



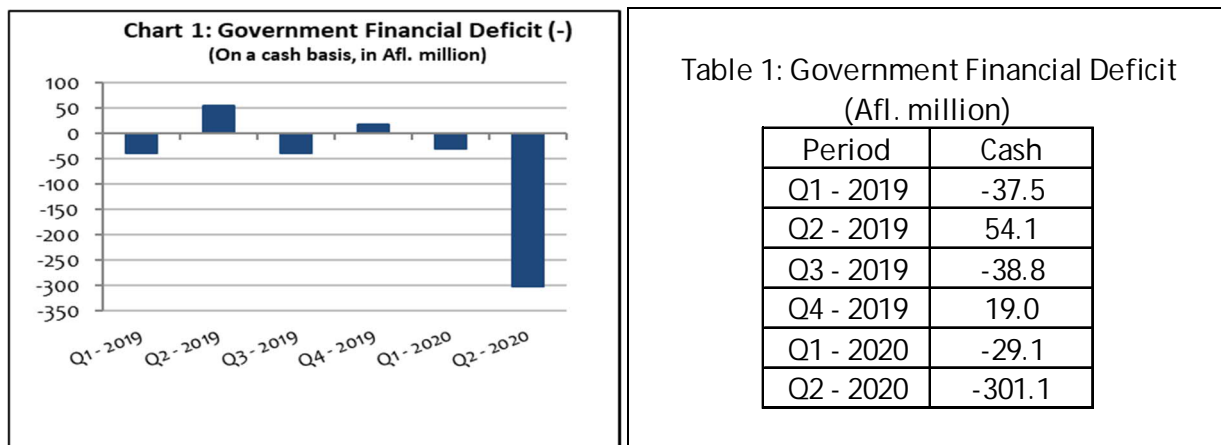
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: September 15, 2020

The government deficit increased considerably in the second quarter of 2020

The government's financial surplus of Afl. 54.1 million in the second quarter of 2019 turned to an Afl. 301.1 million deficit in the second quarter of 2020 (Chart 1 and Table 1). The government recorded Afl. 4,665.8 million in outstanding debt at the end of June 2020, i.e., Afl. 327.4 million more than at the end-June 2019.

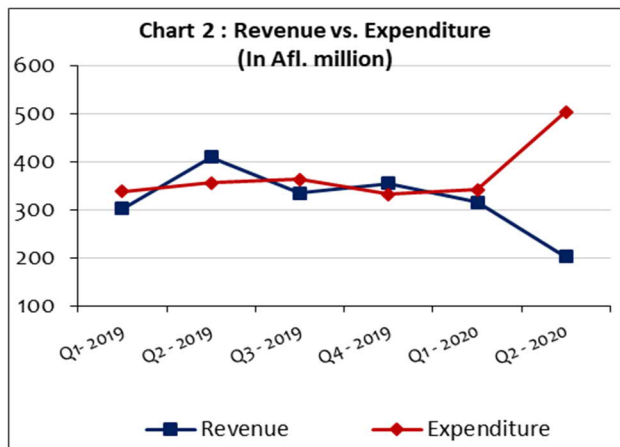


Source: Department of Finance; Tax Collector's Office; CBA.

Financial operations

The government's total revenue fell significantly by Afl. 207.6 million to Afl. 202.4 million in the second quarter of 2020, compared to the second quarter of 2019 (Chart 2 and Table 2). This decline resulted from decreases in both tax revenue and nontax revenue of Afl. 163.8 million and Afl. 43.8 million, respectively. The fall in tax revenue was mainly due to lower income from profit tax (-Afl. 50.6 million), turnover tax (-Afl. 26.9 million), import duties (-Afl. 22.5 million), wage tax (-Afl. 12.4 million) and land tax (-Afl. 11.6 million).

Total government expenditure expanded by Afl. 148.4 million to Afl. 504.1 million in the second quarter of 2020, compared to the same quarter of 2019. The upturn resulted from higher spending on transfers and subsidies (+Afl. 137.3 million), Transfer to General Health Insurance (AZV) (+Afl. 26.2 million) and spending on goods and services (+Afl. 10.9 million), and lower wages (-Afl. 17.9 million) and wage subsidies (-Afl. 5.0 million).

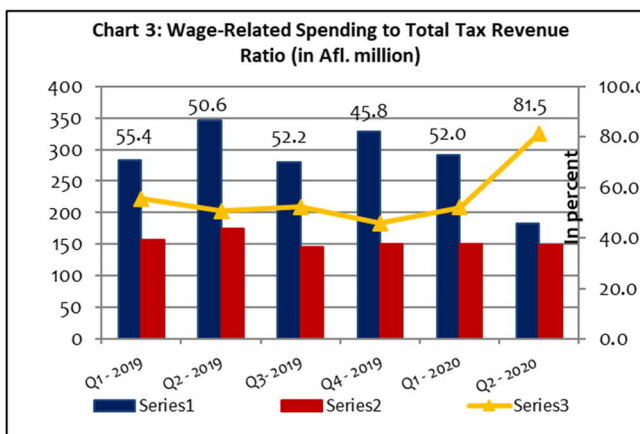


**Table 2: Revenue vs. Expenditure (in Afl. million)**

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
Q2 - 2020	202.4	504.1

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

The government's wage-related spending fell by Afl. 26.5 million to Afl. 148.7 million in the quarter under review, compared to the second quarter of 2019. This resulted from decreases in wages (-Afl. 17.9 million), wages subsidies (-Afl. 4.9 million), and employer's contribution (-Afl. 3.7 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a significant increase of 30.9 percentage points to 81.5 percent following the decrease in tax revenue, from 50.6 percent in the second 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
Q2 - 2020	182.5	148.7	81.5

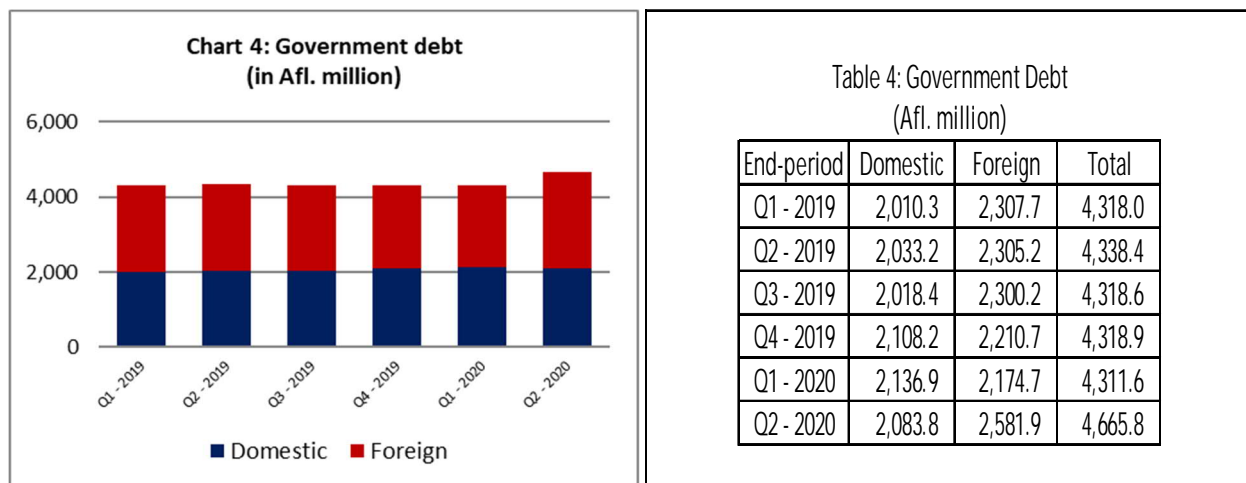
Source: Department of Finance; Tax Collector's Office; CBA.

### Outstanding debt

The government's total outstanding debt increased substantially by Afl. 327.4 million or 7.5 percent to Afl. 4,665.8 million at end-June 2020, compared to the end of June 2019 (Chart 4 and Table 4). This increase resulted from an Afl. 276.7 million rise in foreign debt, as well as an Afl. 50.6 million grow in domestic debt.

The growth in domestic debt resulted from increases in both negotiable debt and in non-negotiable debt of Afl. 41.5 million and Afl. 9.1 million, respectively. The expansion in negotiable debt is attributed to a rise in treasury bills (+Afl. 125.0 million) and cash loan certificates (+Afl. 8.0 million), which was largely offset by a decrease in government bonds (-Afl. 91.5 million). The increase in non-negotiable debt resulted from a growth in non-negotiable short-term debt (+Afl. 9.2 million). Non-negotiable long-term debt remained practically unchanged. Non-negotiable short-term debt expanded due to higher other non-negotiable debt (+Afl. 8.0 million) and suppliers' credit (+Afl. 3.8 million), partially mitigated by lower short-term liabilities to APFA (-Afl. 2.6 million). The

growth in foreign debt resulted from higher net claims of the Netherlands (-Afl. 199.7 million), related to loans granted because of the COVID-19 situation, and other countries (-Afl. 176.5 million).



Source: Department of Finance; APFA; CBA.