

# Quarterly Economic Bulletin Government Sector Q2 2022

September 16, 2022



**CENTRALE BANK VAN ARUBA**

**Cover design:**

Our golden tree, our Kibrahacha. Resilient, firmly rooted, and gives a beautiful bloom.

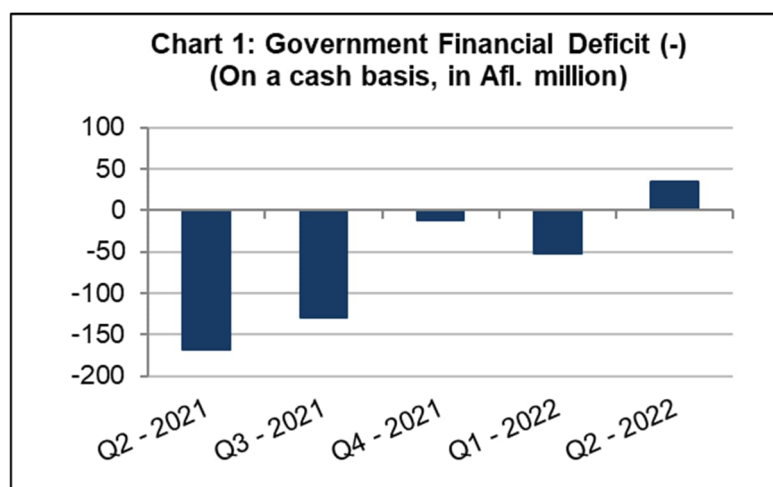
It offers us shade and protection if needed. When it breaks out, it displays an overwhelming yellow, illustrating a brighter and bolder future.

The full text of this report is available on the CBA website.

## The government's financial deficit turned into a surplus in the second quarter of 2022

Quarterly economic bulletin  
Results for the second quarter of 2022

The government's financial deficit<sup>1</sup> of Afl. 167.4 in the second quarter of 2021 turned into a surplus of Afl. 34.8 million in the quarter under review (see Chart 1 and Table 1). The government recorded Afl. 5,969.0 million in outstanding debt at the end of June 2022, i.e., Afl. 515.5 million more than at the end-June 2021.



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

**Table 1: Government Financial Deficit**  
(Afl. million)

Period	Cash
Q2 - 2021	-167.4
Q3 - 2021	-129.2
Q4 - 2021	-11.9
Q1 - 2022	-51.6
Q2 - 2022	34.8

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

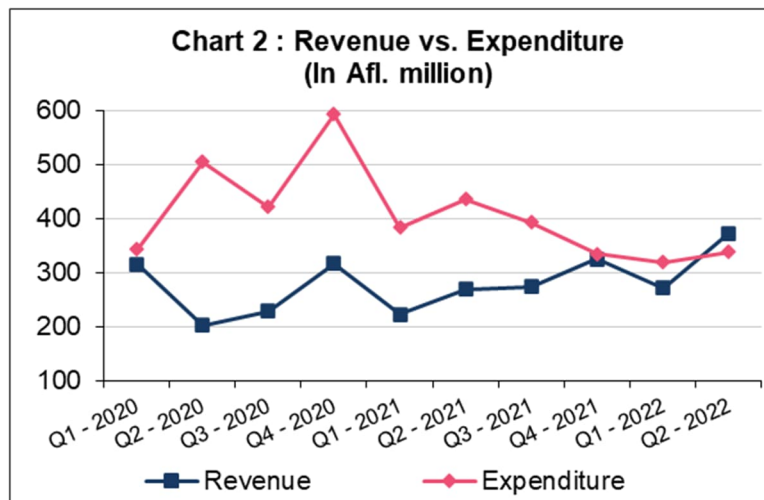
### Financial operations

The government's total revenue expanded by Afl. 103.0 million to Afl. 372.4 million in the second quarter of 2022, compared to the second quarter of 2021 (see Chart 2 and Table 2). This growth resulted mainly from increases in both tax revenue and nontax revenue of respectively Afl. 91.9 million and of Afl. 11.1 million. The increase in tax revenue

<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.

was due to higher income from profit tax (+Afl. 42.3 million), turnover tax (+Afl. 14.1 million), wage tax (+Afl. 10.3 million), import duties (+Afl. 7.7 million), foreign exchange tax (+Afl. 3.9 million), and transfer tax (+Afl. 3.1 million).

Total government expenditure dropped by Afl. 97.8 million to Afl. 338.0 million in the second quarter of 2022, compared to the same quarter of 2021. The downturn resulted primarily from lower spending on transfers and subsidies (-Afl. 79.2 million). In addition, there were no transfer to the General Health Insurance (AZV) in the second quarter of 2022, compared to Afl. 21.1 million in the second quarter of 2021. In contrast, spending on goods and services increased by Afl. 6.9 million.



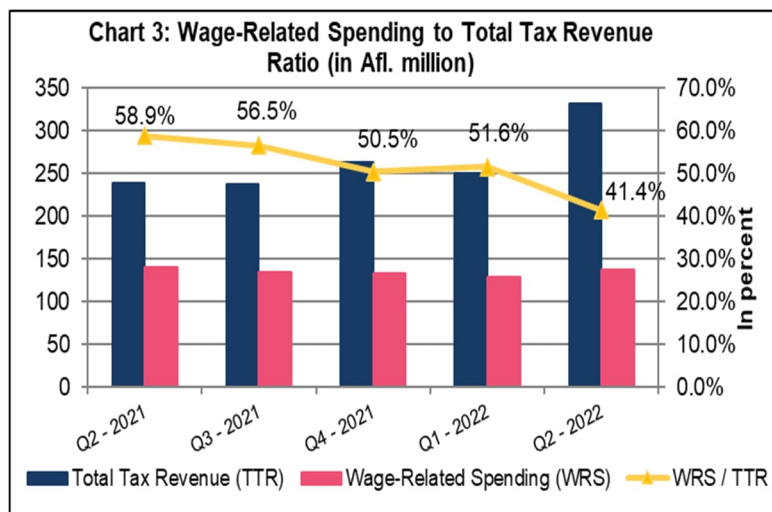
Source: Department of Finance; Tax Collector's Office; CBA.

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

Period	Revenue	Expenditure
Q2 - 2021	269.4	435.8
Q3 - 2021	273.5	392.9
Q4 - 2021	324.9	334.6
Q1 - 2022	271.2	319.3
Q2 - 2022	372.4	338.0

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

The government's wage-related spending dropped by Afl. 3.7 million to Afl. 137.1 million in the quarter under review mainly because of a decrease in wages (-Afl. 3.2 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a drop of 17.5 percentage points to 41.4 percent, down from 58.9 percent in the previous year's second quarter (see Chart 3 and Table 3).



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

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

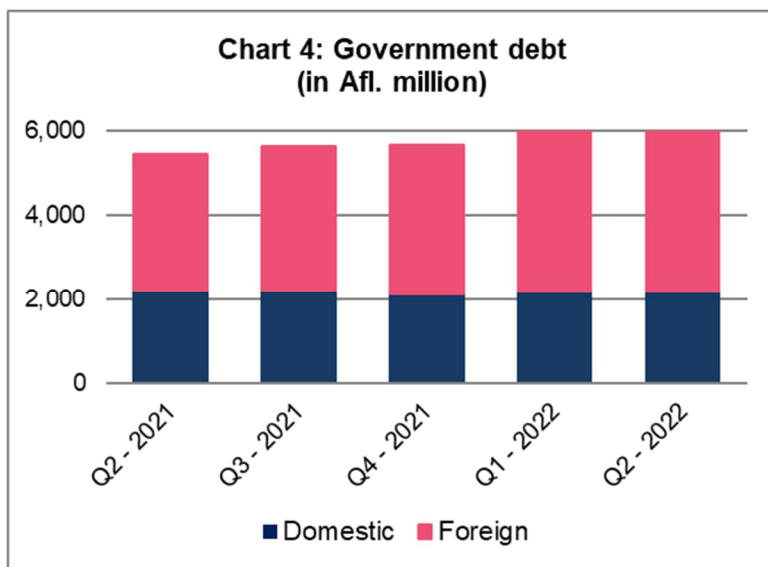
Period	Total Tax Revenue	Wage-Related	WRS / TTR
Q2 - 2021	239.2	140.8	58.9%
Q3 - 2021	237.5	134.3	56.5%
Q4 - 2021	263.6	133.0	50.5%
Q1 - 2022	250.0	128.9	51.6%
Q2 - 2022	331.1	137.1	41.4%

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

## Outstanding debt

The government's total outstanding debt increased by Afl. 515.5 million or 9.5 percent to Afl. 5,969.0 million at end-June 2022, compared to the end of June 2021 (see Chart 4 and Table 4). This increase resulted from higher foreign debt (+Afl. 544.6 million) and lower domestic debt (-Afl. 29.1 million).

The growth in foreign debt resulted mainly from higher net claims of the Netherlands (+Afl. 712.1 million), related to loans granted as liquidity support during the COVID-19 pandemic. In addition, other foreign debt surged by Afl. 77.4 million. In contrast, net claims of the United States decreased by Afl. 242.2 million. The lower domestic debt resulted from a reduction in negotiable debt of Afl. 124.2 million and an increase in non-negotiable debt of Afl. 95.1 million. The decline in negotiable debt is attributed to a drop in government bonds of Afl. 124.2 million. The upsurge in non-negotiable debt resulted from increases in non-negotiable short-term debt and non-negotiable long-term debt of Afl. 77.1 million and Afl. 18.0 million, respectively. Non-negotiable short-term debt grew due to higher other non-negotiable short-term debt (+Afl. 79.9 million). The increase in non-negotiable long-term debt was due to increases in private loans (+Afl. 13.9 million) and other non-negotiable debt (+Afl. 9.0 million) and a decrease of Afl. 4.9 million in liabilities to APFA.



Source: Department of Finance; APFA; CBA.

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

End-period	Domestic	Foreign	Total
Q2 - 2021	2,213.2	3,240.3	5,453.5
Q3 - 2021	2,201.2	3,439.1	5,640.4
Q4 - 2021	2,114.2	3,541.4	5,655.6
Q1 - 2022	2,164.3	3,851.3	6,015.7
Q2 - 2022	2,184.1	3,784.9	5,969.0

Source: Department of Finance; APFA; CBA.





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