



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: June 11, 2020

The government registered a deficit in the first quarter of 2020

The government's financial deficit decreased from Afl. 37.5 million in the first quarter of 2019 to Afl. 29.1 million in the first quarter of 2020. (Chart 1 and Table 1). The government recorded Afl. 4,311.6 million in outstanding debt at the end of March 2020, i.e., Afl. 6.4 million less than end-March 2019.

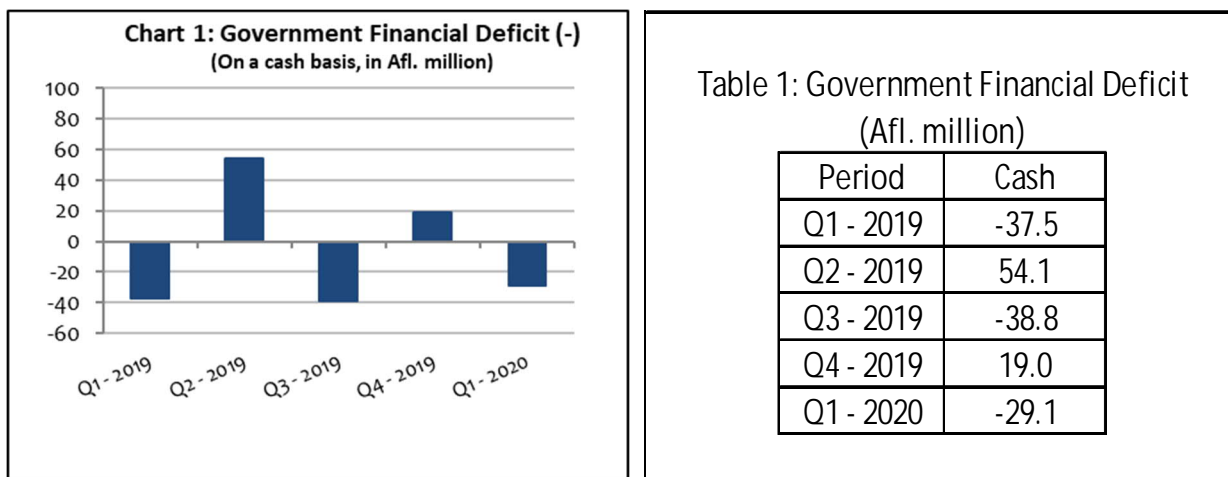


Table 1: Government Financial Deficit (Afl. million)

Period	Cash
Q1 - 2019	-37.5
Q2 - 2019	54.1
Q3 - 2019	-38.8
Q4 - 2019	19.0
Q1 - 2020	-29.1

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

Financial operations

The government's total revenue increased by Afl. 12.8 million to Afl. 315.6 million in the first quarter of 2020, compared to the first quarter of 2019 (Chart 2 and Table 2). This growth resulted from expansions in both tax revenue and nontax revenue of Afl. 8.1 million and Afl. 4.7 million, respectively. The rise in tax revenue was mainly due to higher income from transfer tax (+Afl. 13.8 million), income tax (+Afl. 4.9 million) and excises on tobacco (+Afl. 2.4 million). These increases were partly counterbalanced by lower income from profit tax (-Afl. 5.2 million), wage tax (-Afl. 3.7 million), import duties (-Afl. 3.6 million), and excises on beer (-Afl. 2.2 million).

Total government expenditure expanded by Afl. 3.6 million to Afl. 342.4 million in the first quarter of 2020, compared to the same quarter of 2019. The upturn resulted from higher spending on interest (+Afl. 14.9 million), goods and services (+Afl. 4.0 million), lower transfer and subsidies (-Afl. 5.1 million), investment (-Afl. 4.9 million), and wage subsidies (-Afl. 3.3 million).

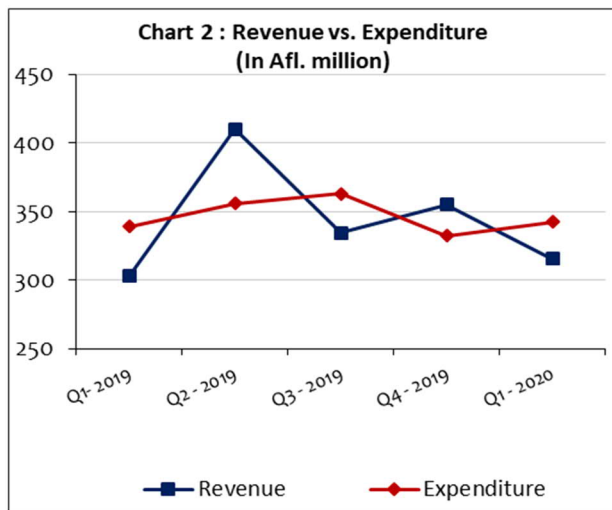


Table 2: Revenue vs. Expenditure (in Afl. million)

Period	Revenue	Expenditure
Q1-2019	302.8	338.8
Q2-2019	410.0	355.7
Q3-2019	334.5	362.8
Q4-2019	355.1	332.2
Q1-2020	315.6	342.4

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

The government's wage-related spending contracted by Afl. 5.5 million to Afl. 150.9 million in the quarter under review, compared to the first quarter of 2019. This resulted from decreases in wage subsidies (-Afl. 3.3 million), wages (-Afl. 1.7 million), and employer's contribution (-Afl. 0.5 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a reduction of 3.4 percentage points to 52.0 percent, down from 55.4 percent in the first quarter of the previous year (Chart 3 and Table 3).

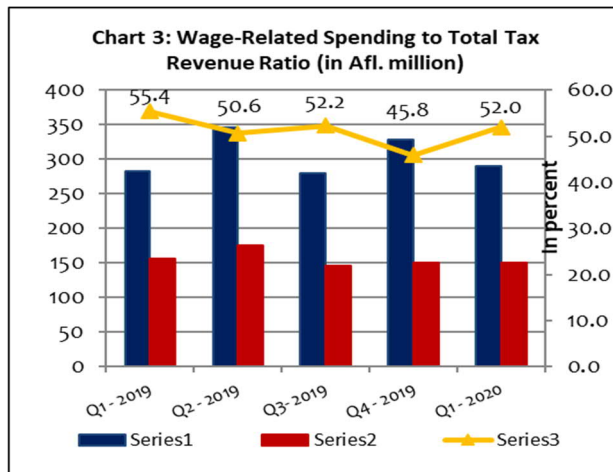


Table 3: Wage-Related Spending (WRS) to Total Tax Revenue (TTR) Ratio (in Afl. million)

Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1-2019	282.3	156.4	55.4
Q2-2019	346.3	175.2	50.6
Q3-2019	279.6	146.0	52.2
Q4-2019	328.0	150.3	45.8
Q1-2020	290.4	150.9	52.0

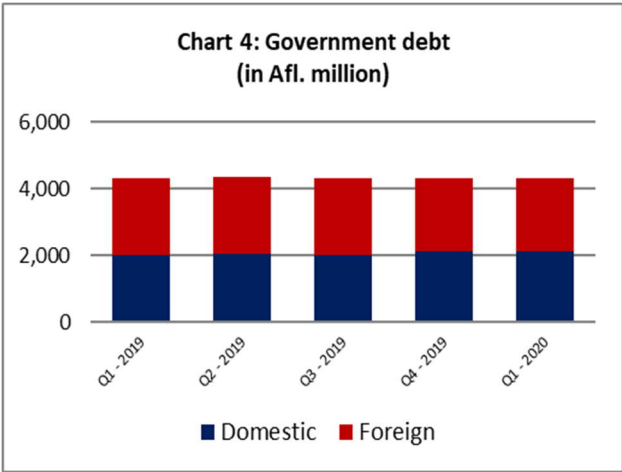
Source: Department of Finance; Tax Collector's Office; CBA.

### Outstanding debt

The government's total outstanding debt declined by Afl. 6.4 million or 0.1 percent to Afl. 4,311.6 million at end-March 2020, compared to the end of March 2019 (Chart 4 and Table 4). This decrease resulted from an Afl. 127.5 million reduction in foreign debt, which was largely mitigated by an Afl. 121.1 million increase in domestic debt.

The growth in domestic debt resulted from increases in both negotiable debt and in non-negotiable debt of Afl. 88.1 million and Afl. 33.0 million, respectively. The expansion in negotiable debt is attributed to a rise in treasury bills (+Afl. 100.0 million) and cash loan certificates (+Afl. 8.0 million), which was partly offset by a decrease in government bonds (-Afl. 19.9 million). The increase in non-negotiable debt resulted from a growth in non-negotiable short-term debt (+Afl. 39.0 million), which was partly offset by an Afl. 6.0 million decline in non-negotiable long-term debt. Non-negotiable short-term debt expanded due to higher other non-negotiable debt

(+AFL. 19.3 million), suppliers' credit (+Afl. 19.2 million) and short-term liabilities to APFA (+Afl.0.5 million). The non-negotiable long-term debt recorded a decline in long-term liabilities to APFA of Afl 6.0 million. The reduction in foreign debt resulted from lower net claims of the United States (-Afl. 98.8 million), other countries (-Afl. 22.4 million) and the Netherlands (-Afl. 5.7 million).



End-period	Domestic	Foreign	Total
Q1 - 2019	2,010.3	2,307.7	4,318.0
Q2 - 2019	2,033.2	2,305.2	4,338.4
Q3 - 2019	2,018.4	2,300.2	4,318.6
Q4 - 2019	2,107.9	2,210.7	4,318.6
Q1 - 2020	2,131.4	2,180.2	4,311.6

Source: Department of Finance; APFA; CBA.