy Information Administration**, “Short-term energy outlook”, November 7, 2006.
- Essner, J.**, *Terrorism’s Impact on Tourism: What the industry may learn from Egypt’s Struggle with al-Gama’s al-Islamiya*, IPS 688 – Security and Development, December 2003.
- Fitch Ratings**, *Sovereigns Aruba*, June 2006.
- Gregory Mankiw, N.**, *Principles of Economics*, USA, 1997, pp. 651-655.
- International Herald Tribune**, “Container shipping glut threatens freight rats”, www.ihf.com, December 6, 2005.
- International Monetary Fund**, *Kingdom of the Netherlands—Aruba: 2002 Article IV Consultation*, February 6, 2003.
- International Monetary Fund**, *Kingdom of the Netherlands –Aruba: 2005 Article IV Consultation— Staff Report; and Public Information Notice on the Executive Board Discussion*, June 2005.
- International Monetary Fund**, *World Economic Outlook*, September 2006.
- International Monetary Fund**, *World Economic and Financial Surveys, Regional Economic Outlook, Western Hemisphere*, November, 2006.
- Konstantinos Drakos and Ali. M. Kutan**, “Regional effects of terrorism on tourism: Evidence from three Mediterranean countries” *Working Paper B 26*, Center for European Integration Studies, 2001.
- Latin America Monitor**, “Caribbean”, July 2005.
- Lewis, W.M.**, *The power of productivity*, 2004.
- Minister van Financiën en Economische Zaken**, “*Vision, curashi y diciplina*”, *Financieel-economische beleidsnota 2002 – 2005*, June 2002.
- Mishkin, F.S.**, *The Economics of Money, Banking, and Financial Markets*, Fourth Edition, 1995.
- Peterson, R.R.**, *Strategisch Dubbelspel voor Duurzaam Toerisme: een Arubaans Betoog*, Presentation on the occasion of the visit of H.M. the Queen of the Kingdom of the Netherlands to the Centrale bank van Aruba, November 7, 2006, p. 17.
- Ridderstaat, J.R.**, *Aruba: Causes and effects of excessive immigration, experiences and lessons from the recent past, and policy options for the future*, July 2002.
- Ridderstaat, J.R.**, *The imported and domestic determinants of inflation in Aruba*, April 2004.

- U.S. Department of State**, “Hurricane’ Impact on Caribbean Nations a Regional Worry”, <http://usinfo.state.gov>, December 5, 2005.
- Valero Energy Corporation**, Form 10-K, *Annual report pursuant to section 13 or 15 (d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2004* March 14, 2005.
- Valero Energy Corporation**, *Annual Report 2005, Form 10-K*, March 01, 2006.
- Valero Energy Corporation**, *Acquisition of the Aruba Refinery and Related Assets*, (www.valero.com), February 5, 2004.

Notes

¹ The standard deviation is a measure often used to describe variability. The variability describes a process that tends to vary often or widely. The standard deviation is a measure often used to describe variability.

² The Venezuelan market rose by 8.5 percent in stay-over visitors, but their nights shrank by 4.4 percent. Its market share remained virtually unchanged at 8.1 percent. Both the number of Dutch visitors and their nights spent in Aruba rose, i.e., by 4.7 and 5.3 percent, respectively, while its market share decreased by half a percentage point to 5.2 percent. The Colombian market experienced a 6.6 percent decrease in stay-over visitors, in part due to the on-going effect of the introduction of visa requirements for Colombians as of March 1, 2003. Still, its market share remained virtually unchanged.

³ It should be pointed out, however, that this figure also includes the unemployed persons who are working unofficially and are not registered at any of the sources used by the Bank. In the black market of labor (unofficial work), there are no written employment contracts, neither taxes nor social insurance premiums are paid, and the safety of work is not guaranteed.

⁴ Fitch Ratings, *Sovereigns Aruba*, June 2006.

⁵ Mishkin (1995) defines a financial crisis as a “major disruption in financial markets that is characterized by sharp declines in asset prices and the failures of many financial and nonfinancial firms.”

⁶ Directie Economische Zaken Handel en Industrie, Nota DEZHI op introductie van Belasting op Bedrijfsomzetten, 2006, p. 1.

⁷ Energy Information Administration, “Short-term energy outlook November 7, 2006.

⁸ This level is below the high (high risk of terrorist attacks) and severe (severe risk of terrorist attacks).

⁹ Essner, J., *Terrorism's Impact on Tourism: What the industry may learn from Egypt's Struggle with al-Gama's al-Islamiya*, December 2003, p. 2.

¹⁰ Central Bureau of Statistics, *Tourist Profile 2005*, April 2006. The figure mentioned are expenditures that took place while the visitors were in Aruba, thus, excluding anything spent on pre-paid package.

¹¹ Bloomberg, “Venezuela August government spending jumps 45 percent (update 4)”, www.bloomberg.com, October 31, 2005.

¹² International Monetary Fund, *World Economic Outlook*, September 2006.

¹³ International Monetary Fund, *Global context and regional outlook for Latin America and the Caribbean*, October 2005.

¹⁴ U.S. Department of State, “Hurricane Impact on Caribbean Nations a Regional Worry”, <http://usinfo.state.gov>, December 5, 2005.

¹⁵ ECLAC, “The Macroeconomic Pattern of Natural Disaster”, In: Focus, The newsletter of the Caribbean Development and Cooperation Committee (DEC), July-December 2004.

¹⁶ Caribbean Compass, “Ivan Hits Below the Belt”, October 2004, www.caribbeancompass.com, November 2, 2006.

¹⁷ Minister van Financiën en Economische Zaken, “*Vision, curashi y disciplina*”, *Financieel-economische beleids 2002-2005*, p.5.

¹⁸ Peterson, R.R., *Strategisch Dubbelspel voor Duurzaam Toerisme: een Arubaans Betoog*, Presentation on the occasion of the visit of H.M. the Queen of the Kingdom of the Netherlands to the Centrale bank van Aruba, November 7, 2006, p. 17.

3. Statistical annex

Statistical annex

Contents

1 Real sector		5 Nonmonetary financial institutions	
1.1 Gross Domestic Product	2	5.1 Financial survey	32
1.2A Business Perception Results	3	6 Interest rates	
1.2B Business Perception Survey (Indices by selective sectors)	4	6.1 Interest rates of commercial banks	33
1.3 Partial Economic Activity Index	5	6.2 Central Bank lending rates	34
1.4 Tourism	6	6.3 Central Bank-offered rates on commercial bank's deposits	34
1.5 Growth in stay-over tourism	7	6.4 London interbank offered rates on U.S. dollar deposits	34
1.6 Consumer price indices	8	6.5 Government security markets	35
1.7 Percentage price changes	9	7 Public finance	
1.8 Construction activities	10	7.1 Government financial operations	36
1.9 Utilities	11	7.2 Government revenue	37
1.10 Merchandise foreign trade by country	12	7.3 Government's position with the monetary system	38
1.11 Merchandise foreign trade by product category	13	7.4 Outstanding government debt	39
1.12 Oil refining	14	8 International transactions	
2 Monetary developments		8.1 Balance of payments	40
2.1 Monetary survey	15	8.2 Components of the current account	41
2.2 Components of broad money	16	8.3 Components of the capital and financial account	42
2.3 Causes of changes in broad money	17	8.4 Balance of payments by sectors	43
2.4 Foreign assets	18	8.5 Breakdown of merchandise trade	44
3 Monetary institutions		8.6 Official foreign exchange rates (selling) (Period averages)	45
3.1 Consolidated balance sheet of the money-creating institutions	19	8.7 Official foreign exchange rates (selling) (End of period)	46
3.2 Detailed balance sheet of the Centrale Bank van Aruba	21	General note to the tables of the statistical annex	47
3.3 Bank notes issued	23	Explanatory notes to the tables of the statistical annex	48
3.4 Coins issued	24		
4 Commercial banks			
4.1 Summary account	25		
4.2 Prudential ratios	25		
4.3 Detailed balance sheet	26		
4.4 Loans to domestic sectors by kind of economic activity as of end-June 2006	30		
4.5 Loans to domestic sectors by kind of economic activity	31		

TABLE 1.1: GROSS DOMESTIC PRODUCT

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. GDP at market prices (= A + B + C - D) 1)	2,364	2,470	2,742	2,981	3,084	3,327	3,399	3,421	3,599	3,819	4,041
A. Final consumption	1,665	1,818	2,014	2,155	2,276	2,396	2,517	2,698	2,847	3,024	
1. Household	1,193	1,320	1,367	1,500	1,602	1,664	1,712	1,800	1,908	2,015	
2. Government	472	498	647	655	674	731	805	899	939	1,009	
B. Gross capital formation	735	703	830	945	952	818	763	798	985	1,129	
1. Private	613	589	702	812	858	759	715	744	896	1,059	2)
2. Public	56	58	71	40	41	28	28	22	50	70	
3. Changes in inventories	66	56	56	93	53	31	20	32	39		
C. Exports of goods and services	2,007	2,140	2,263	2,374	2,465	2,476	2,467	2,370	2,346	2,454	
D. Imports of goods and services	2,044	2,191	2,365	2,493	2,610	2,363	2,348	2,445	2,578	2,788	
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
3. Real gross domestic product	2,364	2,394	2,580	2,752	2,783	2,887	2,866	2,793	2,836	2,936	3,004
4. GDP growth (in percent)											
A. Nominal	6.0	4.5	11.0	8.7	3.5	7.9	2.2	0.7	5.2	6.1	5.8
B. Real	2.5	1.3	7.8	6.7	1.1	3.7	-0.7	-2.6	1.5	3.5	2.4
5. Mid-year population	79,805	83,022	86,302	88,452	89,659	90,600	91,870	93,311	95,076	97,658	100,629
6. GDP per capita											
A. In Afl.	29,618	29,753	31,775	33,696	34,395	36,721	36,995	36,665	37,856	39,106	40,157
B. In US\$	16,547	16,622	17,751	18,825	19,215	20,514	20,667	20,483	21,149	21,847	22,434
C. Percentage change	3.1	0.5	6.8	6.0	2.1	6.8	0.7	-0.9	3.2	3.3	2.7

1) Figures for 2003 and 2005 are preliminary estimates of the CBA. Figure for 2004 is a preliminary estimate by IMF.

2) Includes "Changes in inventories".

Source: CBS; CBA; IMF.

TABLE 1.2A: BUSINESS PERCEPTION RESULTS

Survey questionnaire responses

	Improvement								No change								Worsening								Business perception indices			
	2005		2006		2005		2006		2005		2006		2005		2006		2005		2006		Current	Short-term	Business perception index					
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV										
<i>(as a percentage of the total)</i>																												
A. Current economic conditions	34	34	21	17	49	43	40	38	17	23	40	45																
1. The economic conditions in Aruba	27	23	6	3	58	34	36	22	15	43	58	76																
2. The activities of your business	42	51	31	27	42	20	31	32	15	29	39	41																
3. The investments of your business	30	31	22	11	55	54	50	54	15	14	28	35																
4. The number of employees that work for your company	36	31	25	27	39	63	42	43	24	6	33	30																
B. Expected short-term economic conditions 1)	31	21	23	22	55	51	41	57	14	29	36	21																
1. The economic conditions in Aruba	27	14	17	11	55	49	25	57	18	37	58	32																
2. The activities of your business	39	23	28	19	49	51	33	62	12	26	39	19																
3. The investments of your business	36	26	25	32	49	43	56	49	15	31	19	19																
4. The number of employees that work for your company	21	20	22	24	70	60	50	62	9	20	28	14																

1) During the next 6 months.

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

	Employment								Operational results								Sales								Average wage costs							
	2005		2006		2005		2006		2005		2006		2005		2006		2005		2006		2005		2006									
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II								
<i>(as a percentage of the total)</i>																																
Profits																																
Operational results																																
Losses																																
Sales																																
Average wage costs																																
1. no change	33	49	44	50	24	20	22	19	9	9	3	0	15	20	22	8	8	21	17	22	11											
2. increase of less than 5.1 percent	30	29	17	17	30	23	8	14	0	0	3	6	27	26	8	8	25	52	60	53	64											
3. increase between 5.1 and 10.1 percent	15	11	11	8	12	9	11	6	0	0	0	0	24	23	19	3	15	14	17	17	8											
4. increase of more than 10.1 percent	0	3	0	0	9	11	14	11	3	3	3	0	15	9	14	19	6	6	6	0	8											
5. decrease of less than 5 percent	18	6	19	14	6	14	3	6	3	3	8	8	18	14	14	19	3	3	3	0	6											
6. decrease between 5.1 and 10.1 percent	3	3	8	3	0	3	6	6	0	0	0	0	0	3	6	14	14	14	0	0	3											
7. decrease of more than 10.1 percent	0	0	0	8	6	3	17	22	0	3	8	3	0	6	17	11	3	0	6	3	0											
Total	100	100	100	100	88	83	81	83	12	17	20	17	100	100	100	100	100	100	100	100	100	100	100	100	100							

1) In percentages of all respondents.

Source: CBA

TABLE 1.2B: BUSINESS PERCEPTION SURVEY (INDICES BY SELECTIVE SECTORS)

	2002		2003		2004		2005		2006		
	I	II	I	II	I	II	I	II	I	II	
1. Index current economic condition	98	104	107	103	105	105	107	107	103	97	95
a. Manufacturing (excl. manufacture of refined petroleum products)	95	110	110	90	110	105	110	110	110	110	95
b. Electricity, gas and water supply, manufacture of refined petroleum products	110	105	106	90	100	100	103	103	100	100	90
c. Construction	107	105	101	108	90	101	108	102	101	108	106
d. Wholesale and retail trade, repair of motor vehicles and household goods	90	101	108	106	102	98	105	102	105	104	102
e. Hotels and restaurants	93	101	108	103	106	104	106	108	104	103	95
f. Transport, storage and communication	98	101	101	98	106	103	103	104	100	92	93
g. Financial intermediation	103	106	107	110	107	110	110	110	108	108	103
h. Real estate and other business activities	99	104	105	104	106	107	107	104	108	105	97
i. Health, other community and personal service activities	98	108	110	100	108	109	109	110	96	96	91
2. Index short-term future economic condition	102	107	107	100	108	108	108	108	104	98	100
a. Manufacturing (excl. manufacture of refined petroleum products)	90	110	100	90	100	110	100	110	100	90	100
b. Electricity, gas and water supply, manufacture of refined petroleum products	110	100	105	110	100	110	100	105	110	100	100
c. Construction	110	110	108	110	110	98	110	108	90	110	106
d. Wholesale and retail trade, repair of motor vehicles and household goods	90	104	102	106	108	108	108	107	106	107	95
e. Hotels and restaurants	99	106	110	90	110	109	108	110	110	90	103
f. Transport, storage and communication	99	108	107	93	106	107	108	107	104	93	98
g. Financial intermediation	110	110	110	105	110	110	110	110	110	107	106
h. Real estate and other business activities	104	107	106	105	106	107	107	104	108	105	97
i. Health, other community and personal service activities	97	108	110	93	108	109	109	110	96	91	94
3. Business Perception Index	100	105	107	102	106	106	108	107	103	100	97
a. Manufacturing (excl. manufacture of refined petroleum products)	93	110	110	90	110	107	110	110	110	100	93
b. Electricity, gas and water supply, manufacture of refined petroleum products	110	103	106	100	100	103	110	104	90	110	90
c. Construction	108	106	105	109	100	100	108	104	97	109	106
d. Wholesale and retail trade, repair of motor vehicles and household goods	90	102	105	106	105	102	107	103	105	105	98
e. Hotels and restaurants	96	103	109	96	107	106	107	109	108	97	95
f. Transport, storage and communication	98	105	103	95	106	105	105	103	93	95	93
g. Financial intermediation	107	108	109	108	108	110	110	109	109	108	103
h. Real estate and other business activities	101	106	105	105	106	107	107	105	106	100	98
i. Health, other community and personal service activities	97	108	110	97	109	109	109	110	99	93	94

Source: Centrale Bank van Aruba

TABLE 1.3: PARTIAL ECONOMIC ACTIVITY INDEX 1)

Period average	Share in GDP (in percent)	2002		2003		2004		2005		2006					
		I	II	I	II	I	II	I	II	I	II				
Total index	71.3	-3.1	1.3	3.2	4.8	2.1	4.4	1.3	5.0	5.2	5.4	2.0	6.4	3.2	-2.0
a. Utilities	4.1	1.0	1.9	0.5	3.8	-7.1	5.7	3.3	0.5	6.7	4.1	6.9	-2.3	-2.8	-2.2
b. Construction	8.6	-8.9	11.4	-8.6	43.6	-14.6	-14.5	-15.9	14.5	27.6	33.2	28.1	80.2	39.4	2.8
c. Trade	14.2	-2.1	-4.4	3.4	-3.8	2.4	8.5	-1.3	4.0	0.3	-1.3	-6.6	-7.0	-0.7	-4.8
d. Hotels and restaurants	10.5	-5.6	4.0	10.0	1.7	12.2	15.0	5.0	8.6	9.4	4.4	-1.3	-6.0	-6.1	-5.1
e. Transport, storage & communication	8.2	-0.3	-2.2	9.1	-2.1	3.3	11.9	14.9	7.5	3.2	1.5	-10.1	-3.0	-0.8	-2.1
f. Housing	12.6	2.8	2.5	2.6	3.3	2.7	2.5	2.6	2.6	2.8	2.9	3.6	3.8	3.6	3.5
g. Public adm. & education	13.1	-8.0	0.1	1.8	3.2	3.5	1.7	1.2	1.1	-0.2	4.8	2.1	5.5	2.4	-5.2

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

Source: CBS.

TABLE 14: TOURISM

period	(1)	(2)	Visitors by origin				(7)	(8)	(9)	(10)	(11)	Cruise tourism	
			North America	USA	Latin America	Of which Venezuela						Europe	Of which Netherlands
2002	4,862,548	642,627	454,261	436,660	117,568	81,665	43,980	27,992	26,818	7.6	71.9	582,195	337
2003	5,097,571	641,906	481,684	464,466	77,219	54,554	54,711	36,415	28,292	7.9	74.4	542,327	315
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
2004	1,446,513	177,098	143,778	135,565	13,606	8,620	13,331	9,725	6,383	8.2	84.5	185,161	100
II	1,301,935	178,144	139,269	135,623	17,967	12,063	13,892	8,570	7,016	7.3	77.3	113,236	53
III	1,458,733	190,803	134,488	131,280	31,857	24,165	16,646	9,767	7,812	7.6	80.9	81,210	37
IV	1,432,688	182,112	138,158	132,665	21,025	14,370	16,559	10,060	6,370	7.9	80.0	196,713	128
2005	1,574,890	200,868	163,443	155,375	16,934	11,266	15,218	9,315	5,273	7.8	88.1	190,659	108
II	1,345,904	183,048	145,084	140,990	16,530	10,644	14,998	9,581	6,436	7.4	80.7	112,234	64
III	1,423,423	180,920	124,478	120,709	32,653	24,392	16,774	9,940	7,015	7.9	79.6	56,245	42
IV	1,350,284	167,678	123,793	118,374	21,052	13,626	16,191	9,831	6,642	8.1	77.9	193,681	97
2006	1,408,268	170,338	136,580	127,972	14,850	8,971	13,736	9,058	5,172	8.3	84.4	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

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 USA	Latin America	Of which Venezuela	Europe	Of which Netherlands	Other	
<i>Quarterly percentage changes 1)</i>									
2004 I	13.1	14.0	14.5	13.5	-5.6	4.3	32.8	33.9	20.3
II	14.7	18.5	21.5	21.2	12.0	4.7	9.4	2.9	0.9
III	7.2	11.6	14.3	14.4	11.9	9.7	4.1	-1.5	-11.7
IV	8.3	10.2	11.6	12.1	14.9	12.8	3.6	-7.8	-11.3
2005 I	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 I	-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
<i>Cumulative percentage changes 2)</i>									
2004 I	13.1	14.0	14.5	13.5	-5.6	4.3	32.8	33.9	20.3
II	13.8	16.2	17.8	17.2	3.7	4.5	19.8	17.3	9.3
III	11.4	14.6	16.7	16.3	7.7	7.3	13.3	10.0	0.5
IV	10.6	13.4	15.4	15.2	9.4	8.5	10.4	4.7	-2.5
2005 I	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 I	-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

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)

End of period	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Total index	Food	Beverage & tobacco	Clothing & footwear	Housing	House-keeping & furnishing	Health	Transport & communication	Recreation & education	Other
Weights (September 1994)	10,000	1,625	254	1,134	1,786	1,039	307	2,072	808	975
Weights (September 2000)	10,000	1,469	219	1,086	2,296	1,002	88	1,967	799	1,074
2002	107.7	107.3	106.4	116.4	110.2	109.5	100.0	101.5	105.3	106.2
2003	110.1	111.2	106.8	122.2	111.7	111.9	100.0	103.3	107.0	107.9
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
2004 I	111.1	113.0	107.1	122.8	112.1	112.1	100.0	104.7	108.5	108.4
II	112.5	113.7	106.8	124.1	114.7	112.8	100.0	106.9	109.3	108.9
III	112.7	114.4	107.0	125.8	114.6	113.5	100.0	106.2	109.7	109.2
IV	113.2	115.4	107.7	125.5	114.9	114.1	100.0	106.8	109.7	109.6
2005 I	113.6	116.8	108.4	124.9	115.3	114.4	100.0	107.1	109.9	109.9
II	116.2	117.3	108.3	124.8	123.3	115.0	100.0	108.8	112.2	111.3
III	116.9	118.9	109.0	125.3	123.6	115.3	100.0	110.1	112.6	111.8
IV	117.5	120.1	109.1	125.4	127.5	115.6	100.0	106.8	112.9	112.2
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

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
2002	107.7	0.1	0.9	4.2	3.3
2003	110.1	0.2	0.3	2.2	3.6
2004	113.2	-0.6	0.4	2.8	2.5
2005	117.5	-0.4	0.5	3.8	3.4
2004 I	111.1	0.4	0.9	1.5	2.8
II	112.5	0.9	1.3	3.0	2.4
III	112.7	0.0	0.2	2.6	2.3
IV	113.2	-0.6	0.4	2.8	2.5
2005 I	113.6	0.1	0.4	2.3	2.7
II	116.2	0.3	2.3	3.3	3.0
III	116.9	0.1	0.6	3.7	3.2
IV	117.5	-0.4	0.5	3.8	3.4
2006 I	118.5	-0.2	0.9	4.3	3.9
II	120.9	0.2	2.0	4.0	4.0

TABLE 1.8: CONSTRUCTION ACTIVITIES

	2002	2003	2004	2005	2004				2005				2006	
					I	II	III	IV	I	II	III	IV	I	II
1. Number of construction permits granted	1,185	1,269	1,474	1,584	432	338	348	356	342	375	442	425	277	428
a. Houses 1)	852	774	1,034	1,092	325	205	234	270	254	249	301	288	179	257
b. Apartments	42	22	17	25	2	6	7	2	6	4	3	12	5	11
c. Office buildings	10	12	16	15	6	5	3	2	2	7	4	2	2	11
d. Stores and shopping malls 2)	25	29	25	25	9	6	4	6	6	9	7	3	8	13
e. Others	256	432	382	427	90	116	100	76	74	106	127	120	83	136
2. Total value of construction permits (x Afl. million)	229.4	243.9	207.1	283.2	64.6	42.1	66.1	34.3	55.0	126.2	47.6	54.4	78.0	281.2
a. Houses 1)	79.7	92.6	97.0	113.7	31.0	19.2	21.7	25.1	25.3	27.8	29.8	30.7	23.4	34.4
b. Apartments	18.1	6.9	23.5	5.0	0.3	1.0	21.5	0.6	0.4	0.3	0.4	3.8	1.4	3.3
c. Office buildings	15.4	4.4	15.9	10.1	7.8	2.4	5.6	0.1	0.8	3.1	4.0	2.2	0.7	7.0
d. Stores and shopping malls 2)	15.2	16.1	25.4	17.4	12.4	5.8	4.4	2.9	2.4	10.2	3.6	1.2	8.0	50.9
e. Others	101.1	123.9	45.3	137.0	13.1	13.7	12.8	5.6	26.0	84.8	9.8	16.4	44.5	185.6
3. Total cement imported (x 1,000 Kg)	47,643	64,497	59,675	88,719	9,335	11,398	17,958	20,985	13,784	12,256	17,991	44,687	10,773	28,356
4. Number of electrical installations approved	2,628	3,021	2,541	2,763	526	596	673	746	558	722	783	700	495	594
a. Houses 1)	667	735	721	857	157	142	166	256	189	250	186	232	104	155
b. Apartments	206	257	264	258	36	83	76	69	73	37	84	64	29	37
c. Enterprises	151	267	372	296	61	82	128	101	44	81	85	86	40	77
d. Others	1,604	1,762	1,184	1,352	272	289	303	320	252	354	428	318	322	325

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

	2002	2003	2004	2005	2004				2005				2006			
					I	II	III	IV	I	II	III	IV	I	II	III	IV
1. a. Water (x 1,000 m ³) 1)	11,374	11,718	11,438	11,399	2,709	3,038	2,972	2,720	2,829	2,935	3,016	2,619	2,799	3,013		
b. Value (in Afl. mln.)	66.3	74.6	72.9	82.9	16.7	19.2	19.2	17.8	18.1	21.3	22.8	20.8	23.0	26.2		
c. Connected premises	31,952	32,786	33,626	34,905	32,979	33,225	33,439	33,626	33,914	34,198	34,650	34,905	35,145	35,383		
2. a. Electricity (x 1,000 KWH)	692,813	701,577	729,790	759,336	170,909	182,511	190,588	185,781	174,468	196,073	201,263	187,532	175,111	192,794		
b. Value (in Afl. mln)	164.6	181.4	190.4	228.2	43.6	46.9	50.1	49.8	45.9	58.5	62.0	61.8	60.5	69.5		
c. Connections	38,051	39,004	39,806	40,765	39,113	39,280	39,412	39,806	39,779	40,024	40,357	40,765	40,770	40,957		
d. Number of users	33,909	34,802	35,733	36,737	34,958	35,220	35,368	35,733	35,828	36,081	36,420	36,737	36,892	37,093		
3. a. Gas (x 1,000 pounds)	17,795	18,221	18,898	19,133	4,513	4,553	4,647	5,184	4,689	4,700	4,615	5,129	4,692	4,670		
b. Value (in Afl. mln)	10.4	10.9	11.4	11.8	2.7	2.7	2.8	3.1	2.9	3.0	2.8	3.2	3.1	3.1		
c. Household	7,337	7,342	7,393	7,416	1,689	1,764	1,767	2,173	1,599	1,802	1,767	2,248	1,707	1,784		
d. Commercial	10,458	10,879	11,505	11,717	2,824	2,789	2,880	3,012	3,090	2,898	2,848	2,880	2,985	2,886		
4. Utilities index 2)	129.3	131.6	134.8	138.9	126.7	136.6	140.3	135.7	130.1	143.1	146.8	135.8	130.2	142.1		

1) Sale of water, excluding to Coastal Aruba 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

	2002	2003	2004	2005	2004		2005		2006					
					I	II	III	IV	I	II	III	IV	I	II
1. Export of goods (f.o.b.)	62.1	35.9	40.2	39.9	10.3	11.6	10.6	7.7	7.9	9.3	10.5	12.2	7.6	9.6
a. United States	25.2	13.0	14.4	17.5	3.9	4.1	3.7	2.8	2.3	4.7	2.8	7.7	3.8	5.2
b. Colombia	4.9	0.9	1.7	1.7	0.1	0.3	0.7	0.5	0.8	0.3	0.2	0.4	0.2	0.3
c. The Netherlands	6.3	6.6	6.9	6.7	0.9	1.9	3.0	1.0	1.1	1.1	3.4	1.1	0.8	1.3
d. Netherlands Antilles	9.2	7.0	8.1	9.2	2.1	2.6	1.6	1.8	2.4	2.0	2.7	2.2	1.7	1.7
e. Venezuela	12.4	2.6	3.7	1.8	1.1	1.1	0.6	0.9	0.5	0.3	0.5	0.4	0.5	0.5
f. Other countries	4.2	5.8	5.4	2.9	2.2	1.6	0.9	0.7	0.9	0.7	0.9	0.5	0.7	0.5
2. Import of goods (c.i.f.)	1,364.4	1,417.9	1,476.8	1,702.1	350.4	346.7	340.4	439.2	361.2	386.1	417.7	537.1	464.2	408.2
a. United States	825.5	836.5	869.1	1,028.2	206.8	213.2	193.2	255.8	213.6	227.7	246.8	340.0	286.0	232.4
b. The Netherlands	172.4	180.6	204.8	199.0	54.6	43.8	50.8	55.6	47.8	49.7	52.5	49.0	46.6	52.9
c. Netherlands Antilles	45.0	46.5	44.3	47.3	8.8	10.5	11.0	14.0	9.0	11.9	10.3	16.1	9.5	8.8
d. Venezuela	40.8	45.5	50.2	47.5	11.6	11.4	13.9	13.4	10.7	10.9	12.9	12.9	10.0	11.3
e. Japan	35.5	38.3	36.7	36.0	9.7	9.3	7.4	10.3	6.4	9.6	10.6	9.4	12.5	9.2
f. Other countries	245.1	270.6	271.7	344.3	59.0	58.5	64.2	90.0	73.7	76.4	84.6	109.6	99.6	93.7
3. Trade balance	-1,302.3	-1,381.9	-1,436.5	-1,662.2	-340.1	-335.1	-329.8	-431.5	-353.3	-376.9	-407.2	-524.9	-456.6	-398.7

Source: CBS.

TABLE 1.11: MERCHANDISE FOREIGN TRADE BY PRODUCT CATEGORY

	2002	2003	2004	2005				2006						
				I	II	III	IV	I	II	III	IV			
1. Export of goods (f.o.b.)	62.1	35.9	40.2	39.9	10.3	11.6	10.6	7.7	7.9	9.3	10.5	12.2	7.6	9.6
a. Live animals and other animal products	17.6	2.4	2.6	1.6	0.3	1.1	0.4	0.8	0.4	0.3	0.5	0.4	0.2	0.2
b. Transport equipment	3.2	3.0	3.5	3.2	1.2	1.1	0.8	0.4	0.6	0.7	1.2	0.7	0.5	1.3
c. Art objects and collectors' items	8.4	7.9	7.5	7.1	1.9	2.0	2.8	0.8	0.8	1.6	3.6	1.2	1.1	2.0
d. Machinery and electrotechnical equipment	11.1	6.7	5.4	8.6	1.4	1.0	0.9	2.0	1.1	1.1	1.2	5.1	1.2	1.7
e. Other goods	21.8	16.0	21.3	19.5	5.5	6.4	5.7	3.7	5.0	5.6	4.1	4.8	4.5	4.3
2. Import of goods (c.i.f.)	1,364.4	1,417.9	1,476.8	1,702.1	350.4	346.7	340.4	439.2	361.2	386.1	417.7	537.1	464.2	408.2
a. Live animals and other animal products	90.8	86.3	94.7	98.5	23.1	21.5	24.3	25.9	24.8	25.0	22.9	25.9	28.3	21.7
b. Food products	146.6	155.8	168.9	176.3	37.7	41.6	40.9	48.8	38.5	45.5	42.9	49.4	43.2	47.3
c. Chemical products	164.6	146.5	158.6	163.1	36.1	41.7	37.9	42.9	37.0	40.6	39.8	45.8	48.2	50.5
d. Base metals and derivated works	103.7	122.0	104.6	169.8	22.2	26.4	28.3	27.7	28.5	26.8	40.6	73.9	48.1	36.6
e. Machinery and electrotechnical equipment	250.1	266.6	234.1	314.2	55.1	64.7	46.5	67.9	59.8	66.9	82.4	105.1	99.4	78.7
f. Transport equipment	119.2	120.0	134.2	146.3	39.5	30.8	26.7	37.1	31.1	35.7	40.4	39.1	40.8	37.6
g. Other goods	489.5	520.6	581.6	633.9	136.7	120.1	135.8	188.9	141.6	145.7	148.7	197.9	156.2	135.8
3. Trade balance	-1,302.3	-1,381.9	-1,436.5	-1,662.2	-340.1	-335.1	-329.8	-431.5	-353.3	-376.9	-407.2	-524.9	-456.6	-398.7

Source: CBS.

TABLE 1.12: OIL REFINING

	2002	2003	2004	2005	2004		2005		2006					
					I	II	III	IV	I	II				
1. Export of refined oil (x AfL. million)	1,990	3,202	5,284	7,786	1,051	1,183	1,449	1,601	1,746	1,621	2,266	2,153	1,955	2,469
2. Import of crude oil (x AfL. million)	1,789	2,670	4,267	5,910	884	1,073	1,228	1,081	1,160	1,453	1,804	1,494	1,432	1,821
3. Quantity of oil refined (x 1,000 barrels)	52,383	63,155	77,468	78,236	18,984	19,217	19,559	19,708	19,830	18,244	20,015	20,147	13,806	15,541
4. Number of employees (at end of period) 1)	672	662	654	696	668	665	662	654	669	669	686	696	702	700

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	2002		2003		2004		2005		2006					
	I	II	I	II	I	II	I	II	I	II				
I. Net domestic assets	1,334.6	1,576.3	1,627.6	1,829.0	1,596.5	1,529.0	1,573.8	1,627.6	1,697.6	1,772.7	1,780.7	1,829.0	1,808.1	1,820.2
A) Domestic credit	1,702.9	1,921.4	2,038.5	2,256.1	1,973.5	1,921.7	1,973.3	2,038.5	2,109.8	2,179.3	2,174.9	2,256.1	2,244.2	2,271.0
1) Net claims on public sector	-61.9	-42.6	-21.3	1.4	0.5	-53.9	-49.1	-21.3	-9.9	29.4	-32.0	1.4	-36.6	-19.6
a) Gross claims	81.4	84.2	92.1	150.7	84.3	84.4	91.7	92.1	102.1	143.6	109.3	150.7	111.0	110.7
b) Government's deposits	-72.4	-47.6	-12.7	-31.2	-9.5	-73.7	-36.7	-12.7	-16.1	-18.3	-18.6	-31.2	-32.0	-21.6
c) Development funds	-71.0	-79.2	-100.7	-118.1	-74.3	-64.6	-104.1	-100.7	-96.0	-95.9	-122.7	-118.1	-115.6	-108.7
2) Claims on private sector	1,764.8	1,964.0	2,059.8	2,254.7	1,973.0	1,975.6	2,022.4	2,059.8	2,119.7	2,149.9	2,206.8	2,254.7	2,280.7	2,290.6
a) Enterprises	836.2	926.2	952.4	966.5	907.6	904.9	928.9	952.4	928.6	946.2	950.6	966.5	983.3	996.3
b) Individuals	900.3	984.2	1,065.4	1,238.7	1,012.7	1,019.3	1,050.1	1,065.4	1,150.7	1,165.1	1,204.5	1,238.7	1,251.4	1,257.7
1) Consumer credit	409.3	434.6	478.8	528.9	450.0	458.8	470.1	478.8	480.8	486.0	507.6	528.9	525.8	524.1
2) Housing mortgages	491.1	549.6	586.6	709.8	562.8	560.5	580.0	586.6	669.9	679.1	696.9	709.8	725.7	733.6
c) Other	28.3	53.7	42.0	49.5	52.6	51.5	43.4	42.0	40.4	38.7	51.7	49.5	46.0	36.6
B) Other items, net	-368.3	-345.1	-410.9	-427.1	-377.0	-392.8	-399.6	-410.9	-412.2	-406.6	-394.2	-427.1	-436.1	-450.8
II. Net foreign assets	699.0	637.9	657.7	597.9	668.9	730.1	680.7	657.7	705.5	642.9	658.5	597.9	633.7	648.8
A) Centrale Bank van Aruba	611.4	546.4	549.2	509.5	567.4	638.0	610.3	549.2	636.7	623.6	617.1	509.5	563.1	533.3
B) Commercial banks	87.6	91.4	108.5	88.4	101.5	92.1	70.4	108.5	68.9	19.3	41.4	88.4	70.7	115.5
III Broad money	2,033.6	2,214.1	2,285.3	2,426.8	2,265.3	2,259.1	2,254.5	2,285.3	2,403.1	2,415.7	2,439.2	2,426.8	2,441.9	2,469.0
A) Money	844.5	933.2	960.8	965.0	969.7	974.4	947.8	960.8	1,059.6	1,048.9	1,023.7	965.0	1,001.7	1,071.9
B) Quasi-money	1,189.1	1,280.9	1,324.5	1,461.9	1,295.6	1,284.6	1,306.7	1,324.5	1,343.5	1,366.7	1,415.5	1,461.9	1,440.1	1,397.0

TABLE 2.2: COMPONENTS OF BROAD MONEY

End of period	Currency		Demand deposit		Money		Other deposits			Treasury bills	Quasi-money	Broad money			
	Issued	At banks	Outside banks	Afl.	Foreign currency	Total	Savings	Time					Total		
								Foreign currency	Afl.					Foreign currency	
(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)	
2002	163.0	35.1	127.8	612.5	104.2	716.7	844.5	406.0	11.3	709.9	61.9	1,189.1	0.0	1,189.1	2,033.6
2003	165.6	40.5	125.1	710.5	97.6	808.1	933.2	484.1	12.3	732.1	48.4	1,276.9	4.0	1,280.9	2,214.1
2004	162.7	32.1	130.7	709.9	120.3	830.2	960.8	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	965.0	634.1	14.3	764.0	44.5	1,456.9	5.0	1,461.9	2,426.8
2004 I	155.9	35.2	120.6	717.0	132.1	849.1	969.7	503.1	13.4	727.4	51.8	1,295.6	0.0	1,295.6	2,265.3
II	151.0	29.8	121.2	742.2	111.0	853.2	974.4	510.1	14.5	702.4	51.6	1,278.6	6.0	1,284.6	2,259.1
III	149.5	29.2	120.3	720.0	107.4	827.4	947.8	521.5	13.4	719.1	42.7	1,296.7	10.0	1,306.7	2,254.5
IV	162.7	32.1	130.7	709.9	120.3	830.2	960.8	532.7	13.6	729.0	39.2	1,314.5	10.0	1,324.5	2,285.3
2005 I	164.7	33.9	130.7	784.8	144.1	928.9	1,059.6	577.2	13.8	688.0	54.4	1,333.5	10.0	1,343.5	2,403.1
II	169.3	35.4	133.9	781.2	133.8	915.0	1,048.9	601.0	13.5	701.8	44.4	1,360.7	6.0	1,366.7	2,415.7
III	171.5	34.8	136.8	758.7	128.3	886.9	1,023.7	615.2	13.8	733.9	49.6	1,412.5	3.0	1,415.5	2,439.2
IV	183.1	39.0	144.1	673.4	147.5	820.8	965.0	634.1	14.3	764.0	44.5	1,456.9	5.0	1,461.9	2,426.8
2006 I	178.7	33.6	145.1	712.7	143.9	856.6	1,001.7	646.5	13.7	720.5	56.4	1,437.1	3.0	1,440.1	2,441.9
II	185.5	35.2	150.3	788.4	133.2	921.6	1,071.9	647.4	13.2	692.0	44.5	1,397.0	0.0	1,397.0	2,469.0

TABLE 2.3: CAUSES OF CHANGES IN BROAD MONEY

During period	2002		2003		2004		2005		2006					
	I	II	I	II	I	II	I	II	I	II				
I. Net domestic money creation	154.0	241.7	51.3	201.4	20.2	-67.5	44.8	53.8	70.0	75.2	8.0	48.3	-20.9	12.1
A) Domestic credit	159.0	218.5	117.1	217.6	52.1	-51.8	51.6	65.2	71.3	69.6	-4.5	81.2	-11.9	26.8
1) Net claims on public sector	-36.2	19.3	21.3	22.8	43.1	-54.4	4.8	27.8	11.4	39.4	-61.4	33.4	-38.0	16.9
a) Recourse to monetary system	3.9	2.7	8.0	58.6	0.1	0.2	7.3	0.4	10.0	41.5	-34.3	41.4	-39.7	-0.3
b) Drawing down of bank balance:	-40.1	16.6	13.4	-35.8	43.0	-54.6	-2.5	27.3	1.4	-2.1	-27.1	-8.0	1.7	17.3
1) Government's deposits	-0.3	24.8	34.9	-18.5	38.1	-64.2	37.0	24.0	-3.4	-2.2	-0.3	-12.6	-0.8	10.4
2) Development funds	-39.7	-8.2	-21.6	-17.3	4.9	9.7	-39.5	3.3	4.7	0.1	-26.8	4.7	2.5	6.8
2) Claims on private sector	195.2	199.2	95.8	194.8	9.0	2.6	46.8	37.4	59.9	30.2	56.9	47.8	26.1	9.9
a) Enterprises	96.3	90.0	26.2	14.1	-18.6	-2.8	24.1	23.4	-23.7	17.6	4.4	15.8	16.9	13.0
b) Individuals	88.8	83.9	81.2	173.3	28.6	6.5	30.8	15.3	85.2	14.4	39.4	34.2	12.8	6.3
1) Consumer credit	42.6	25.3	44.2	50.1	15.4	8.8	11.4	8.6	2.0	5.2	21.6	21.3	-3.1	-1.6
2) Housing mortgages	46.3	58.5	37.0	123.1	13.2	-2.3	19.5	6.7	83.2	9.2	17.8	12.9	15.9	7.9
c) Other	10.0	25.4	-11.6	7.5	-1.0	-1.1	-8.1	-1.3	-1.6	-1.8	13.1	-2.2	-3.5	-9.4
B) Other domestic factors	-5.0	23.2	-65.8	-16.2	-31.9	-15.7	-6.8	-11.3	-1.3	5.6	12.4	-32.9	-9.0	-14.7
II. Inflow of foreign funds	39.0	-61.2	19.9	-59.8	31.0	61.2	-49.4	-23.0	47.8	-62.6	15.6	-60.6	35.9	15.0
III Broad money	193.0	180.5	71.1	141.6	51.2	-6.3	-4.6	30.8	117.8	12.5	23.5	-12.3	15.0	27.1
1) Money	143.5	88.7	27.6	4.1	36.5	4.7	-26.7	13.1	98.8	-10.7	-25.2	-58.7	36.8	70.2
2) Quasi-money	49.5	91.8	43.5	137.4	14.7	-11.0	22.1	17.8	19.0	23.2	48.8	46.4	-21.8	-43.1

TABLE 2.4: FOREIGN ASSETS

End of period	Centrale Bank van Aruba				Commercial banks		Total	Revaluation differences	Total excl. (9)	Broad money	Import of goods (excl. oil) during a 12-month period	Current account payments (excl. oil) during a 12-month period	Percentages			
	Gold	Other assets	Liabi- lities	Net	Assets	Liabi- lities							Net	Broad money coverage	Import coverage	Current account paym. coverage
2002	68.2	608.1	8.5	667.9	530.2	442.6	87.6	755.5	699.0	2,033.6	1,265.8	2,355.5	34.4	59.7	32.1	
2003	83.1	528.4	2.6	608.9	664.3	572.9	91.4	700.3	637.9	2,214.1	1,355.5	2,460.4	28.8	51.7	28.5	
2004	87.1	528.8	1.5	614.4	589.1	480.6	108.5	722.9	657.7	2,285.3	1,477.9	2,699.9	28.8	48.9	26.8	
2005	102.0	489.6	3.0	588.6	583.6	495.2	88.4	677.1	597.9	2,426.8	1,590.5	2,895.7	24.6	42.6	23.4	
2004	I	84.3	550.6	1.5	633.4	630.8	529.3	101.5	734.9	2,265.3	1,396.7	2,512.6	29.5	52.6	29.3	
	II	78.7	628.7	13.2	694.2	521.9	429.8	92.1	786.3	2,259.1	1,422.2	2,594.5	32.3	55.3	30.3	
	III	82.7	598.6	8.1	673.1	471.4	401.0	70.4	743.5	2,254.5	1,448.8	2,635.8	30.2	51.3	28.2	
	IV	87.1	528.8	1.5	614.4	589.1	480.6	108.5	722.9	2,285.3	1,477.9	2,699.9	28.8	48.9	26.8	
2005	I	85.0	619.7	6.8	697.9	627.6	558.7	68.9	766.8	2,403.1	1,488.7	2,715.0	29.4	51.5	28.2	
	II	86.9	604.8	0.8	690.9	526.1	506.8	19.3	710.2	2,415.7	1,535.6	2,793.7	26.6	46.2	25.4	
	III	94.1	596.7	0.4	690.4	507.0	465.6	41.4	731.8	2,439.2	1,550.2	2,846.4	27.0	47.2	25.7	
	IV	102.0	489.6	3.0	588.6	583.6	495.2	88.4	677.1	2,426.8	1,590.5	2,895.7	24.6	42.6	23.4	
2006	I	115.7	540.3	0.2	655.8	548.0	477.4	70.7	726.5	2,441.9	1,621.6	2,995.3	26.0	44.8	24.3	
	II	122.0	509.7	0.9	630.9	647.6	532.1	115.5	746.3	2,469.0	1,636.3	3,094.8	26.3	45.6	24.1	

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

End of period	2005				2006									
	2002	2003	2004	2005	2004	2005	2006	2006						
					I	II	III	IV	I	II				
ASSETS														
1. Claims on money-creating institutions	407.4	429.1	422.6	405.5	473.1	467.7	450.3	422.6	493.0	498.1	505.2	405.5	438.5	410.1
a) Monetary authorities	361.9	358.3	364.6	345.1	405.4	405.5	392.0	364.6	434.4	442.8	435.0	345.1	376.4	348.9
b) Commercial banks	45.5	70.7	58.0	60.4	67.7	62.2	58.3	58.0	58.6	55.4	70.2	60.4	62.1	61.2
2. Claims on the public sector	81.4	84.2	92.1	150.7	84.3	84.4	91.7	92.1	102.1	143.6	109.3	150.7	111.0	110.7
a) Short-term	65.3	65.6	70.3	109.1	65.7	65.9	65.9	70.3	70.4	101.9	67.8	109.1	69.4	69.1
b) Long-term	16.1	18.6	21.8	41.6	18.6	18.6	25.8	21.8	31.7	41.8	41.6	41.6	41.6	41.6
3. Claims on the private sector	1,764.8	1,964.0	2,059.8	2,254.7	1,973.0	1,975.6	2,022.4	2,059.8	2,119.7	2,149.9	2,206.8	2,254.7	2,280.7	2,290.6
a) Enterprises	836.2	926.2	952.4	966.5	907.6	904.9	928.9	952.4	928.6	946.2	950.6	966.5	983.3	996.3
b) Individuals	900.3	984.2	1,065.4	1,238.7	1,012.7	1,019.3	1,050.1	1,065.4	1,150.7	1,165.1	1,204.5	1,238.7	1,251.4	1,257.7
1) Consumer credit	409.3	434.6	478.8	528.9	450.0	458.8	470.1	478.8	480.8	486.0	507.6	528.9	525.8	524.1
2) Housing mortgages	491.1	549.6	586.6	709.8	562.8	560.5	580.0	586.6	669.9	679.1	696.9	709.8	725.7	733.6
c) Capital market investment	6.8	15.4	14.3	30.7	15.3	15.2	15.1	14.3	14.2	13.9	30.6	30.7	30.0	29.4
d) Other	21.5	38.3	27.7	18.8	37.4	36.3	28.3	27.7	26.2	24.7	21.1	18.8	15.9	7.2
4. Foreign assets	1,206.5	1,275.8	1,205.1	1,175.2	1,265.7	1,229.3	1,152.7	1,205.1	1,332.4	1,217.8	1,197.8	1,175.2	1,204.0	1,279.4
a) Gold	68.2	83.1	87.1	102.0	84.3	78.7	82.7	87.1	85.0	86.9	94.1	102.0	115.7	122.0
b) Short-term	483.2	603.1	523.4	522.5	579.5	469.5	428.6	523.4	591.9	533.1	535.8	522.5	543.2	617.6
c) Long-term	655.1	589.6	594.6	550.7	601.9	681.0	641.4	594.6	655.5	597.8	567.9	550.7	545.1	539.7
5. Other domestic assets	-65.5	-24.8	-27.4	-44.8	-18.3	-18.6	-22.6	-27.4	-26.5	-27.7	-32.8	-44.8	-42.9	-41.5
6. Total assets	3,394.7	3,728.3	3,752.2	3,941.3	3,777.8	3,738.4	3,694.6	3,752.2	4,020.8	3,981.8	3,986.4	3,941.3	3,991.4	4,049.2

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

(continued)

End of period	2002		2003		2004		2005		2006					
	I	II	I	II	I	II	I	II	I	II				
LIABILITIES														
7. Broad money	2,033.6	2,214.1	2,285.3	2,426.8	2,265.3	2,259.1	2,254.5	2,285.3	2,403.1	2,415.7	2,439.2	2,426.8	2,441.9	2,469.0
a) Money	844.5	933.2	960.8	965.0	969.7	974.4	947.8	960.8	1,059.6	1,048.9	1,023.7	965.0	1,001.7	1,071.9
b) Quasi-money	1,189.1	1,280.9	1,324.5	1,461.9	1,295.6	1,284.6	1,306.7	1,324.5	1,343.5	1,366.7	1,415.5	1,461.9	1,440.1	1,397.0
8. Money-creating institutions	376.5	356.1	375.0	364.2	428.1	427.1	409.2	375.0	438.2	454.2	448.6	364.2	392.1	376.4
a) Monetary authorities	358.3	339.5	348.5	336.5	407.8	407.2	390.6	348.5	430.2	441.3	423.2	336.5	372.9	354.5
b) Commercial banks	18.2	16.7	26.5	27.7	20.4	19.9	18.6	26.5	8.0	12.9	25.4	27.7	19.2	21.9
9. Public sector deposits	143.4	126.8	113.5	149.3	83.8	138.3	140.8	113.5	112.1	114.2	141.3	149.3	147.5	130.3
a) Government	72.4	47.6	12.7	31.2	9.5	73.7	36.7	12.7	16.1	18.3	18.6	31.2	32.0	21.6
b) Development funds	71.0	79.2	100.7	118.1	74.3	64.6	104.1	100.7	96.0	95.9	122.7	118.1	115.6	108.7
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	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	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	0.0
11. Subordinated debt	9.1	5.6	2.5	2.5	5.6	5.6	5.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5
12. Capital and reserves	193.0	261.8	309.0	310.9	282.3	297.0	311.6	309.0	306.3	322.8	314.4	310.9	331.9	340.4
13. Foreign liabilities	451.0	575.5	482.1	498.1	530.8	443.0	409.2	482.1	565.6	507.6	466.0	498.1	477.5	533.0
a) Short-term	380.4	506.8	428.1	452.7	462.7	382.2	344.2	428.1	511.8	460.9	419.0	452.7	430.9	490.2
b) Long-term	70.6	68.6	54.0	45.4	68.1	60.8	64.9	54.0	53.8	46.7	47.0	45.4	46.6	42.8
14. Revaluation differences	56.5	62.5	65.2	79.2	66.1	56.2	62.8	65.2	61.3	67.3	73.3	79.2	92.8	97.6
15. Other domestic liabilities	131.6	125.9	119.5	110.2	115.8	112.2	101.0	119.5	131.7	97.6	101.1	110.2	105.2	100.1
16. Total liabilities	3,394.7	3,728.3	3,752.2	3,941.3	3,777.8	3,738.4	3,694.6	3,752.2	4,020.8	3,981.8	3,986.4	3,941.3	3,991.4	4,049.2

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)	
2002	0.0	29.8	29.8	68.2	40.3	0.0	567.8	676.3	706.1
2003	0.0	31.2	31.2	83.1	33.1	0.0	495.4	611.5	642.7
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
2004 I	0.0	31.1	31.1	84.3	40.4	0.0	510.2	634.9	666.0
II	0.0	31.4	31.4	78.7	44.3	0.0	584.4	707.4	738.8
III	0.0	31.1	31.1	82.7	61.9	0.0	536.7	681.3	712.4
IV	0.0	28.9	28.9	87.1	40.6	0.0	488.2	615.9	644.8
2005 I	0.0	29.1	29.1	85.0	70.1	0.0	549.7	704.8	733.9
II	0.0	28.4	28.4	86.9	109.6	0.0	495.2	691.7	720.1
III	0.0	27.3	27.3	94.1	115.9	0.0	480.9	690.8	718.1
IV	0.0	23.4	23.4	102.0	24.5	0.0	465.1	591.6	615.0
2006 I	0.0	21.6	21.6	115.7	72.5	0.0	467.8	656.0	677.7
II	0.0	21.0	21.0	122.0	40.3	0.0	469.5	631.8	652.8

TABLE 3.2: DETAILED BALANCESHEET OF THE CENTRALEBANK VAN ARUBA

(continued)

End of period	Domestic liabilities										Total domestic liabilities	Total foreign liabilities	Revaluation of gold an foreign exchange holdings	Total liabilities						
	(10)	(11)	Govern-ment funds	Develop-ment funds	Official entitie	Commercial banks deposit	Time			(17)					(18)	(19)	(20)	(21)	(22)	(23)
							Demand	Other fin.inst deposits	Private sector deposits											
2002	68.4	147.4	64.3	47.9	3.4	80.1	195.1	0.0	8.4	26.3	641.2	8.5	56.5	706.1						
2003	78.2	149.1	36.8	30.5	1.2	61.3	193.7	0.0	2.7	24.1	577.6	2.6	62.5	642.7						
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						
2004 I	78.2	139.3	5.4	22.1	0.7	121.5	203.1	0.0	8.7	19.5	598.5	1.5	66.1	666.0						
2004 II	78.2	134.2	69.2	12.0	2.1	143.1	192.3	0.0	10.7	27.6	669.4	13.2	56.2	738.8						
2004 III	78.2	132.7	32.3	44.3	2.2	96.1	227.3	0.0	5.0	23.3	641.5	8.1	62.8	712.4						
2004 IV	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 I	78.2	147.3	12.1	39.9	2.8	135.1	223.2	0.0	4.9	22.5	665.8	6.8	61.3	733.9						
2005 II	78.2	151.8	13.8	9.3	2.4	150.8	213.1	0.0	5.8	26.9	652.0	0.8	67.3	720.1						
2005 III	78.2	152.5	12.6	25.5	0.0	144.1	199.3	0.0	7.0	25.2	644.3	0.4	73.3	718.1						
2005 IV	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 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						

TABLE 3.3: BANK NOTES ISSUED

End of period	Denominations: number (x 1,000)							Total number of notes issued
	Denominations: value (Afl. million)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
	5	10	25	50	100	500		
2002	181	475	459	262	1,082	18	2,477	
2003	181	495	522	240	1,101	16	2,555	
2004	179	533	433	262	1,088	13	2,507	
2005	178	587	497	300	1,215	14	2,791	
2004 I	180	501	471	220	1,040	13	2,425	
II	180	495	412	244	993	13	2,338	
III	179	493	407	240	981	13	2,314	
IV	179	533	433	262	1,088	13	2,507	
2005 I	179	519	456	278	1,091	14	2,535	
II	178	531	464	267	1,139	14	2,593	
III	178	537	459	280	1,137	14	2,606	
IV	178	587	497	300	1,215	14	2,791	
2006 I	178	550	483	287	1,182	14	2,694	
II	178	546	488	291	1,243	14	2,761	
2002	0.9	4.7	11.5	13.1	108.2	9.0	147.4	
2003	0.9	5.0	13.0	12.0	110.1	8.1	149.1	
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	
2004 I	0.9	5.0	11.8	11.0	104.0	6.7	139.4	
II	0.9	5.0	10.3	12.2	99.3	6.6	134.2	
III	0.9	4.9	10.2	12.0	98.1	6.6	132.7	
IV	0.9	5.3	10.8	13.1	108.8	6.6	145.5	
2005 I	0.9	5.2	11.4	13.9	109.1	6.8	147.3	
II	0.9	5.3	11.6	13.4	113.9	6.8	151.8	
III	0.9	5.4	11.5	14.0	113.7	7.0	152.5	
IV	0.9	5.9	12.4	15.0	121.5	7.0	162.7	
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	

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			
	5	10	25	50	1	2 ½	5	(1)	(2)	(3)			(4)	(5)	(6)
2001	11,925	11,584	7,677	4,047	5,311	70	690	11	14.6						
2002	12,494	12,109	7,986	4,236	5,626	72	739	11	15.4						
2003	13,365	12,902	8,411	4,491	5,863	72	798	11	16.3						
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						
2004 I	13,527	13,094	8,519	4,536	5,868	73	800	12	16.4						
II	13,688	13,245	8,618	4,595	5,939	73	808	12	16.6						
III	13,807	13,351	8,651	4,616	5,993	73	812	12	16.7						
IV	14,099	13,674	8,869	4,653	6,203	73	820	12	17.1						
2005 I	14,340	13,957	9,024	4,714	6,279	75	821	12	17.3						
II	14,530	14,129	9,131	4,765	6,279	76	821	12	17.4						
III	14,711	14,281	9,271	4,831	6,357	76	1,092	12	18.9						
IV	14,949	14,532	9,452	4,931	6,592	76	1,291	12	20.3						
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						

TABLE 4.1: COMMERCIAL BANKS: SUMMARY ACCOUNT

End of period	Assets			Total assets		Liabilities			(8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
2002	675.8	100.1	1,852.5	179.5	2,807.9	2,329.2	141.8	336.9	
2003	810.6	138.1	2,038.0	165.2	3,151.9	2,620.6	197.2	334.0	
2004	726.3	150.2	2,136.2	165.8	3,178.5	2,649.7	244.4	284.4	
2005	755.5	147.6	2,343.3	164.6	3,411.0	2,855.3	246.4	309.3	
2004	802.6	132.6	2,043.8	202.6	3,181.6	2,582.0	217.7	381.9	
II	689.7	128.8	2,050.4	197.5	3,066.4	2,561.8	232.4	272.2	
III	648.0	147.5	2,100.0	156.6	3,052.1	2,552.1	247.0	253.1	
IV	726.3	150.2	2,136.2	165.8	3,178.5	2,649.7	244.4	284.4	
2005	861.4	139.9	2,193.8	163.1	3,358.3	2,760.9	241.7	355.6	
II	764.7	149.4	2,257.2	165.0	3,336.2	2,772.5	258.2	305.5	
III	774.8	149.0	2,259.9	162.1	3,345.8	2,797.2	249.9	298.7	
IV	755.5	147.6	2,343.3	164.6	3,411.0	2,855.3	246.4	309.3	
2006	770.4	144.5	2,324.4	158.8	3,398.1	2,836.8	267.3	293.9	
II	844.0	141.7	2,344.5	148.0	3,478.2	2,909.3	275.8	293.0	

TABLE 4.2: COMMERCIAL BANKS: PRUDENTIAL RATIO

End of period	(1)	(2)	(3)
2002	29.0	71.7	9.3
2003	30.5	72.8	10.0
2004	27.7	75.5	12.1
2005	26.5	76.7	12.9
2004	29.7	74.0	12.7
II	26.9	74.9	13.3
III	26.0	77.0	13.4
IV	27.7	75.5	12.1
2005	29.9	74.5	12.9
II	27.4	76.4	13.9
III	27.6	75.6	12.4
IV	26.5	76.7	12.9
2006	26.9	76.5	14.3
II	28.5	75.4	14.8

TABLE 4.3: COMMERCIAL BANKS: DETAILED BALANCE SHEET

Domestic assets												
End of period	Notes and coins		Central Bank		Investment		Loans and advances					
	(1)	(2)	Curren account deposits	Time deposits	Government securities	Non government securities	(3)	(4)	(5)	Loans and advances		
										Enterprise	Mortgages	Individuals
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			
2002	35.1	73.6	205.1	65.7	6.8	633.4	687.6	409.3	0.2			
2003	40.5	81.2	172.6	63.6	35.4	710.9	759.0	433.7	0.1			
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			
2004	35.2	119.0	193.2	67.6	25.3	684.1	780.5	449.1	0.1			
II	29.8	141.3	182.4	61.6	25.2	680.2	779.3	457.9	0.1			
III	29.2	96.9	207.9	64.8	35.1	691.6	811.0	469.3	0.1			
IV	32.1	98.5	176.0	64.8	34.3	692.3	840.7	478.0	0.1			
2005	33.9	140.2	222.3	74.7	14.2	692.4	899.9	480.1	0.0			
II	35.4	152.3	213.1	84.5	13.9	706.4	912.7	485.4	35.7			
III	34.8	157.8	197.5	87.3	30.6	707.9	933.6	507.0	0.0			
IV	39.0	72.1	191.0	85.3	30.7	723.0	947.3	528.3	40.0			
2006	33.6	100.2	197.6	87.3	30.0	732.3	970.9	525.2	0.0			
II	35.2	66.7	199.0	89.6	29.4	737.5	986.5	523.6	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	
	Premises	Subsidiaries	Accounts receivable	Other (net)		Cash	Due from banks	Investments	Loans			Other
2002	60.9	46.4	31.1	2.4	2,257.7	15.1	326.2	27.6	120.2	41.0	530.2	2,787.9
2003	63.1	76.9	18.5	15.5	2,471.0	17.9	466.3	39.2	134.3	6.7	664.3	3,135.2
2004	68.7	64.8	18.1	-5.6	2,562.8	11.4	387.4	51.1	125.1	14.1	589.1	3,152.0
2005	72.3	57.5	19.3	-6.1	2,799.7	14.8	417.0	31.6	104.7	15.5	583.6	3,383.3
2004 I	63.0	75.3	28.6	9.4	2,530.4	16.5	408.9	39.7	130.0	35.7	630.8	3,161.2
II	65.2	73.3	23.1	5.3	2,524.6	12.8	298.2	42.0	132.9	35.9	521.9	3,046.5
III	66.1	64.6	22.1	3.4	2,562.1	12.0	280.0	47.7	128.0	3.7	471.4	3,033.5
IV	68.7	64.8	18.1	-5.6	2,562.8	11.4	387.4	51.1	125.1	14.1	589.1	3,152.0
2005 I	69.8	66.5	18.2	10.3	2,722.6	15.7	431.0	51.0	121.3	8.7	627.6	3,350.3
II	70.2	64.6	20.6	2.6	2,797.2	17.4	331.1	51.0	117.0	9.6	526.1	3,323.3
III	70.2	60.6	20.9	5.3	2,813.4	16.0	338.0	31.1	111.5	10.4	507.0	3,320.4
IV	72.3	57.5	19.3	-6.1	2,799.7	14.8	417.0	31.6	104.7	15.5	583.6	3,383.3
2006 I	72.9	54.3	22.1	4.6	2,830.8	16.6	398.6	27.2	96.1	9.5	548.0	3,378.9
II	74.3	45.1	20.4	1.5	2,808.7	13.7	506.0	22.8	96.9	8.2	647.6	3,456.3

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

		Domestic liabilities											
		Demand deposits					Time deposits					Savings deposit	Other liabilities
		Individuals	Companies	Other fin.inst.	Government	Individuals	Companies	Other fin.inst.	Development funds				
(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)				
2002	121.8	467.8	116.0	8.1	263.3	256.3	251.4	23.1	417.3	286.4			
2003	144.5	510.5	150.0	10.8	270.3	335.6	174.0	48.7	496.4	232.5			
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			
2004 I	126.5	562.0	151.8	4.1	243.9	366.1	168.5	52.2	516.4	230.7			
II	130.4	570.9	139.8	4.6	237.3	354.1	161.9	52.6	524.6	216.2			
III	123.4	571.7	125.9	4.5	236.6	326.3	198.3	59.7	534.9	212.4			
IV	132.8	592.8	101.0	6.2	229.8	319.1	218.6	59.0	546.3	232.3			
2005 I	133.0	646.0	142.5	4.0	220.2	339.1	182.9	56.1	591.1	246.0			
II	147.3	637.0	123.7	4.5	212.0	339.8	193.2	86.6	614.5	210.8			
III	140.4	631.0	109.8	6.0	210.8	374.6	196.8	97.3	629.0	220.4			
IV	148.2	606.9	53.3	24.4	221.2	368.1	218.4	117.9	648.4	246.1			
2006 I	142.9	627.9	67.5	15.6	209.8	381.1	185.3	115.5	660.2	239.5			
II	178.0	630.5	96.6	16.1	212.1	338.8	184.7	103.0	660.6	239.0			

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

End of period	Domestic liabilities (cont'd)				Foreign liabilities				Total Foreign liabilities	Total Liabilities			
	Capital base		Total domestic liabilities		Demand deposits		Time deposits				Savings deposits	Capital and reserves and subordinated debt	Other
	Capital and Subordinated reserves debt				Banks	Non-banks	Banks	Non-banks					
	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)					
2002	124.6	9.1	2,345.3	15.3	67.9	57.4	192.0	53.4	8.0	48.7	442.6	2,787.9	
2003	183.6	5.6	2,562.4	37.1	96.9	64.0	201.7	63.6	8.0	101.5	572.9	3,135.2	
2004	230.8	2.5	2,671.4	20.1	128.1	55.1	145.0	69.2	11.1	52.0	480.6	3,152.0	
2005	232.7	2.5	2,888.1	17.0	124.7	73.0	135.5	70.6	11.1	63.3	495.2	3,383.3	
2004 I	204.1	5.6	2,631.9	7.3	107.4	1.4	191.5	62.5	8.0	151.2	529.3	3,161.2	
II	218.8	5.6	2,616.7	37.7	105.6	0.6	156.0	65.8	8.0	56.1	429.8	3,046.5	
III	233.4	5.6	2,632.5	27.0	111.8	0.6	144.9	68.0	8.0	40.6	401.0	3,033.5	
IV	230.8	2.5	2,671.4	20.1	128.1	55.1	145.0	69.2	11.1	52.0	480.6	3,152.0	
2005 I	228.2	2.5	2,791.5	19.7	197.3	1.1	147.3	72.7	11.1	109.6	558.7	3,350.3	
II	244.6	2.5	2,816.5	41.3	125.7	19.0	146.4	68.5	11.1	94.8	506.8	3,323.3	
III	236.3	2.5	2,854.9	32.0	103.7	29.1	139.6	71.7	11.1	78.3	465.6	3,320.4	
IV	232.7	2.5	2,888.1	17.0	124.7	73.0	135.5	70.6	11.1	63.3	495.2	3,383.3	
2006 I	253.7	2.5	2,901.5	23.0	109.2	64.4	141.0	74.1	11.1	54.5	477.4	3,378.9	
II	262.2	2.5	2,924.2	25.2	128.6	78.7	162.1	72.5	11.1	54.0	532.1	3,456.3	

TABLE 4.4: COMMERCIAL BANKS' LOANS TO DOMESTIC SECTORS BY KIND OF ECONOMIC ACTIVITY AS OF END JUNE 2006

	Loans outstanding			Percentages			
	Current account	Term loans	Total	Current account	Term loans	Mortgage loans	Percentage of total loans
Agriculture, hunting, forestry and fishing	0.1	0.1	0.0	0.2	55.2	44.8	0.0
Mining and manufacturing	2.8	14.8	1.9	19.4	14.2	76.2	9.6
Electricity, gas, and water supply	0.9	28.8	0.0	29.7	2.9	97.1	0.0
Construction	13.6	14.6	21.1	49.3	27.5	29.6	42.9
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	147.7	190.8	126.1	464.6	31.8	41.1	27.1
Hotels and restaurants	10.1	39.9	16.1	66.2	15.3	60.4	24.4
Transport, storage and communications	24.8	29.3	1.3	55.3	44.8	52.9	2.3
Financial intermediation	9.6	71.6	36.0	117.2	8.2	61.1	30.7
Real estate, renting and business activities	35.1	57.9	32.9	125.9	27.9	46.0	26.1
Other enterprises	12.3	32.8	23.5	68.5	17.9	47.9	34.2
Total loans to enterprises	256.8	480.7	258.8	996.3	25.8	48.2	43.7
Government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Individuals	72.5	484.3	727.7	1,284.6	5.6	37.7	56.3
Total loans	329.3	965.0	986.5	2,280.8	14.4	42.3	100.0

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

End of period	2002				2003				2004				2005				2006			
	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	5.5	4.9	0.3	0.3	17.1	10.5	5.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Mining and manufacturing	24.0	29.4	37.7	9.1	39.7	36.7	39.5	37.7	43.3	30.0	10.7	9.1	8.3	19.4						
Electricity, gas and water supply	34.9	38.8	31.5	29.7	37.2	36.5	35.1	31.5	32.4	31.0	30.0	29.7	28.6	29.7						
Construction	20.8	17.5	31.3	52.2	20.1	20.6	27.7	31.3	35.3	42.9	44.9	52.2	50.0	49.3						
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	385.7	388.1	388.6	418.4	375.2	393.8	402.9	388.6	381.8	400.4	428.3	414.8	454.5	464.6						
Hotels and restaurants	76.1	101.5	98.4	87.9	84.3	67.3	75.1	98.4	93.8	91.9	79.9	87.9	79.0	66.2						
Transport, storage and communications	30.1	47.2	46.9	79.1	42.2	43.6	50.4	46.9	50.5	51.0	51.8	79.1	53.3	55.3						
Financial intermediation	30.3	121.6	111.2	89.4	91.4	107.2	100.9	111.2	101.7	96.8	107.9	89.4	103.5	117.2						
Real estate, renting and business activities	128.0	104.9	129.9	123.0	120.5	127.2	125.1	129.8	119.5	123.1	119.2	123.0	124.2	125.9						
Public administration and defence; compulsory social security	0.4	0.9	0.1	0.1	0.6	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1						
Education	5.8	4.3	4.2	0.3	3.9	3.8	3.9	4.2	1.6	0.7	0.4	0.3	0.2	0.2						
Health and social work	7.9	9.8	9.1	10.2	8.7	10.1	8.4	9.1	10.6	11.2	11.0	10.2	9.4	9.3						
Other community, social and personal service activities	38.4	22.5	34.2	25.2	20.2	18.6	19.0	34.2	20.4	24.1	23.2	25.2	27.1	24.9						
Activities not adequately defined	48.2	34.8	29.0	42.1	46.7	28.9	35.6	29.0	37.4	42.7	42.9	45.1	45.1	34.0						
Other enterprises	100.7	72.3	76.7	77.9	80.0	61.5	67.0	76.7	70.1	79.0	77.5	80.9	81.8	68.5						
Total loans to enterprises	836.2	926.2	952.4	967.0	907.6	904.9	928.9	952.4	928.6	946.2	950.6	966.5	983.3	996.3						
Government	0.2	0.1	0.1	40.0	0.1	0.1	0.1	0.1	0.0	35.7	0.0	40.0	0.0	0.0						
Individuals	919.4	1,006.4	1,090.1	1,262.5	1,035.8	1,043.6	1,073.3	1,090.1	1,174.9	1,189.9	1,231.4	1,266.2	1,278.3	1,284.6						
Total loans	1,755.9	1,932.7	2,042.6	2,269.6	1,943.5	1,948.5	2,002.3	2,042.6	2,103.6	2,171.8	2,182.1	2,272.7	2,261.6	2,280.8						

TABLE 5.1: FINANCIAL SURVEY

	Central Bank and Treasury	Commercial Banks	Monetary Sector	Nonmonetary Financial Institutions	Financial Sector
End of June 2006	(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)+(4)
1. Foreign assets	631.8	647.6	1,279.4	673.7	1,953.0
2. Domestic claims	75.4	2,253.6	2,329.0	1,514.3	3,843.3
a) Government	69.0	41.6	110.6	700.0	810.6
b) Non-financial public enterprises	0.0	68.9	68.9	58.2	127.1
c) Enterprises	0.0	891.8	891.8	224.7	1,116.5
d) Individuals	6.4	1,251.3	1,257.7	531.4	1,789.1
1) Consumer credit	0.6	523.6	524.1	100.8	624.9
2) Housing mortgages	5.9	727.7	733.6	430.6	1,164.2
3. Other domestic claims	14.6	577.1	591.7	876.4	1,468.1
4. TOTAL ASSETS=TOTAL LIABILITIES	721.8	3,478.2	4,200.0	3,064.4	7,264.4
5. Foreign liabilities	98.4	532.1	630.6	83.5	714.0
6. Deposits and borrowings	28.5	2,420.5	2,448.9	38.8	2,487.8
a) Government	11.3	119.0	130.3	36.6	166.9
b) Other residents	17.2	2,301.4	2,318.7	2.2	2,320.8
7. Pension fund provisions	0.0	0.0	0.0	1,553.8	1,553.8
8. Insurance reserve fund	0.0	0.0	0.0	317.5	317.5
9. Other domestic liabilities	594.8	525.6	1,120.5	1,070.8	2,191.3

TABLE 6.1: INTEREST RATES OF COMMERCIAL BANKS 1)

Period	Time deposits		Savings deposits	Weighted average rate of interest on deposits	Loans		Weighted average rate of interest on loans	Interest rate margin	
	≤ 12-months	> 12 months			Individual	Commercial			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) (10=9-4)
2002	5.2	7.1	3.7	5.5	16.7	10.3	10.0	10.6	12.8
2003	5.2	6.4	3.8	5.3	16.3	9.5	9.5	8.9	11.4
2004	3.6	6.0	3.9	4.4	16.5	9.8	8.8	8.9	11.4
2005	3.4	5.3	4.1	4.0	16.0	9.6	8.7	9.0	11.4
2004 I	3.7	6.1	3.9	4.9	16.7	9.6	9.1	8.9	11.4
II	4.4	6.4	4.0	4.8	16.4	9.8	9.4	8.5	11.3
III	3.7	5.2	4.0	4.2	16.5	10.0	8.5	8.9	11.8
IV	3.0	6.1	3.9	3.8	16.4	9.9	8.5	9.4	11.3
2005 I	3.0	5.7	4.0	3.9	16.6	9.7	9.6	9.2	12.1
II	3.9	4.7	3.9	4.0	16.3	9.7	8.2	9.0	11.2
III	3.4	5.4	4.0	4.4	15.9	9.7	8.8	8.7	11.4
IV	3.0	5.4	4.5	3.6	15.5	9.6	8.8	9.1	11.1
2006 I	3.1	5.3	4.5	3.8	16.1	9.5	9.5	9.4	11.7
II	3.5	4.8	4.4	3.8	16.6	9.3	8.1	9.3	11.5

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

2) Including current overdraft facilities.

TABLE 6.2: CENTRAL BANK LENDING RATES

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

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

Period averages in % per annum	7-day 30-day 90-day		
	(1)	(2)	(3)
2002	0.4	0.6	0.7
2003	0.2	0.2	0.2
2004	0.1	0.1	0.2
2005	0.5	0.5	0.6
2004 I	0.1	0.1	0.2
II	0.1	0.1	0.2
III	0.1	0.1	0.2
IV	0.2	0.2	0.2
2005 I	0.3	0.3	0.3
II	0.4	0.4	0.5
III	0.6	0.6	0.6
IV	0.8	0.8	0.9
2006 I	1.6	1.6	1.7
II	2.3	2.3	2.4

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

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)
2002	1.8	1.8	1.8
2003	1.2	1.2	1.2
2004	1.4	1.5	1.6
2005	3.3	3.4	3.6
2004 I	1.1	1.1	1.1
II	1.1	1.2	1.3
III	1.5	1.6	1.8
IV	2.1	2.1	2.3
2005 I	2.5	2.6	2.8
II	3.0	3.1	3.3
III	3.5	3.6	3.8
IV	4.1	4.2	4.3
2006 I	4.5	4.6	4.8
II	5.0	5.1	5.2

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)
2003	January	17.0	99.72	0.87	1988	February	3	Afl.	4.7	8.400
	January	23.0	99.75	0.98		February	5	Afl.	0.6	8.650
	April	17.0	99.75	0.96		February	7	Afl.	2.2	9.250
	May	23.0	99.76	0.95	1991	February	3	Afl.	5.0	8.750
	July	17.0	99.67	1.10	1993	December	3	Afl.	16.8	6.625
	July	35.0	99.37	2.62		December	5	Afl.	33.8	7.750
	August	23.0	99.51	1.73	1994	February	5	Afl.	5.6	7.875
	October	17.0	99.41	1.88	1995	April	5	Afl.	30.0	7.875
	October	23.0	99.42	2.04		September	5	Afl.	21.5	7.625
2004	January	17.0	99.58	1.33	1996	June	5	Afl.	5.4	7.625
	January	23.0	99.43	2.16		June	7	Afl.	24.6	8.000
	April	17.0	99.53	2.04		September	6	Afl.	27.3	7.875
	April	23.0	99.44	2.11		September	8	Afl.	14.7	8.000
	July	17.0	99.52	1.93		October	10	Afl.	8.7	8.500
	July	23.0	99.50	1.87	1997	March	8	Afl.	22.2	8.000
	October	17.0	99.53	1.91		June	4	Afl.	10.4	7.625
	October	23.0	99.49	2.21		June	9	Afl.	15.4	8.125
2005	January	17.0	99.51	1.95		July	10	Afl.	14.0	8.750
	January	23.0	99.45	2.32	1998	July	10	Afl.	10.0	8.500
	April	17.0	99.49	2.02		November	5	USD	17.9	7.875
	April	23.0	99.48	1.95		December	7	USD	44.8	8.200
	July	17.0	99.40	2.35	1999	January	7	USD	26.9	8.090
	July	23.0	99.24	3.15	2000	April	5	Afl.	30.0	8.250
	October	17.0	99.25	2.99		September	5	USD	35.8	8.680
	October	23.0	99.22	3.12		September	7	USD	35.8	8.780
2006	January	17.0	99.11	3.47	2001	July	7	USD	37.6	7.870
	January	23.0	99.05	3.89		December	7	USD	24.9	7.125
	April	17.0	99.00	3.99	2002	September	7	Afl.	30.0	6.250
	April	23.0	98.94	4.06		September	10	USD	53.7	7.375
	July	17.0	98.96	4.21		October	10	USD	62.7	6.190
	July	23.0	98.76	5.39	2003	June	7	Afl.	54.0	6.000
	October	17.0	98.78	4.67		October	10	USD	98.5	6.710
	October	23.0	98.86	4.46	2004	April	10	USD	119.9	6.800
						June	12	Afl.	57.5	6.800
						September	7	Afl.	25.2	6.300
						December	12	Afl.	34.0	6.700
					2005	February	4	Afl.	40.0	6.000
						April	6	Afl.	40.0	6.500
						September	10	USD	166.5	6.400
						September	12	Afl.	29.0	6.925
						December	5	Afl.	40.0	7.000
						December	5	Afl.	20.0	7.000
					2006	March	9	Afl.	24.4	7.250
						June	12	Afl.	34.3	7.500
						August	10	Afl.	75.0	7.500

6-month cash loan certificates				
End of period	Date of issue	Amount (Afl. million)	Average price per Afl. 100	Yield per annum (%)
	(1)	(2)	(3)	(4)
2003	June	8.0	99.41	1.06
	December	8.0	98.93	2.17
2004	June	8.0	98.87	2.29
	December	8.0	98.38	3.30
2005	June	8.0	98.49	3.21
	December	8.0	98.28	3.66
2006	June	8.0	97.96	4.41

*Including loans which are tradable.

■ = matured.

TABLE 7.1: GOVERNMENT FINANCIAL OPERATIONS 1)

	2002		2003		2004		2005		2006					
	I	II	I	II	I	II	I	II	I	II				
1. Total revenue	754.7	988.6	835.9	909.7	197.9	175.9	239.7	222.4	196.1	239.3	230.5	243.8	229.1	250.4
A. Tax revenue	609.6	687.4	707.1	779.4	176.2	158.1	178.6	194.3	182.8	203.0	189.3	204.3	204.5	191.8
1. Taxes on income and profit	301.3	339.9	321.9	364.7	78.5	77.5	83.8	82.1	83.3	98.8	91.1	91.5	100.3	94.5
2. Taxes on commodities	213.5	234.4	255.4	265.0	55.6	59.6	58.8	81.3	58.9	65.6	65.6	74.9	60.9	61.3
3. Taxes on property	33.7	51.0	43.0	51.4	16.2	5.5	9.9	11.5	15.2	13.3	12.5	10.3	15.1	12.9
4. Taxes on services	46.7	48.0	60.7	61.6	18.2	15.4	12.6	14.4	18.8	15.9	12.9	14.0	20.3	15.0
5. Foreign exchange tax	14.4	14.0	26.2	36.8	7.7	0.0	13.5	5.0	6.5	9.4	7.3	13.6	8.0	8.0
B. Nontax revenue	145.1	301.3	128.8	130.3	21.7	17.8	61.2	28.1	13.4	36.2	41.1	39.5	24.6	58.7
1. Grants	37.4	30.1	31.1	28.4	0.0	0.0	31.1	0.0	0.0	12.1	12.3	4.0	1.7	0.0
2. Other nontax revenue 2)	107.7	271.2	97.7	101.9	21.7	17.8	30.1	28.1	13.4	24.2	28.8	35.5	22.9	58.7
2. Expenditure	866.0	919.3	1,180.2	1,034.6	235.9	298.1	237.8	408.4	209.5	278.9	298.4	247.7	249.5	291.8
1. Wages	261.7	265.6	286.2	304.7	65.2	80.9	65.2	74.9	65.9	88.9	67.1	82.8	71.9	90.2
2. Employer's contribution	66.0	66.3	157.4	65.4	16.1	16.8	19.9	104.6	17.9	16.6	20.5	10.4	15.7	14.9
3. Wage subsidies	103.7	105.9	122.7	135.1	26.8	33.1	29.2	33.6	29.4	38.0	31.1	36.7	32.8	38.9
4. Goods and services	149.4	153.5	191.1	152.9	48.1	53.7	46.7	42.7	30.6	42.1	48.7	31.5	48.7	39.9
5. Interest	49.6	45.6	85.9	84.4	13.2	18.4	13.6	40.7	18.7	26.3	17.8	21.6	24.6	25.1
6. Development fund spending	3.7	16.2	32.6	20.9	8.4	10.1	5.1	9.0	5.0	5.7	6.1	4.1	3.2	7.9
7. Investment	13.3	26.4	34.2	43.2	6.3	7.2	10.9	9.9	5.9	7.8	25.4	4.2	9.8	5.7
8. Transfer to General Health Insurance (AZV)	129.9	132.7	130.8	130.4	28.0	66.9	22.0	13.9	21.6	23.4	63.8	21.6	30.1	56.4
9. Items n.i.e. 3)	88.8	107.2	139.3	97.5	23.9	11.1	25.2	79.1	14.6	30.1	17.8	34.9	12.6	12.9
3. Lending minus repayments	-38.4	-103.1	9.3	0.7	0.3	-0.5	6.1	3.3	0.6	0.4	2.1	-2.4	0.4	-8.6
1. Lending	15.5	19.1	10.2	17.0	0.3	0.5	6.1	3.3	0.6	1.5	11.0	3.9	0.4	0.8
2. Repayments 4)	-53.9	-122.2	-1.0	-16.3	0.0	-1.0	0.0	0.0	0.0	-1.0	-9.0	-6.2	0.0	-9.4
4. Financial deficit (-)	-72.9	172.4	-353.6	-125.6	-38.4	-121.7	-4.2	-189.2	-14.0	-40.1	-70.0	-1.6	-20.7	-32.8
5. Net foreign capital	106.7	-200.6	95.6	47.1	-4.7	118.2	0.0	-17.9	-2.7	-0.7	79.4	-28.9	-5.3	-3.7
A. Loans received 5)	136.0	293.6	119.5	266.4	0.0	119.5	0.0	0.0	2.2	0.6	247.4	16.2	0.0	0.0
B. Repayments on loans	-66.1	-126.1	-23.9	-210.4	-4.7	-11.3	0.0	-17.9	-4.9	-1.2	-116.7	-87.5	-5.3	-1.4
C. Other financial transactions	36.8	-368.2	0.0	-8.9	0.0	0.0	0.0	0.0	0.0	0.0	-51.3	42.3	0.0	-2.3
6. Net domestic capital 6)	2.5	9.0	236.7	55.7	0.0	57.9	-0.6	179.4	5.3	1.4	52.0	-2.9	64.0	19.6
A. Loans received	33.0	49.2	329.6	122.5	0.0	57.9	17.7	254.0	28.6	28.7	45.2	20.0	24.4	34.3
B. Repayments on loans	-30.5	-30.3	-74.9	-70.3	0.0	0.0	-18.3	-56.7	-22.6	-27.3	-2.4	-17.9	-0.4	-17.0
C. Other financial transactions	0.0	-10.0	-18.0	3.4	0.0	0.0	0.0	-18.0	-0.7	0.0	9.1	-5.0	40.0	2.3
7. Net recourse to the monetary system (-)	36.2	-19.3	-21.3	-22.8	-43.1	54.4	-4.8	-27.8	-11.4	-39.4	61.4	-33.4	38.0	-16.9
A. Loans received	-3.1	-1.8	-7.2	-55.4	0.0	0.0	-7.1	-0.1	-9.8	-41.4	35.8	-40.0	40.0	0.7
B. Drawings on deposits	40.1	-16.6	-13.3	35.8	-43.0	54.5	2.5	-27.3	-1.4	2.1	27.1	8.0	-1.7	-17.2
-Earmarked	12.2	-50.5	-0.3	0.9	-0.3	1.0	0.0	-1.0	0.0	0.3	0.0	0.6	-0.8	0.0
-Free	27.8	34.0	-13.0	34.9	-42.7	53.5	2.5	-26.3	-1.4	1.8	27.1	7.4	-0.9	-17.2
C. Other	-0.8	-0.9	-0.8	-3.2	-0.1	-0.1	-0.2	-0.4	-0.2	-0.1	-1.5	-1.4	-0.3	-0.4
8. Memorandum items														
A. Unmet financing requirements	264.0	285.5	156.7	183.2	299.6	297.7	292.0	156.7	141.3	181.8	133.1	183.2	173.6	150.1
B. Financial deficit (-)	-76.1	150.9	-224.7	-152.1	-52.5	-119.8	1.5	-53.9	1.5	-80.6	-21.3	-51.7	-11.1	-9.3

1) Preliminary figures and estimates on a cash basis.

2) Including debt forgiveness.

3) Residual item, including errors and omissions.

4) 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.

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

6) 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

	2002	2003	2004	2005	2006									
					I	II	III	IV	I	II				
TOTAL REVENUE	754.7	988.6	835.9	909.7	197.9	175.9	239.7	222.4	196.1	239.3	230.5	243.8	229.1	250.4
TAX REVENUE	609.6	687.4	707.1	779.4	176.2	158.1	178.6	194.3	182.8	203.0	189.3	204.3	204.5	191.8
Taxes on income and profit	301.3	339.9	321.9	364.7	78.5	77.5	83.8	82.1	83.3	98.8	91.1	91.5	100.3	94.5
Of which:														
-Wage tax	220.1	234.9	247.2	266.2	64.0	67.2	56.5	59.6	68.9	65.6	64.2	67.4	75.8	63.4
-Income tax	3.0	-0.6	0.3	2.9	0.2	2.0	0.4	-2.2	0.8	0.0	0.7	1.4	2.2	2.3
-Profit tax	78.3	105.6	74.4	95.6	14.3	8.4	27.0	24.7	13.6	33.2	26.2	22.7	22.3	28.8
-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	0.0
Taxes on commodities	213.5	234.4	255.4	265.0	55.6	59.6	58.8	81.3	58.9	65.6	65.6	74.9	60.9	61.3
Of which:														
-Excises on gasoline	65.2	68.7	70.0	68.9	17.5	17.3	17.7	17.5	17.4	18.5	18.3	14.7	13.8	14.1
-Excises on tobacco	10.4	12.6	12.0	12.5	2.9	2.8	3.0	3.4	3.1	3.5	3.0	2.9	3.2	3.3
-Excises on beer	20.3	24.3	25.1	25.3	5.8	5.7	6.5	7.1	4.8	6.6	6.9	7.0	6.6	5.6
-Excises on liquor	13.1	13.9	15.8	17.5	3.2	3.6	3.4	5.5	3.9	4.3	3.6	5.7	3.4	4.0
-Import duties	104.5	114.9	132.5	140.7	26.3	30.2	28.2	47.8	29.7	32.6	33.8	44.6	33.9	34.4
Taxes on property	33.7	51.0	43.0	51.4	16.2	5.5	9.9	11.5	15.2	13.3	12.5	10.3	15.1	12.9
Of which:														
-Motor vehicle fees	15.2	14.7	15.1	17.5	8.0	1.5	2.3	3.3	9.2	1.5	2.4	4.4	9.7	1.4
-Succession tax	0.3	1.2	1.0	0.6	0.3	0.5	0.1	0.1	0.3	0.1	0.1	0.1	0.2	0.6
-Land tax	12.3	27.5	19.0	24.9	5.6	2.4	4.3	6.7	3.9	10.6	6.3	4.1	2.9	8.8
-Transfer tax	5.9	7.5	7.9	8.4	2.3	1.2	3.1	1.3	1.8	1.2	3.7	1.7	2.3	2.1
Taxes on services	46.7	48.0	60.7	61.6	18.2	15.4	12.6	14.4	18.8	15.9	12.9	14.0	20.3	15.0
Of which:														
-Gambling licenses	17.1	17.2	23.7	22.2	8.1	6.5	4.1	5.0	7.1	5.0	4.2	5.9	8.7	5.2
-Hotel room tax	24.8	25.1	30.5	33.9	8.6	7.9	7.1	6.9	10.6	9.3	7.4	6.6	10.5	8.9
-Stamp duties	2.1	3.6	3.3	1.7	0.5	0.2	0.6	1.9	0.4	0.4	0.4	0.4	0.4	0.3
-Other	2.7	2.3	3.1	3.8	1.0	0.8	0.8	0.6	0.7	1.2	0.8	1.1	0.7	0.7
Foreign exchange tax	14.4	14.0	26.2	36.8	7.7	0.0	13.5	5.0	6.5	9.4	7.3	13.6	8.0	8.0
NONTAX REVENUE	145.1	301.3	128.8	130.3	21.7	17.8	61.2	28.1	13.4	36.2	41.1	39.5	24.6	58.7
Of which:														
-Grants	37.4	30.1	31.1	28.4	0.0	0.0	31.1	0.0	0.0	12.1	12.3	4.0	1.7	0.0
-Other nontax revenue 1)	107.7	271.2	97.7	101.9	21.7	17.8	30.1	28.1	13.4	24.2	28.8	35.5	22.9	58.7

1) 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						
	(1)	(2)	(3)	(4=1+2+3)				(5)	(6)	(7=4+5+6)	(8)	(9)	(10=8+9)
	Free	Earmarked	Development funds	Total	Demand	Development funds							
2002	12.3	51.9	47.9	112.2	8.1	23.1	143.4	63.6	17.9	81.4	-61.9	-36.2	
2003	35.4	1.4	30.5	67.3	10.8	48.7	126.8	64.5	19.7	84.2	-42.6	19.3	
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	
2004 I	4.3	1.1	22.1	27.5	4.1	52.2	83.8	64.6	19.7	84.3	0.5	43.1	
II	67.1	2.1	12.0	81.2	4.6	52.6	138.3	64.7	19.7	84.4	-53.9	-54.4	
III	30.1	2.1	44.3	76.6	4.5	59.7	140.8	64.9	26.8	91.7	-49.1	4.8	
IV	5.4	1.1	41.7	48.3	6.2	59.0	113.5	65.2	26.9	92.1	-21.3	27.8	
2005 I	11.0	1.1	39.9	52.0	4.0	56.1	112.1	65.4	36.7	102.1	-9.9	11.4	
II	12.4	1.4	9.3	23.1	4.5	86.6	114.2	65.5	78.1	143.6	29.4	39.4	
III	11.2	1.4	25.5	38.1	6.0	97.3	141.3	67.0	42.3	109.3	-32.0	-61.4	
IV	4.7	2.0	0.2	6.9	24.4	117.9	149.3	68.4	82.3	150.7	1.4	33.4	
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	

TABLE 7.4: OUTSTANDING GOVERNMENT DEBT

	2002	2003	2004	2005	2004		2005		2006		
			I	II	I	II	I	II	I	II	
1. Total debt	1,611.1	1,478.8	1,701.0	1,869.3	1,481.5	1,655.4	1,701.0	1,688.3	1,763.5	1,882.5	1,882.4
2. Domestic debt	717.5	754.6	864.7	1,012.4	768.7	824.8	864.7	864.5	953.1	1,026.8	1,022.2
A. Negotiable	189.1	218.5	320.9	377.1	218.5	276.4	320.9	358.7	368.1	377.1	361.8
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
2. Cash certificates	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	141.1	170.5	272.9	329.1	170.5	228.4	272.9	310.7	320.1	329.1	313.8
B. Non-negotiable	528.4	536.1	543.8	635.2	550.2	548.4	543.8	505.8	585.0	635.2	660.4
1. Short-term	279.6	304.7	156.7	183.2	319.7	318.8	156.7	141.3	217.8	183.2	150.1
a. APFA	214.1	219.7	49.9	57.0	214.8	221.5	49.9	57.9	67.7	57.0	73.6
b. Suppliers' credit	46.9	47.2	79.6	107.4	58.3	65.0	79.6	58.1	83.8	107.4	74.9
c. Other	18.6	37.8	27.2	18.8	46.6	32.3	27.2	25.3	66.3	18.8	1.6
2. Long-term	248.8	231.4	387.1	452.0	230.5	229.6	387.1	364.5	367.2	410.0	510.3
a. APFA	72.1	78.4	239.1	237.5	77.4	76.5	239.1	238.7	238.3	237.9	236.6
b. SVB	94.9	94.9	94.9	94.9	94.9	94.9	94.9	94.9	94.9	94.9	94.9
c. Private loans	54.6	46.1	41.0	102.7	46.1	46.1	41.0	18.8	16.9	102.7	161.8
d. Other	27.2	12.1	12.1	17.0	12.1	12.1	12.1	12.1	17.1	17.0	17.0
3. Foreign debt	893.7	724.2	836.3	856.9	712.9	830.7	836.3	823.9	810.4	856.9	860.2
A. The Netherlands	199.6	217.0	213.1	171.6	210.9	208.9	213.1	204.1	191.2	190.5	181.7
1. Development cooperation	195.9	214.6	210.6	169.4	208.6	206.6	210.6	201.7	189.0	188.3	179.4
2. Commercial loans	3.7	2.4	2.5	2.2	2.3	2.3	2.5	2.4	2.2	2.2	2.3
B. EIB	15.0	13.6	14.3	12.0	13.2	12.9	14.3	13.6	12.5	12.4	12.7
C. USA	244.8	244.8	244.8	136.8	244.8	244.8	244.8	244.8	244.8	208.8	136.8
D. Other	434.2	248.8	364.1	536.6	244.0	364.1	364.1	361.4	361.9	520.3	528.9

Source: Department of Finance; APFA; CBA.

TABLE 8.1: BALANCE OF PAYMENTS 1)

During period	2002				2003				2004				2005				2006			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II		
1. Current account (net)	-594.2	-271.9	33.2	-349.3	33.2	-189.6	-8.1	197.7	155.8	-83.1	-161.6	-260.5	-34.9	-90.0						
A. Goods and services	-248.4	-46.7	320.1	694.4	84.5	-129.9	66.2	299.3	233.7	8.1	284.2	168.5	72.6	4.5						
1. Goods	-952.9	-617.1	-498.9	-18.6	-203.4	-284.7	-85.4	74.7	-116.1	-156.6	240.0	14.0	-183.3	-32.6						
2. Services	704.5	570.4	819.0	713.0	287.9	154.8	151.7	224.6	349.7	164.7	44.2	154.4	255.9	37.1						
B. Income	-222.7	-74.9	-108.1	-819.1	-12.4	-18.9	-28.3	-48.5	-25.8	-41.0	-386.0	-366.4	-52.4	-35.2						
C. Current transfers	-123.1	-150.4	-178.8	-224.6	-38.9	-40.8	-46.1	-53.0	-52.1	-50.1	-59.8	-62.6	-55.1	-59.3						
2. Capital and financial account (net)	614.0	170.5	-17.2	271.7	3.9	254.9	-42.3	-233.7	-119.8	26.7	169.9	194.9	71.9	100.8						
A. Capital account	38.1	179.1	30.2	32.9	-2.6	-1.4	31.9	2.3	1.4	10.6	14.6	6.4	0.6	2.6						
1. Capital transfers	40.4	179.0	30.2	32.9	-2.6	-1.4	31.9	2.3	1.4	10.6	14.6	6.4	0.6	2.6						
2. Acquisition/disposal of n.p.n.f. assets	-2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
B. Financial account	575.9	-8.5	-47.4	238.8	6.4	256.3	-74.2	-236.0	-121.2	16.1	155.3	188.6	71.3	98.3						
1. Direct investment	598.6	266.5	260.5	211.2	100.2	48.5	49.3	62.6	-28.1	62.0	82.1	95.2	83.0	271.5						
2. Portfolio investment	133.3	86.4	71.4	-6.9	-24.9	118.8	0.7	-23.2	33.0	-33.4	91.4	-98.0	-23.8	-5.8						
3. Financial derivatives	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	0.0						
4. Other investment	-155.9	-361.5	-379.2	34.5	-68.9	89.1	-124.2	-275.3	-126.1	-12.5	-18.2	191.3	12.2	-167.5						
3. Items not yet classified 2)	19.1	40.2	3.9	17.7	-6.0	-4.1	1.0	13.0	11.8	-6.2	7.3	4.9	-1.1	4.2						
4. Overall balance (1+2+3)	39.0	-61.2	19.9	-59.8	31.0	61.2	-49.4	-23.0	47.8	-62.6	15.6	-60.6	35.9	15.0						
5. Banking transactions 3)	32.9	-3.8	-17.1	20.1	-10.1	9.4	21.7	-38.1	39.6	49.6	-22.1	-47.0	17.7	-44.8						
6. Increase (-) in official reserves 4)	-71.9	65.0	-2.8	39.7	-21.0	-70.6	27.7	61.1	-87.5	13.0	6.6	107.6	-53.6	29.7						
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	0.0						
B. Foreign exchange holdings	-71.9	65.0	-2.8	39.7	-21.0	-70.6	27.7	61.1	-87.5	13.0	6.6	107.6	-53.6	29.7						

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	2002			2003			2004			2005			2006		
1. Goods and services	-248.4	-46.7	320.1	694.4	84.5	-129.9	66.2	299.3	233.7	8.1	284.2	168.5	72.6	4.5	
A. Goods	-952.9	-617.1	-498.9	-18.6	-203.4	-284.7	-85.4	74.7	-116.1	-156.6	240.0	14.0	-183.3	-32.6	
1. Exports f.o.b.	2,663.5	3,673.2	4,875.3	6,235.3	1,017.1	1,064.8	1,225.1	1,568.3	1,078.4	1,462.9	1,864.1	1,825.9	1,660.6	1,926.0	
2. Imports f.o.b.	3,616.4	4,290.3	5,374.2	6,253.9	1,220.6	1,349.5	1,310.5	1,493.6	1,194.5	1,623.5	1,624.1	1,811.8	1,843.9	1,958.6	
B. Services	704.5	570.4	819.0	287.9	570.4	154.8	151.7	224.6	349.7	164.7	44.2	154.4	255.9	37.1	
1. Receipts	1,790.7	1,873.3	2,239.7	2,336.1	635.7	515.3	500.3	588.4	667.0	550.2	519.0	599.9	687.3	545.6	
1.1 Transportation	58.3	63.3	87.6	94.5	22.2	22.5	20.6	22.3	25.5	24.4	22.5	22.1	24.6	22.9	
1.1.1 Passenger	1.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	
1.1.2 Freight	56.7	63.1	87.6	94.4	22.2	22.5	20.6	22.3	25.5	24.4	22.5	22.1	24.4	22.7	
1.2 Travel	1,492.6	1,537.4	1,897.1	1,960.5	550.9	436.0	421.6	488.5	571.2	470.3	435.6	483.5	568.7	452.3	
1.2.1 Tourism	1,479.7	1,522.5	1,889.5	1,955.4	548.2	433.8	420.5	487.0	570.1	469.3	434.2	481.8	567.1	449.9	
1.2.2 Other	12.9	14.9	7.6	5.1	2.8	2.3	1.1	1.5	1.1	1.0	1.4	1.7	1.6	2.4	
1.3 Government services, n.i.e.	31.0	25.4	28.1	30.1	7.4	7.6	6.0	7.1	4.5	7.1	6.0	12.5	2.8	8.2	
1.4 Other services	208.9	247.3	227.0	251.0	55.2	49.1	52.1	70.6	65.8	48.4	55.0	81.8	91.3	62.3	
1.4.1 Construction services	2.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
1.4.2 Business services	178.0	220.5	197.0	219.3	48.7	39.3	45.2	63.8	59.8	40.4	46.7	72.3	80.4	53.6	
1.4.3 Other services, n.i.e.	28.6	26.5	30.0	31.6	6.5	9.8	7.0	6.8	5.9	7.9	8.2	9.5	10.8	8.6	
2. Payments	1,086.2	1,302.9	1,420.7	1,623.0	347.8	360.5	348.6	363.8	317.2	385.5	474.8	445.5	431.4	508.5	
2.1 Transportation	390.7	476.0	593.2	670.0	135.1	149.9	145.2	163.0	128.8	173.8	174.5	192.9	194.8	207.8	
2.1.1 Passenger	22.6	44.3	53.9	42.9	13.5	14.3	13.5	13.3	8.9	11.0	11.7	11.2	10.2	11.8	
2.1.2 Freight	361.9	429.6	538.5	626.5	122.3	135.2	131.3	149.7	119.8	162.6	162.7	181.4	184.5	195.9	
2.1.3 Other	6.3	2.0	0.9	0.6	0.0	0.4	0.4	0.1	0.1	0.2	0.1	0.2	0.0	0.1	
2.2 Travel	285.7	337.9	390.8	389.9	97.0	98.7	97.6	97.5	83.4	96.7	112.4	97.3	98.9	93.9	
2.2.1 Tourism	229.8	269.8	337.6	347.6	85.0	83.2	82.4	87.0	73.9	86.4	97.4	90.0	88.3	83.0	
2.2.2 Other	55.9	64.6	57.8	49.8	11.7	12.3	15.6	10.5	9.6	10.4	15.1	7.3	10.6	10.9	
2.3 Government services, n.i.e.	55.6	64.6	57.8	49.8	11.7	12.3	19.7	14.2	7.8	10.9	20.0	11.1	9.3	14.5	
2.4 Other services	354.2	424.4	378.9	513.4	104.1	99.5	86.1	89.2	97.2	104.1	167.8	144.2	128.4	192.3	
2.4.1 Construction services	26.6	46.2	45.0	41.3	9.7	17.4	12.3	5.7	5.2	5.6	6.9	23.6	16.7	42.5	
2.4.2 Business services	242.2	297.7	269.2	376.4	77.0	61.6	59.9	70.7	68.0	75.7	130.5	102.2	83.4	118.4	
2.4.3 Other services, n.i.e.	85.4	80.6	64.6	95.7	17.4	20.6	13.9	12.8	24.1	22.8	30.5	18.3	28.3	31.4	
2. Income	-222.7	-74.9	-108.1	-819.1	-12.4	-18.9	-28.3	-48.5	-25.8	-41.0	-386.0	-366.4	-52.4	-35.2	
1. Receipts	57.7	57.1	62.4	71.8	17.1	13.6	13.9	17.8	14.3	16.5	18.0	22.9	17.6	21.1	
1.1 Compensation of employees	0.8	0.5	1.1	1.4	0.1	0.3	0.2	0.4	0.3	0.3	0.3	0.6	0.6	0.1	
1.2 Investment income	56.8	56.6	61.3	70.3	16.9	13.2	13.8	17.3	14.0	16.2	17.8	22.4	17.0	21.0	
2. Payments	280.4	131.9	170.4	890.9	29.4	32.5	42.2	66.3	40.0	57.5	404.0	389.3	70.0	56.3	
2.1 Compensation of employees	1.1	1.1	1.8	2.2	0.4	0.3	0.5	0.6	0.5	0.6	0.4	0.7	0.6	0.4	
2.2 Investment income	279.3	130.8	168.6	888.7	29.0	32.2	41.8	65.7	39.5	57.0	403.6	388.6	69.4	55.9	
3. Current transfers	-123.1	-150.4	-178.8	-224.6	-38.9	-40.8	-46.1	-53.0	-52.1	-50.1	-59.8	-62.6	-55.1	-59.3	
1. Receipts	64.4	71.6	77.7	89.0	18.9	17.8	16.8	24.2	20.2	24.0	22.8	22.1	20.2	18.9	
1.1 General government	16.4	23.7	28.0	34.3	6.4	6.3	5.3	10.0	4.8	9.1	10.5	9.9	5.8	4.4	
1.2 Other sectors	47.9	47.8	49.7	54.7	12.5	11.5	11.5	14.2	15.4	14.9	12.2	12.2	14.4	14.5	
1.2.1 Workers' remittances	1.6	1.2	0.5	2.8	0.0	0.1	0.4	0.0	0.0	0.0	0.0	2.8	2.5	0.0	
1.2.2 Other transfers	46.3	46.7	49.2	51.9	12.6	11.4	11.0	14.2	15.4	14.9	12.2	9.4	11.9	14.4	
2. Payments	187.4	222.0	256.5	313.6	57.8	58.6	62.9	77.2	72.3	74.1	82.5	84.6	75.3	78.2	
2.1 General government	26.0	27.0	25.1	36.7	5.5	4.3	4.8	10.4	9.6	5.6	6.2	15.3	5.9	4.4	
2.2 Other sectors	161.4	195.0	231.4	276.8	52.3	54.3	58.0	66.7	62.7	68.5	76.4	69.4	69.4	73.8	
2.2.1 Workers' remittances	80.5	92.9	89.3	109.9	17.9	20.9	22.6	27.9	24.0	26.5	27.1	32.3	29.6	26.2	
2.2.2 Other transfers	80.8	102.1	142.1	166.9	34.4	33.4	35.4	38.8	38.7	42.0	49.3	37.0	39.8	47.6	
4. Current account balance (1+2+3)	-594.2	-271.9	33.2	-349.3	33.2	-189.6	-8.1	197.7	155.8	-83.1	-161.6	-260.5	-34.9	-90.0	

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

During period	2002		2003		2004		2005		2004		2005		2006		
	I	II	I	II	I	II	I	II	I	II	I	II	I	II	
1. Capital account	38.1	179.1	179.1	30.2	32.9	-2.6	-1.4	31.9	2.3	1.4	10.6	14.6	6.4	0.6	2.6
A. Capital transfers	40.4	1790	1790	30.2	32.9	-2.6	-1.4	31.9	2.3	1.4	10.6	14.6	6.4	0.6	2.6
1.1 General government	37.4	183.8	183.8	30.8	28.3	0.0	0.0	30.8	0.0	0.0	12.0	12.3	4.1	1.7	0.0
1.2 Other sectors	3.1	-4.8	-4.8	-0.6	4.6	-2.6	-1.4	1.1	2.3	1.4	-1.4	2.3	2.3	-1.1	2.6
1.2.1 Migrants' transfers	3.1	-4.8	-4.8	-0.6	4.5	-2.6	-1.4	1.1	2.3	1.3	-1.4	2.3	2.3	-1.1	2.6
1.2.2 Other	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
B. Acquisition/disposal of n.p.f. assets	-2.4	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	0.0
2. Financial account	575.9	-8.5	-8.5	-47.4	238.8	6.4	256.3	-74.2	-236.0	-121.2	16.1	155.3	188.6	71.3	98.3
1. Direct investment	598.6	266.5	266.5	260.5	211.2	100.2	48.5	49.3	62.6	-28.1	62.0	82.1	95.2	83.0	271.5
1.1 Abroad	-1.1	-11.1	-11.1	0.6	-8.7	0.0	-0.5	1.4	-0.3	-2.1	-1.3	-4.5	-0.8	2.9	-3.9
1.2 In Aruba	599.7	277.6	277.6	259.9	219.9	100.2	48.9	47.8	62.9	-26.0	63.3	86.5	96.1	80.0	275.4
2. Portfolio investment	133.3	86.4	86.4	71.4	-6.9	-24.9	118.8	0.7	-23.2	33.0	-33.4	91.4	-98.0	-23.8	-5.8
2.1 Assets	31.7	-32.8	-32.8	-37.2	-44.9	-17.3	-1.9	2.7	-20.6	0.2	-10.6	-7.2	-27.3	-22.8	-2.1
2.2 Liabilities	101.6	119.1	119.1	108.5	38.0	-7.6	120.7	-2.0	-2.6	32.8	-22.7	98.6	-70.7	-1.0	-3.6
3. Financial derivatives	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	0.0	0.0
3.1 Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0
4. Other investment	-155.9	-361.5	-361.5	-379.2	34.5	-68.9	89.1	-124.2	-275.3	-126.1	-12.5	-18.2	191.3	12.2	-167.5
4.1 Assets	-119.9	-27.3	-27.3	-283.7	97.5	-45.8	107.3	-92.8	-252.4	-95.3	0.6	3.9	188.3	48.3	-107.5
4.1.1 Loans	-1.4	-8.3	-8.3	-1.5	-8.3	0.8	-0.9	-2.3	1.0	0.5	6.7	-0.1	-15.4	4.7	1.2
4.1.2 Other assets	-118.5	-19.0	-19.0	-282.3	105.8	-46.5	108.2	-90.5	-253.5	-95.8	-6.1	4.0	203.7	43.5	-108.7
4.1.2.1 Currency and deposits	-113.0	-14.2	-14.2	-274.1	108.3	-45.4	110.2	-88.7	-250.3	-96.8	-4.8	5.6	204.3	44.8	-109.1
4.1.2.2 Other assets, n.i.e.	-5.5	-4.8	-4.8	-8.2	-2.5	-1.2	-2.0	-1.8	-3.2	1.0	-1.3	-1.6	-0.6	-1.3	0.4
4.2 Liabilities	-35.9	-334.2	-334.2	-95.5	-63.0	-23.1	-18.2	-31.3	-22.9	-30.8	-13.1	-22.1	3.0	-36.1	-60.0
4.2.1 Loans	-67.6	48.3	48.3	-67.9	-42.3	-17.2	-11.9	-25.2	-13.5	-25.1	-6.2	-17.6	6.6	-28.5	-51.4
4.2.1.1 General government	-39.0	82.0	82.0	-23.4	-5.8	-4.7	-1.1	0.0	-17.5	-4.9	-1.2	0.0	0.3	-5.2	-1.3
4.2.1.2 Other sectors	-28.7	-33.7	-33.7	-44.5	-36.5	-12.4	-10.8	-25.2	4.0	-20.2	-4.9	-17.6	6.3	-23.2	-50.1
4.2.2 Other liabilities	31.7	-382.5	-382.5	-27.7	-20.7	-5.9	-6.3	-6.1	-9.3	-5.7	-6.9	-4.5	-3.6	-7.6	-8.5
4.2.2.1 Currency and deposits	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	0.0	0.0
4.2.2.2 Other liabilities, n.i.e.	31.7	-382.5	-382.5	-27.7	-20.7	-5.9	-6.3	-6.1	-9.3	-5.7	-6.9	-4.5	-3.6	-7.6	-8.5
3. Capital and financial account balance (1+2)	614.0	170.5	170.5	-17.2	271.7	3.9	254.9	-42.3	-233.7	-119.8	26.7	169.9	194.9	71.9	100.8

I) Excluding banking transactions and official reserves.

TABLE 8.4: BALANCE OF PAYMENTS BY SECTORS I)

During period	2004 II				2005 II				2006 II			
	Oil sector	Free-zone	Rest of economy	Total	Oil sector	Free-zone	Rest of economy	Total	Oil sector	Free-zone	Rest of economy	Total
1. Current account (net)	-118.5	7.4	-78.5	-189.6	24.7	-3.1	-104.6	-83.1	120.2	-2.3	-207.9	-90.0
A. Goods and services	-106.9	7.5	-30.5	-129.9	38.8	-2.9	-27.8	8.1	137.9	-2.1	-131.3	4.5
1. Goods	0.4	8.4	-293.5	-284.7	172.8	-1.2	-328.2	-156.6	306.5	-0.3	-338.8	-32.6
1.1 Exports f.o.b.	1,040.4	17.4	7.0	1,064.8	1,444.6	16.3	6.0	1,466.9	1,894.9	24.7	6.3	1,926.0
1.2 Imports f.o.b.	1,040.0	9.0	300.5	1,349.5	1,271.9	17.5	334.2	1,623.5	1,588.5	25.0	345.1	1,958.6
2. Services	-107.4	-0.9	263.0	154.8	-134.0	-1.8	300.4	164.7	-168.6	-1.8	207.5	37.1
2.1 Receipts	2.3	0.0	512.9	515.3	2.8	0.0	547.4	550.2	1.3	0.7	543.6	545.6
2.2 Payments	109.7	0.9	249.9	360.5	136.7	1.8	247.0	385.5	169.9	2.5	336.1	508.5
B. Income	0.0	0.0	-18.9	-18.9	0.0	0.0	-41.0	-41.0	0.0	0.0	-35.2	-35.2
1. Receipts	0.0	0.0	13.6	13.6	0.0	0.0	16.5	16.5	0.0	0.0	21.1	21.1
2. Payments	0.0	0.0	32.5	32.5	0.0	0.0	57.5	57.5	0.0	0.0	56.3	56.3
C. Current transfers	-11.6	-0.1	-29.2	-40.8	-14.1	-0.2	-35.7	-50.1	-17.7	-0.3	-41.3	-59.3
1. Receipts	0.0	0.0	17.8	17.8	0.0	0.0	24.0	24.0	0.0	0.0	18.9	18.9
2. Payments	11.6	0.1	47.0	58.6	14.1	0.2	59.8	74.1	17.7	0.3	60.2	78.2
2. Capital and financial account (net)	128.0	-1.9	128.8	254.9	-17.0	-0.1	43.7	26.7	-92.1	-0.3	193.3	100.8
A. Capital account	0.0	0.0	-1.4	-1.4	0.0	0.0	10.6	10.6	0.0	0.0	2.6	2.6
1. Capital transfers	0.0	0.0	-1.4	-1.4	0.0	0.0	10.6	10.6	0.0	0.0	2.6	2.6
2. Acquisition/disposal of n.p.n.f. assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial account	128.0	-1.9	130.2	256.3	-17.0	-0.1	33.2	16.1	-92.1	-0.3	190.7	98.3
1. Direct investment	0.0	0.0	48.5	48.5	0.0	0.0	62.0	62.0	0.0	0.0	271.5	271.5
2. Portfolio investment	-0.1	0.0	118.8	118.8	0.1	0.0	-33.5	-33.4	-0.4	0.0	-5.4	-5.8
3. Financial derivatives	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	128.1	-1.9	-37.1	89.1	-17.1	-0.1	4.6	-12.5	-91.7	-0.3	-75.4	-167.5
3. Items not yet classified 2)	0.0	0.0	-4.1	-4.1	0.0	0.0	-6.2	-6.2	0.0	0.0	4.2	4.2
4. Overall balance (1+2+3)	9.5	5.5	46.2	61.2	7.7	-3.2	-67.1	-62.6	28.1	-2.7	-10.4	15.0
5. Banking transactions 3)	-9.5	-5.5	24.5	9.4	-7.7	3.2	54.1	49.6	-28.1	2.7	-19.3	-44.8
6. Increase (-) in official reserves 4)	0.0	0.0	-70.6	-70.6	0.0	0.0	13.0	13.0	0.0	0.0	29.7	29.7
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	-70.6	-70.6	0.0	0.0	13.0	13.0	0.0	0.0	29.7	29.7

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	2002		2003		2004		2005		2006				
	I	II	I	II	I	II	I	II	I	II			
1. Exports f.o.b.	2,663.5	3,673.2	4,875.3	6,235.3	1,017.1	1,064.8	1,225.1	1,568.3	1,078.4	1,466.9	1,825.9	1,660.6	1,926.0
A. General merchandise	145.1	108.8	97.0	105.1	24.0	22.8	23.3	26.8	20.8	20.6	31.8	28.5	29.7
1. Free-zone	111.3	82.6	73.0	86.4	17.5	17.4	16.3	21.8	17.8	16.3	23.6	25.3	24.7
2. Other sectors	33.8	26.2	24.0	18.6	6.5	5.4	7.1	5.0	3.0	4.3	8.2	3.2	5.0
B. Goods for processing	2,262.7	3,387.6	4,527.3	5,926.1	963.9	985.9	1,126.2	1,451.2	1,002.7	1,418.5	1,769.7	1,581.0	1,835.4
C. Goods procured in ports by carriers	255.8	176.8	251.1	204.1	29.2	56.1	75.5	90.2	55.0	27.8	62.6	58.8	60.9
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
2. Imports f.o.b.	3,616.4	4,290.3	5,374.2	6,253.9	1,220.6	1,349.5	1,310.5	1,493.6	1,194.5	1,623.5	1,624.1	1,811.8	1,958.6
A. General merchandise	1,749.2	1,901.8	1,702.0	2,103.1	415.7	397.1	426.2	463.0	461.1	513.0	515.4	613.6	574.2
1. Oil sector	611.0	687.9	376.8	674.1	80.7	87.5	98.2	110.4	115.6	161.4	174.0	223.1	204.1
2. Free-zone	96.1	66.2	55.1	74.0	13.1	9.0	15.6	17.4	14.8	17.5	15.6	26.1	25.0
3. Other sectors	1,042.0	1,147.6	1,270.1	1,355.0	321.9	300.5	312.4	335.3	330.7	334.1	325.7	364.5	345.1
B. Goods for processing	1,866.5	2,388.4	3,672.0	4,150.7	804.8	952.4	884.3	1,030.4	733.4	1,110.5	1,108.7	1,198.1	1,263.2
C. Goods procured in ports by carriers	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
D. Repairs on goods	0.7	0.0	0.2	0.1	0.1	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.1
3. Merchandise trade balance (1-2)	-952.6	-616.8	-494.5	-13.7	-203.8	-285.2	-82.2	76.7	-115.6	-155.8	242.0	15.7	-182.2

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)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2002	1.151	2.723		115.940				144.179	170.323
2003	1.292	2.959		133.495				155.490	203.622
2004	1.389	3.312		144.722				166.471	223.843
2005	1.488	3.284		144.109				163.430	223.609
2004	I 1.368	3.322		143.020				167.859	224.838
	II 1.328	3.265		140.734				164.081	216.769
	III 1.377	3.285		142.772				163.590	219.797
	IV 1.477	3.372		151.899				170.236	233.446
2005	I 1.470	3.414		152.010				172.165	235.954
	II 1.448	3.349		146.302				167.148	226.375
	III 1.499	3.225		140.984				161.821	219.458
	IV 1.534	3.159		137.889				153.377	213.785
2006	I 1.559	3.166		138.450				153.905	216.316
	II 1.606	3.305		144.465				157.362	226.301

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)
2002	1.144	2.916		129.646				151.665	188.656
2003	1.403	3.238		145.517				168.239	227.207
2004	1.495	3.488		158.424				175.464	245.035
2005	1.549	3.111		136.190				152.788	212.222
2004	I 1.379	3.316		140.717				173.193	219.904
	II 1.341	3.274		143.147				165.153	218.662
	III 1.421	3.264		143.482				162.741	223.232
	IV 1.495	3.488		158.424				175.464	245.035
2005	I 1.485	3.400		150.249				168.460	233.216
	II 1.463	3.240		140.052				162.396	217.529
	III 1.543	3.191		138.921				158.994	216.630
	IV 1.549	3.111		136.190				152.788	212.222
2006	I 1.548	3.141		137.519				152.889	217.745
	II 1.620	3.318		145.603				156.913	228.701

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 2002.

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 1.5 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 1.8 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 and official foreign exchange holdings are excluded in order to calculate the net import of foreign funds by the non-monetary sectors.

Table 2.2 Components of broad money

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

Table 2.3 Causes of changes in broad money

Inflow of foreign funds

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

Table 2.4 Foreign assets

Aruba's net foreign assets consist mainly of convertible claims on nonresidents and gold. Aruba has no accounts with the International Monetary Fund, because it participates in this institution as part of the Kingdom of the Netherlands. In contrast to Table 2.1, net foreign assets in this table include revaluation differences of gold and official foreign exchange holdings. Until the end of 2000, the valuation of gold was determined 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. Changes in the valuation of gold are included in the revaluation account.

Column:

(9) Revaluation differences

Revaluation differences of gold and official foreign exchange holdings.

Table 3.1 Consolidated balance sheet of the money-creating institutions

Money-creating institutions

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

Claims on money-creating institutions:

Monetary authorities

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

Other domestic assets

Mainly equipment and miscellaneous items.

Revaluation differences

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

Other domestic liabilities

Money in custody, miscellaneous items and other liabilities.

Table 3.2 Detailed balance sheet of the Centrale Bank van Aruba

Columns:

(2) Other

Mainly equipment and miscellaneous items.

(5 and 6) Foreign assets:

Claims on banks

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

Claims on governments

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

(10) Bank notes issued

Bank notes held by the public and commercial banks.

(13) Official entities

Includes the post office.

(16) Other financial institutions' deposits

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

(17) Private sector

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

(18) Other

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

Table 3.4 Coins issued

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

Table 4.1 Commercial banks: summary account

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

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

Column:

(7) Capital and reserves:

Includes subordinated debt.

Table 4.2 Commercial banks: prudential ratios

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

Table 4.3 Commercial banks: detailed balance sheet

Columns:

(6 to 9) Loans and advances:

Enterprises

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

Mortgages

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

Individuals

Loans and advances to individuals, excluding mortgages.

Government

Loans and advances to the Government, excluding official entities.

(10) Premises

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

(11) Subsidiaries

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

(12) Accounts receivable

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

(21) Total assets

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

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

(22 to 25) Demand deposits

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

(26 to 29) Time deposits

Deposits with a specific original maturity.

(30) Savings deposits

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

(31) Other liabilities

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

(32) Capital and reserves

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

(33) Subordinated debt

Liabilities subordinated to claims of depositors and other creditors.

Table 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 of all economic activities (ISIC) 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 with the rest of the world. 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.

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.

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 grants.

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

Table 8.2 Components of the current account

Goods

Goods comprise import and export related payments of crude oil and oil products as well

as import and export related payments by free-zone enterprises and by sectors other than the oil and free-zone sectors effectuated through the banking system and notified foreign 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, and other investment. The latter is subdivided into loans and other financial transactions.

Banking transactions

See note for Table 8.1.

Table 8.4 Balance of payments by sectors

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

Columns:

Oil sector

Transactions of 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