



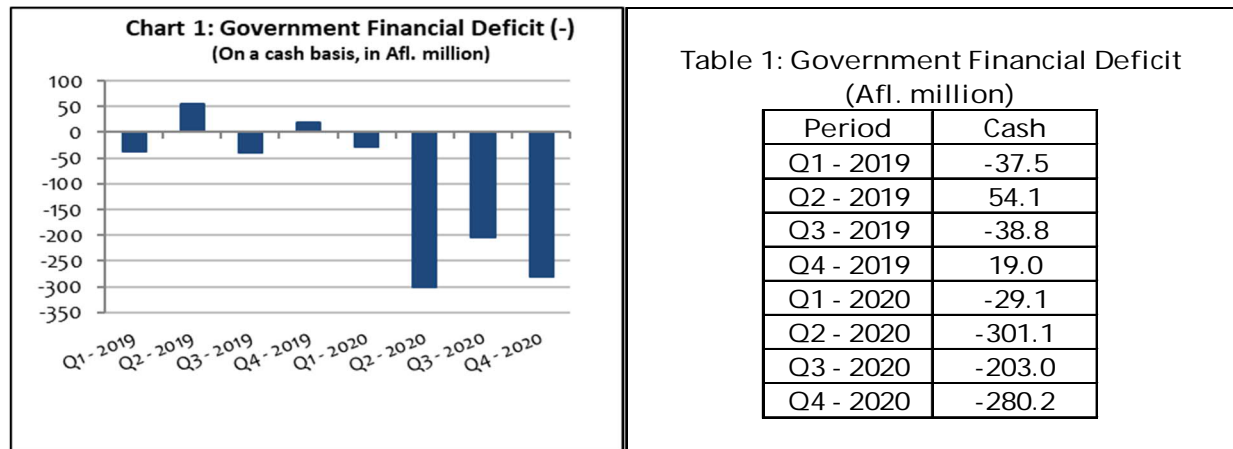
## CENTRALE BANK VAN ARUBA

### Statistical News Release

Date: March 16, 2021

#### Government debt surged in the fourth quarter of 2020

The government's financial surplus of Afl. 19.0 in the fourth quarter of 2019 turned into an Afl. 280.2 million deficit<sup>1</sup> in the fourth quarter of 2020 (see Chart 1 and Table 1). The government recorded Afl. 5,145.6 million in outstanding debt at the end of December 2020, i.e., Afl. 826.7 million more than at the end-December 2019.



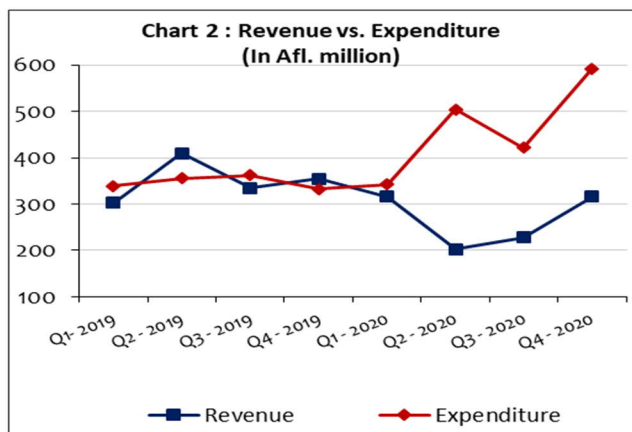
Source: Department of Finance; Tax Collector's Office; CBA.

#### Financial operations

The government's total revenue fell by Afl. 39.1 million to Afl. 316.0 million in the fourth quarter of 2020, compared to the fourth quarter of 2019 (see Chart 2 and Table 2). This decline resulted from a decrease in tax revenue of Afl. 56.6 million, which was counterbalanced by a growth in nontax revenue of Afl. 17.7 million. The fall in tax revenue was mainly due to lower income from wage tax (-Afl. 22.3 million), income tax (-Afl. 21.5 million), turnover tax (-Afl. 16.8 million), and import duties (-Afl. 16.8 million). In contrast, income from profit tax (+Afl. 38.4 million) and land tax (+Afl. 3.3 million) increased.

Total government expenditure rose by Afl. 260.5 million to Afl. 592.7 million in the fourth quarter of 2020, compared to the same quarter of 2019. The upturn resulted primarily from higher spending on transfers and subsidies (+Afl. 155.4 million), transfer to General Health Insurance (AZV) (+Afl. 92.5 million), goods and services (+Afl. 22.1 million) and interest (+Afl. 6.8 million), and lower spending on wages (-Afl. 11.6 million) and wage subsidies (-Afl. 5.0 million).

<sup>1</sup> The financial deficit is calculated according to the cash-adjusted compilation method of the CBA and may differ from third-party publications using an accrual method of compilation.

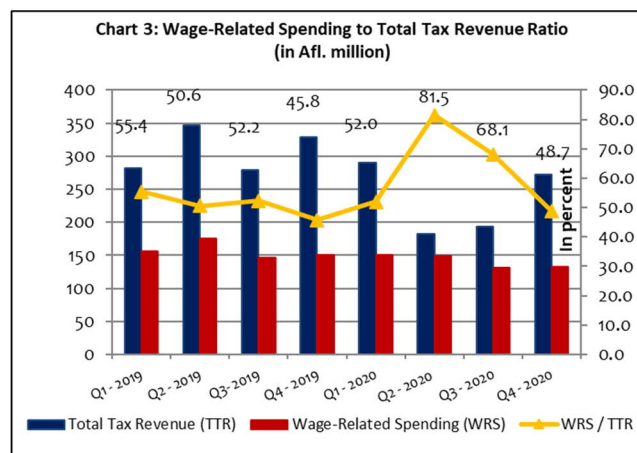


**Table 2: Revenue vs. Expenditure (in Afl. million)**

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
Q3- 2020	228.2	421.7
Q4- 2020	316.0	592.7

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

The government's wage-related spending fell by Afl. 18.0 million to Afl. 132.3 million in the quarter under review. This resulted from decreases in wages (-Afl. 11.6 million), wages subsidies (-Afl. 5.0 million), and employer's contribution (-Afl. 1.4 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted an increase of 2.9 percentage points to 48.7 percent up from 45.8 percent in the fourth quarter of the previous year (see 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
Q3 - 2020	193.2	131.6	68.1
Q4 - 2020	271.4	132.3	48.7

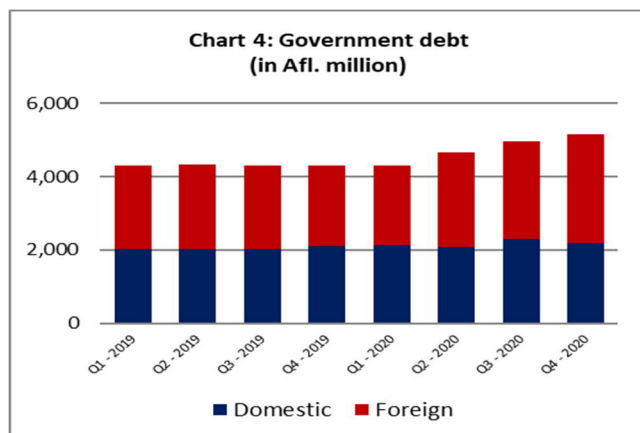
Source: Department of Finance; Tax Collector's Office; CBA.

### Outstanding debt

The government's total outstanding debt increased markedly by Afl. 826.7 million or 19.1 percent to Afl. 5,145.6 million at end-December 2020, compared to the end of December 2019 (see Chart 4 and Table 4). This increase resulted from higher foreign debt (+Afl. 741.0 million) and domestic debt (+Afl. 85.7 million).

The growth in domestic debt resulted from increases in both negotiable debt and non-negotiable debt of Afl. 71.4 million and Afl. 14.2 million, respectively. The expansion in negotiable debt is attributed to a rise in treasury bills (+Afl. 45.0 million), government bonds (+Afl. 21.4 million), and cash loan certificates (+Afl. 5.0 million). The increase in non-negotiable debt resulted from a growth in non-negotiable long-term debt of Afl. 48.5 million, which was largely offset by a decrease in non-negotiable short-term debt of Afl. 34.2 million. Non-negotiable long-term debt expanded due to an increase in private loans (+Afl. 52.6 million). Meanwhile, non-negotiable short-term debt dropped due to lower suppliers' credit (-Afl. 13.5 million), short-term liabilities to APFA (-Afl. 10.8 million) and other non-negotiable debt (-Afl. 9.9 million). The growth in foreign debt resulted from higher net claims of other

countries (+Afl. 423.5 million) and the Netherlands (+Afl. 411.2 million), mostly related to loans granted because of the COVID-19 situation.



**Table 4: Government Debt  
(Afl. 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	2,108.2	2,210.7	4,318.9
Q1 - 2020	2,136.8	2,174.7	4,311.6
Q2 - 2020	2,084.2	2,581.9	4,666.1
Q3 - 2020	2,287.9	2,691.0	4,978.9
Q4 - 2020	2,193.9	2,951.7	5,145.6

Source: Department of Finance; APFA; CBA.