



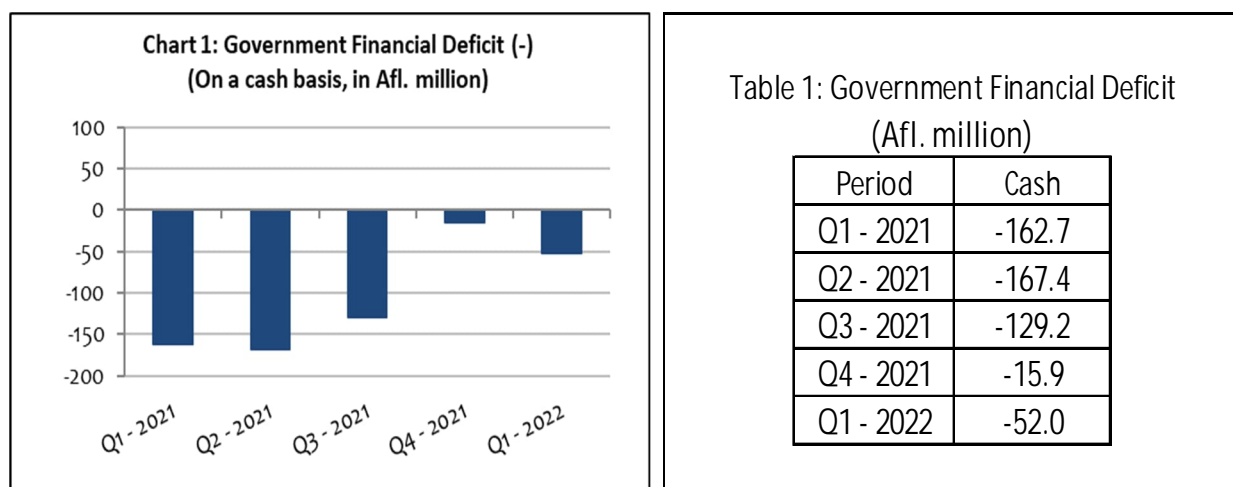
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: June 3, 2022

Government's financial deficit decreased in the first quarter of 2022

The government's financial deficit¹ of Afl. 162.7 in the first quarter of 2021 shrank to Afl. 52.0 million in the quarter under review (see Chart 1 and Table 1). The government recorded Afl. 6,015.8 million in outstanding debt at the end of March 2022, i.e., Afl. 786.1 million more than at the end-March 2021.



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

Financial operations

The government's total revenue expanded by Afl. 48.2 million to Afl. 271.2 million in the first quarter of 2022, compared to the first quarter of 2021 (see Chart 2 and Table 2). This growth resulted largely from an increase in tax revenue of Afl. 49.2 million, and a marginal decrease of Afl. 1.1 million in nontax revenue. The increase in tax revenue was mainly due to higher income from turnover tax (+Afl. 13.0 million), import duties (+Afl. 11.1 million), transfer tax (+Afl. 7.1 million), wage tax (+Afl. 4.0 million), and foreign exchange tax (+Afl. 3.4 million). In contrast, income from profit tax (-Afl. 1.6 million) and motor vehicle fees (-Afl. 1.3 million) decreased.

Total government expenditure dropped by Afl. 63.5 million to Afl. 319.7 million in the first quarter of 2022, compared to the same quarter of 2021. The downturn resulted primarily from lower spending on transfers and subsidies (-Afl. 40.3 million), General Health Insurance (AZV) (-Afl. 21.1 million), and wage subsidies (-Afl. 10.9 million). In contrast, spending on goods and services increased by Afl. 11.0 million.

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.

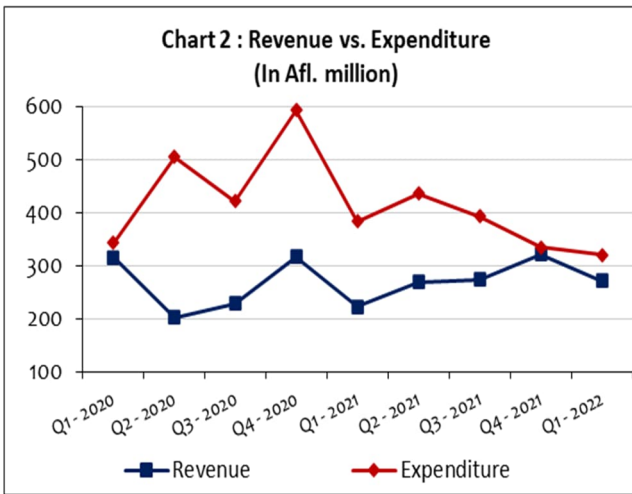


Table 2: Revenue vs. Expenditure
(in Afl. million)

Period	Revenue	Expenditure
Q1 - 2021	223.0	383.2
Q2 - 2021	269.4	435.8
Q3 - 2021	273.5	392.9
Q4 - 2021	320.9	334.6
Q1 - 2022	271.2	319.7

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

The government's wage-related spending dropped by Afl. 10.7 million to Afl. 128.9 million in the quarter under review. This resulted from a decrease in wage subsidies (-Afl. 10.9 million), while employer's contributions and wages increased only marginally. In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a drop of 17.9 percentage points to 51.6 percent, down from 69.5 percent in the first quarter of the previous year (see Chart 3 and Table 3).

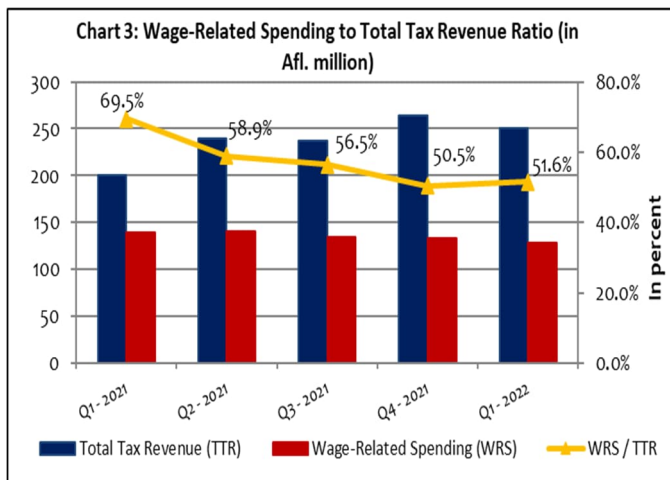


Table 3: Wage-Related Spending (WRS) to Total Tax Revenue (TTR) Ratio
(in Afl. million)

Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2021	200.8	139.6	69.5%
Q2 - 2021	239.2	140.8	58.9%
Q3 - 2021	237.5	134.3	56.5%
Q4 - 2021	263.6	133.0	50.5%
Q1 - 2022	250.0	128.9	51.6%

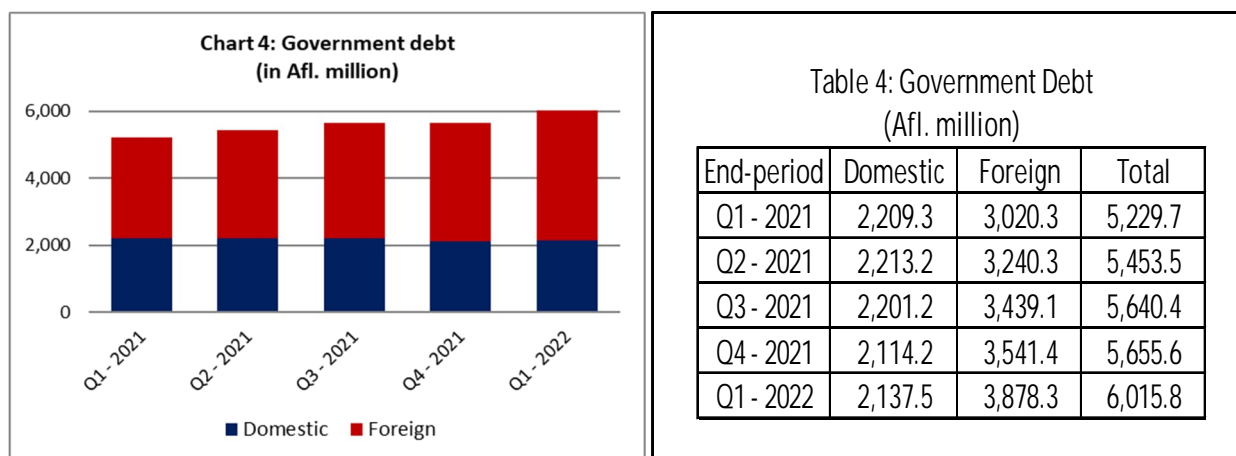
Source: Department of Finance; Tax Collector's Office; CBA.

Outstanding debt

The government's total outstanding debt increased by Afl. 786.1 million or 15.0 percent to Afl. 6,015.8 million at end-March 2022, compared to the end of March 2021 (see Chart 4 and Table 4). This increase resulted from higher foreign debt (+Afl. 858.0 million) and lower domestic debt (-Afl. 71.8 million).

The growth in foreign debt resulted mainly from higher net claims of the Netherlands (+Afl. 951.7 million), related to loans granted because of the COVID-19 situation. In addition, other foreign debt surged by Afl. 59.9 million. In contrast, net claims of the United States decreased by Afl. 152.8 million. The lower domestic debt resulted from a reduction in negotiable debt of Afl. 140.6 million, and an increase in non-negotiable debt of Afl. 68.7 million. The decline in negotiable debt is attributed to a drop in both government bonds and treasury bills of Afl. 120.6 million and Afl. 20.0 million, respectively. The upsurge in non-negotiable debt resulted from an increase in non-negotiable

short-term debt of Afl. 77.3 million and a decrease in non-negotiable long-term debt of Afl. 8.6 million. Non-negotiable short-term debt grew mainly due to higher other non-negotiable short-term debt (+Afl. 78.8 million). Non-negotiable long-term debt shrank due to decreases in private loans (-Afl. 13.0 million) and liabilities to APFA (-Afl. 4.8 million). In contrast, other non-negotiable debt increased by Afl. 9.2 million.



Source: Department of Finance; APFA; CBA.