



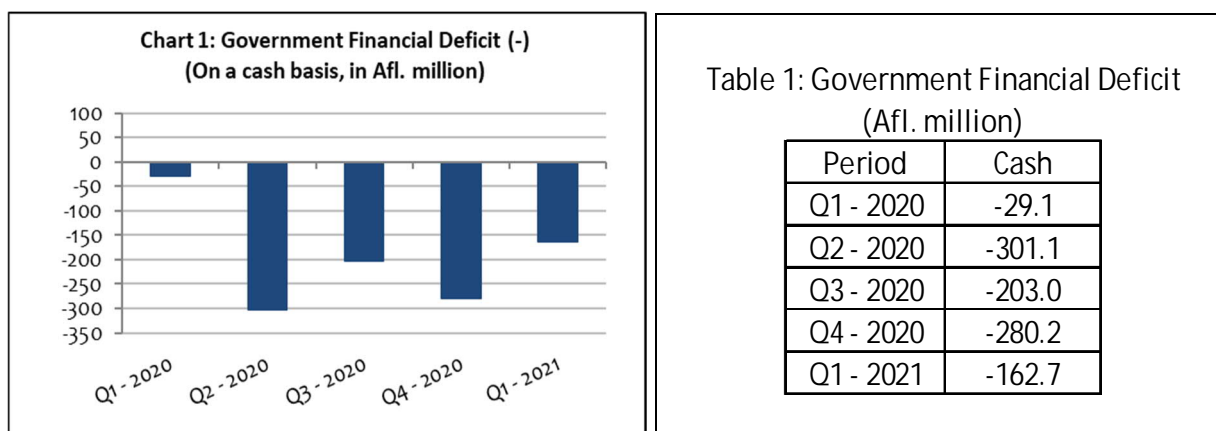
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: June 15, 2021

Government debt continues to rise in the first quarter of 2021

The government's financial deficit of Afl. 29.1 in the first quarter of 2020 expanded into an Afl. 162.7 million deficit¹ in the first quarter of 2021 (see Chart 1 and Table 1). The government recorded Afl. 5,229.4 million in outstanding debt at the end of March 2021, i.e., Afl. 917.8 million more than at the end-March 2020.



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

Financial operations

The government's total revenue fell by Afl. 92.7 million to Afl. 222.9 million in the first quarter of 2021, compared to the first quarter of 2020 (see Chart 2 and Table 2). This decline resulted from a decrease in both tax revenue and nontax revenue of Afl. 89.7 million and Afl. 3.0 million, respectively. The drop in tax revenue was mainly due to lower income from wage tax (-Afl. 16.4 million), turnover tax (-Afl. 16.0 million), income tax (-Afl. 13.8 million), transfer tax (-Afl. 12.3 million) and import duties (-Afl. 11.0 million). In contrast, income from profit tax (+Afl. 3.1 million) increased.

Total government expenditure rose by Afl. 40.8 million to Afl. 383.2 million in the first quarter of 2021, compared to the same quarter of 2020. The upturn resulted primarily from higher spending on transfers and subsidies (+Afl. 50.0 million) and transfer to the General Health Insurance (AZV) (+Afl. 21.1 million). On the other hand, goods and services (-Afl. 11.3 million), wages (-Afl. 7.4 million), and investments (-Afl. 5.0 million) registered lower spending.

¹ 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.

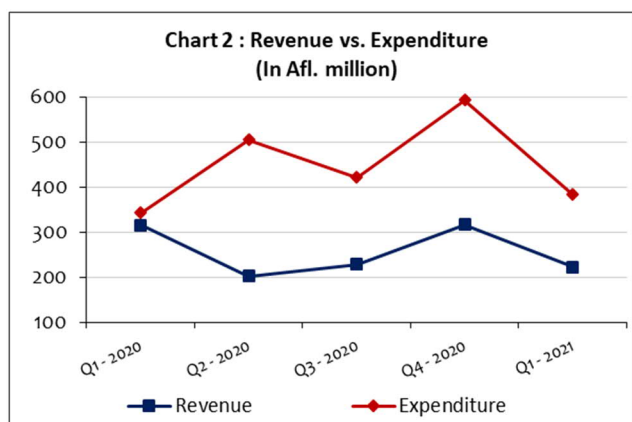


Table 2: Revenue vs. Expenditure
(in Afl. million)

Period	Revenue	Expenditure
Q1 - 2020	315.6	342.4
Q2 - 2020	202.4	504.1
Q3 - 2020	228.2	421.7
Q4 - 2020	316.0	592.7
Q1 - 2021	222.9	383.2

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

The government's wage-related spending fell by Afl. 11.3 million to Afl. 139.6 million in the quarter under review. This resulted from decreases in wages (-Afl. 7.4 million), employer's contribution (-Afl. 2.6 million), and wages subsidies (-Afl. 1.3 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted an increase of 17.6 percentage points to 69.6 percent, up from 52.0 percent in the first quarter of the previous year (see Chart 3 and Table 3).

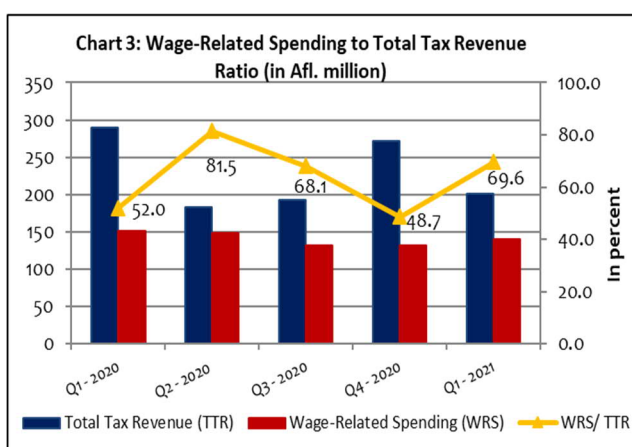


Table 3: Wage-Related Spending (WRS) to Total Tax Revenue (TTR) Ratio
(in Afl. million)

Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 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
Q1 - 2021	200.7	139.6	69.6

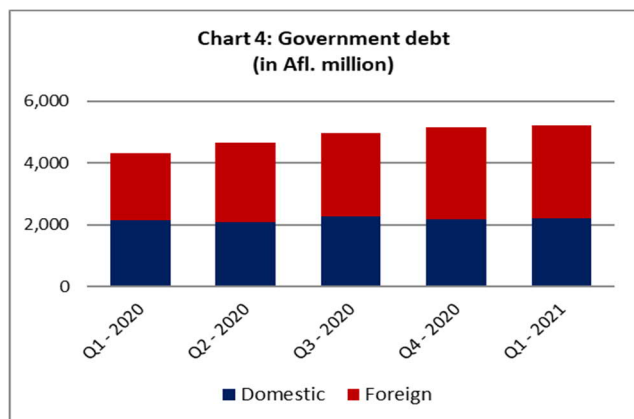
Source: Department of Finance; Tax Collector's Office; CBA.

Outstanding debt

The government's total outstanding debt increased by Afl. 917.8 million or 21.3 percent to Afl. 5,229.4 million at end-March 2021, compared to the end of March 2020 (see Chart 4 and Table 4). This increase resulted from higher foreign debt (+Afl. 845.2 million) and domestic debt (+Afl. 72.7 million).

The growth in domestic debt resulted from increases in both negotiable debt and non-negotiable debt of Afl. 43.4 million and Afl. 29.3 million, respectively. The expansion in negotiable debt is attributed to a rise in treasury bills (+Afl. 25.0 million) and government bonds (+Afl. 21.4 million), and a decrease in cash loan certificates (-Afl. 3.0 million). The increase in non-negotiable debt resulted from a growth in non-negotiable long-term debt of Afl. 42.7 million, which was partially offset by a decrease in non-negotiable short-term debt of Afl. 13.5 million. Non-negotiable long-term debt expanded due to an increase in private loans (+Afl. 47.2 million). In contrast, non-negotiable short-term debt decreased due to lower suppliers' credit (-Afl. 19.3 million) and other non-negotiable debt (-Afl. 1.4 million), and higher short-term liabilities to APFA (+Afl. 7.3 million).

The growth in foreign debt resulted from higher net claims of the Netherlands (+Afl. 482.2 million) and other countries (+Afl. 446.0 million), mostly related to loans granted because of the COVID-19 situation.



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

End-period	Domestic	Foreign	Total
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
Q1 - 2021	2,209.5	3,019.9	5,229.4

Source: Department of Finance; APFA; CBA.