



# Quarterly Economic Bulletin Government Sector Q2 2023

October 20, 2023



**CENTRALE BANK VAN ARUBA**

Cover design:

Mangroves are hotspots of biodiversity, connecting life on land with life below water. These 'forests of the sea' are essential to the health and vibrancy of our coastal ecosystems, including our community livelihoods. They provide a vital habitat for marine life, help to protect against coastal erosion and storm surges, as well as filter pollutants from the sea. Mangroves are one of nature's most effective tools in the fight against climate change and are integral to nature.

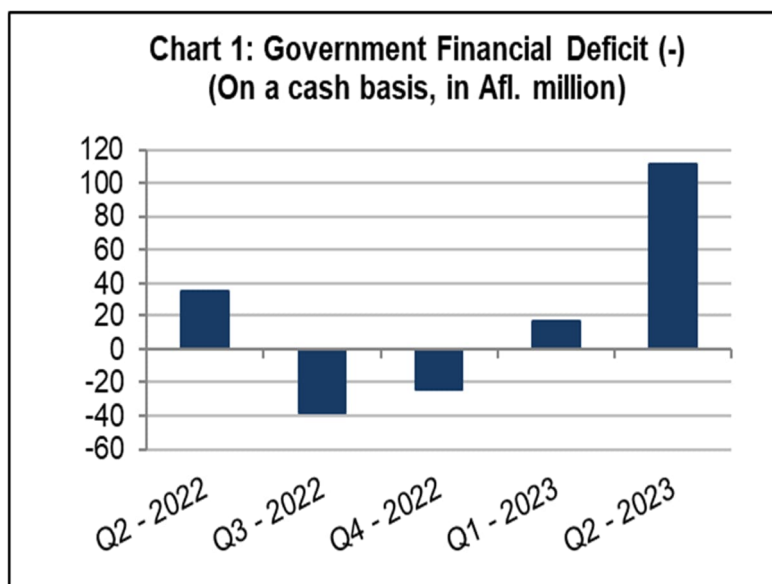
The full text of this report is available on the CBA website.



## The government's financial surplus widened in the second quarter of 2023

Quarterly economic bulletin  
Results for the second quarter of 2023

The government's financial surplus<sup>1</sup> of Afl. 35.2 in the second quarter of 2022 grew to Afl. 110.8 million in the quarter under review (see Chart 1 and Table 1). The government recorded Afl. 5,631.9 million in outstanding debt at the end of June 2023, i.e., Afl. 338.1 million less than at end-June 2022.



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

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

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

| Period    | Cash  |
|-----------|-------|
| Q2 - 2022 | 35.2  |
| Q3 - 2022 | -38.1 |
| Q4 - 2022 | -24.4 |
| Q1 - 2023 | 16.9  |
| Q2 - 2023 | 110.8 |

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

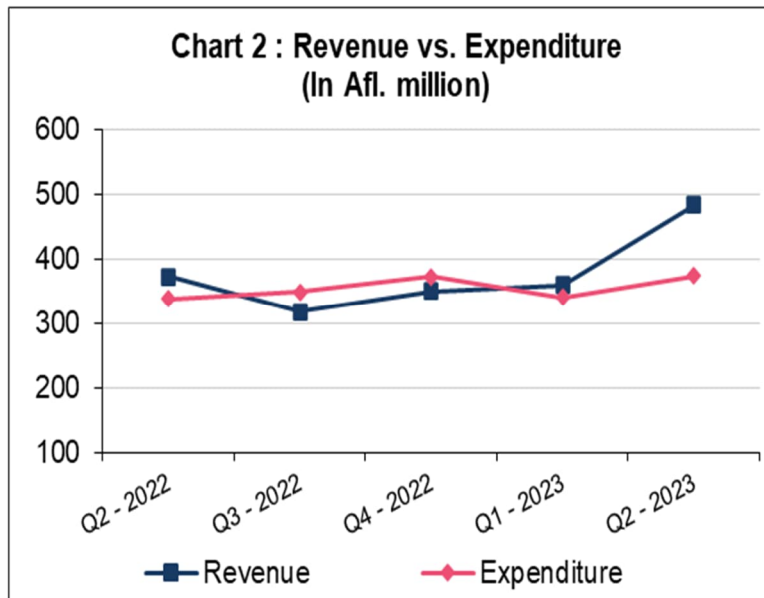
### Financial operations

The government's total revenue expanded by Afl. 111.3 million to Afl. 483.7 million in the second quarter of 2023, compared to the second quarter of 2022 (see Chart 2 and Table 2). This growth resulted from increases in both tax revenue and nontax revenue of Afl. 100.4 million and Afl. 10.9 million, respectively. The increase in tax revenue was due mainly to higher income from profit tax (+Afl. 34.8 million), turnover tax (+Afl. 27.3 million), hotel room tax (+Afl. 17.7 million), land tax (+Afl. 6.5

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million), import duties (+Afl. 5.6 million), income tax (+Afl. 5.3 million), and foreign exchange tax (+Afl. 3.2 million). In contrast, income from transfer tax (-Afl. 5.1 million) decreased.

Total government expenditure grew by Afl. 35.8 million to Afl. 373.4 million in the second quarter of 2023, compared to the same quarter of 2022. The upturn resulted primarily from higher spending on wages (+Afl. 16.3 million), interest (+Afl. 7.9 million), transfer and subsidies ( +Afl. 7.2 million), and wage subsidies (+Afl. 5.3 million).



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

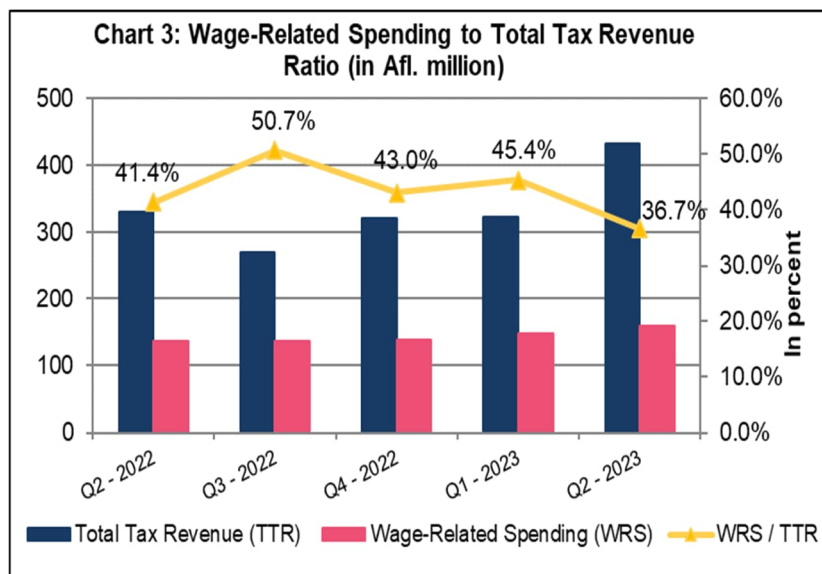
**Table 2: Revenue vs. Expenditure**

(in Afl. million)

| Period    | Revenue | Expenditure |
|-----------|---------|-------------|
| Q2 - 2022 | 372.4   | 337.6       |
| Q3 - 2022 | 318.0   | 348.7       |
| Q4 - 2022 | 349.9   | 372.3       |
| Q1 - 2023 | 359.2   | 339.9       |
| Q2 - 2023 | 483.7   | 373.4       |

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

The government's wage-related spending increased by Afl. 21.2 million to Afl. 158.3 million in the quarter under review, mainly because of an expansion in wages (+Afl. 16.3 million). In the second quarter of 2023, the wage-related outlays to total-tax-revenue ratio noted a decrease of 4.7 percentage points to 36.7 percent, down from 41.4 percent in the second quarter of the previous year (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 (TTR) | Wage-Related Spending (WRS) | WRS / TTR |
|-----------|-------------------------|-----------------------------|-----------|
| Q2 - 2022 | 331.1                   | 137.1                       | 41.4%     |
| Q3 - 2022 | 270.5                   | 137.1                       | 50.7%     |
| Q4 - 2022 | 321.4                   | 138.3                       | 43.0%     |
| Q1 - 2023 | 323.6                   | 146.9                       | 45.4%     |
| Q2 - 2023 | 431.5                   | 158.3                       | 36.7%     |

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

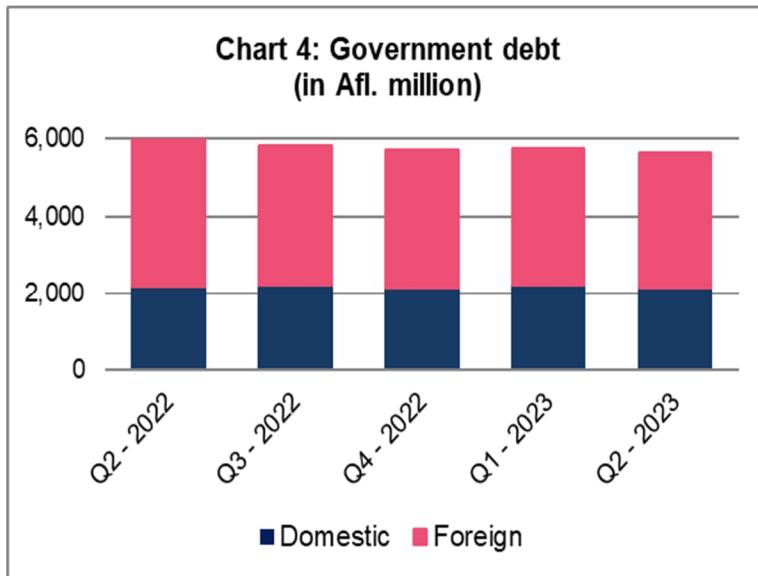
## Outstanding debt

The government's total outstanding debt dropped by Afl. 338.1 million or 5.7 percent to Afl. 5,631.9 million at end-June 2023, compared to the end of June 2022 (see Chart 4 and Table 4). This decrease resulted from lower foreign debt (-Afl. 289.1 million) as well as lower domestic debt (-Afl. 49.2 million).

The drop in foreign debt resulted mainly from declines in claims of the United States and other countries by Afl. 179.6 million and Afl. 106.3 million, respectively.

The decrease in domestic debt resulted from lower non-negotiable debt of Afl. 142.6 million and higher negotiable debt of Afl. 93.4 million. The drop in non-negotiable debt resulted from decreases in both non-negotiable short-term debt (-Afl. 107.0 million) and non-negotiable long-term debt (-Afl. 35.6 million). The decrease in non-negotiable short-term debt was primarily due to lower other short-term debt (-Afl. 88.7 million), while the decline in non-negotiable long-term debt was mainly because of lower private loans (-Afl. 29.6 million). The upsurge in negotiable debt is attributed to an increase in government bonds of Afl. 129.4 million and a decrease in treasury bills of Afl. 36.0 million.

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Source: Department of Finance; APFA; CBA.

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

| End-period | Domestic | Foreign | Total   |
|------------|----------|---------|---------|
| Q2 - 2022  | 2,196.9  | 3,773.2 | 5,970.0 |
| Q3 - 2022  | 2,230.1  | 3,586.6 | 5,816.7 |
| Q4 - 2022  | 2,156.1  | 3,561.5 | 5,717.6 |
| Q1 - 2023  | 2,236.0  | 3,527.1 | 5,763.2 |
| Q2 - 2023  | 2,147.7  | 3,484.1 | 5,631.9 |

Source: Department of Finance; APFA; CBA.

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