



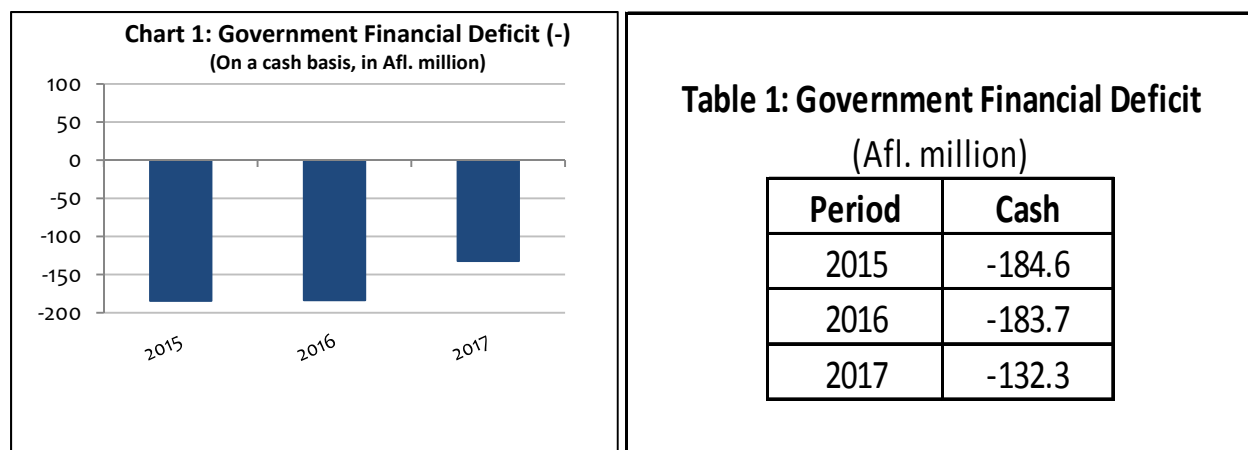
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: June 8, 2018

The government's financial deficit decreased in 2017

In the year under review, the government's financial deficit contracted by Afl. 51.4 million to Afl. 132.3 million, when compared to 2016 (Chart 1 and Table 1). The government recorded Afl. 4,199.0 million in outstanding debt at the end of December 2017, i.e., Afl. 173.7 million more than end-December 2016.

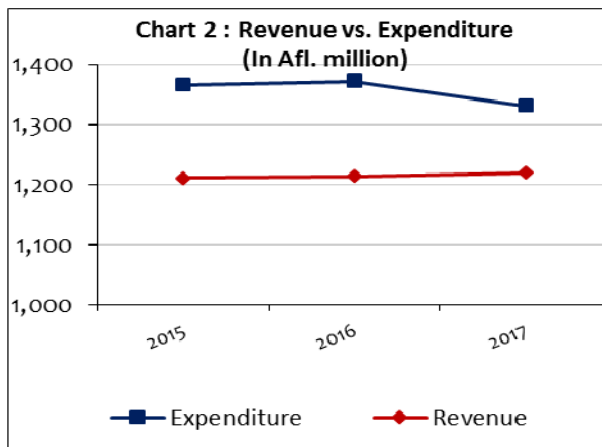


Source: Department of Finance; Tax Collector's Office; CBA.

Financial operations

The government's total revenue grew by Afl. 5.7 million to Afl. 1,220.1 million in 2017, compared to the previous year (Chart 2 and Table 2). This growth resulted from an Afl. 12.6 million increase in tax revenue, which was partly offset by an Afl. 6.9 million decline in nontax revenue. The upturn in tax revenue resulted from higher income from wage tax (+Afl. 14.7 million), income tax (+Afl. 10.4 million), turnover tax (B.B.O.) (+Afl. 10.1 million), import duties (+Afl. 6.3 million), land tax (+Afl. 6.0 million), excises on tobacco (+Afl. 5.7 million), motor vehicle fees (+Afl. 3.6 million), excises on beer (+Afl. 2.0 million), excises on liquor (+Afl. 1.7 million), and taxes on other services (+Afl. 1.3 million). On the other hand, receipts from other revenue items contracted, including profit tax (-Afl. 39.7 million), excises on gasoline (-Afl. 4.8 million), transfer tax (-Afl. 2.6 million), and hotel room tax (-Afl. 1.0 million). The decline in nontax revenue was caused by an Afl. 22.3 million decrease in other nontax revenue, which was counterbalanced by an Afl. 15.4 million growth in grants.

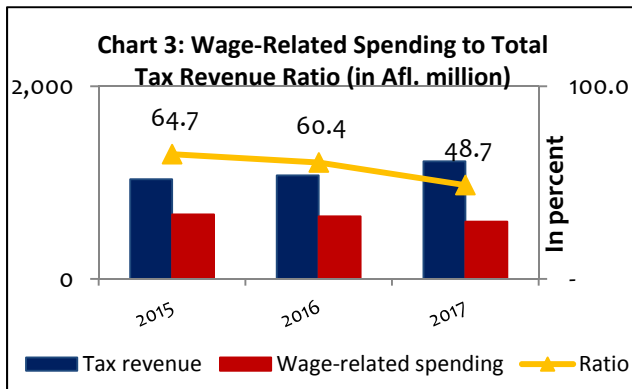
Total government expenditure decreased by Afl. 40.9 million to Afl. 1,331.7 million in the year under review, compared to the previous year. The contraction resulted from lower spending on wage subsidies (-Afl. 42.8 million), goods and services (-Afl. 25.9 million), development fund spending (-Afl. 9.8 million), wages (-Afl. 7.9 million), transfer to General Health Insurance (AZV) (-Afl. 5.7 million), employer's contribution (-Afl. 4.3 million), and investment (-Afl. 3.4 million), which was in part counterbalanced by higher spending on transfers and subsidies (+Afl. 58.2 million), and interest (+Afl. 0.5 million).



Period	Revenue	Expenditure
2015	1,211.5	1,366.4
2016	1,214.4	1,372.6
2017	1,220.1	1,331.7

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

The government's wage-related expenditure noted a downturn of Afl. 55 million to Afl. 593.8 million in 2017, compared to 2016. This was attributed to lower spending on wage subsidies (-Afl. 42.8 million), wages (-Afl. 7.9 million), and employer's contribution (-Afl. 4.3 million). In the year under review, the wage-related outlays to total-tax-revenue ratio noted a contraction of 5.8 percentage points to 54.6 percent, down from 60.4 percent in 2016 (Chart 3 and Table 3).



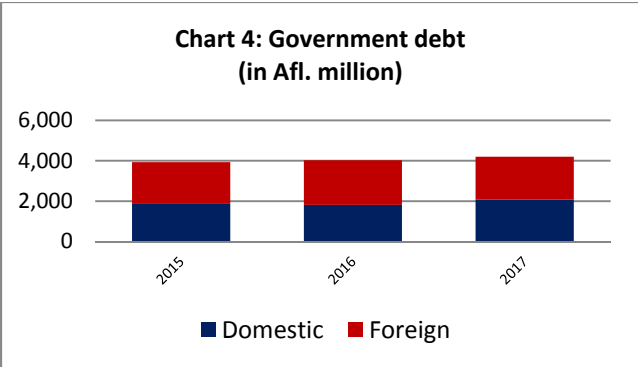
Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
2015	1,034.2	669.2	64.7
2016	1,074.9	648.8	60.4
2017	1,087.5	593.8	48.7

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

Outstanding debt

The government's total outstanding debt registered an upturn of Afl. 173.7 million or 4.3 percent to Afl. 4,199.0 million at end-December 2017, compared to the end of December 2016 (Chart 4 and Table 4). This rise resulted from an Afl. 271.2 million expansion in domestic debt, partly mitigated by an Afl. 97.5 million contraction in foreign debt.

The growth in domestic debt is due to an increase in liabilities of Afl. 282.6 million related to government bonds, Afl. 8.0 million in cash loan certificates, and Afl. 47.0 million in non-negotiable short-term debt (other non-negotiable short-term debt (+Afl. 29.7million), suppliers credit (+Afl. 10.5 million), APFA (+Afl. 6.8 million)), which was partly mitigated by an Afl. 66.4 million decrease in non-negotiable long-term liabilities to (APFA (-Afl. 37.3 million), and private loans (-Afl. 29.0 million)). The decrease in foreign debt resulted mostly from lower net claims of other countries (-Afl. 310.2 million) and the Netherlands (-Afl. 6.4 million), and higher net claims of the United States (+Afl. 218.7 million).



Source: Department of Finance; APFA; CBA.

**Table 4: Government Debt
(Afl. million)**

End-period	Domestic	Foreign	Total
2015	1,862.2	2,068.8	3,931.0
2016	1,816.2	2,209.1	4,025.3
2017	2,087.4	2,111.6	4,199.0