



KINGDOM OF THE NETHERLANDS—ARUBA

2025 ARTICLE IV CONSULTATION DISCUSSIONS— PRESS RELEASE; AND STAFF REPORT

December 2025

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV consultation with the Kingdom of the Netherlands—Aruba, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse of time basis, following discussions that ended on October 6, 2025, with the officials of the Kingdom of the Netherlands—Aruba on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on November 5, 2025.
- An **Informational Annex** prepared by the IMF staff.

The documents listed below have been or will be separately released

- **Selected Issues**

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**International Monetary Fund
Washington, D.C.**



IMF Executive Board Concludes 2025 Article IV Consultation Discussions with The Kingdom of the Netherlands—Aruba

FOR IMMEDIATE RELEASE

- The Executive Board of the International Monetary Fund (IMF) concluded the 2025 Article IV consultation discussions with The Kingdom of the Netherlands—Aruba on a lapse of time basis on November 21, 2025.
- The economy has performed strongly. In 2023 and 2024, real GDP growth is estimated at 8.9 percent and 7.6 percent, respectively, driven by private hotel investment and strong tourism. Growth is projected to slow to about 4.0 percent in 2025.
- Risks to the outlook are tilted to the downside due to potential external shocks.

Washington, DC – December 1, 2025: The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation Discussions for the Kingdom of the Netherlands—Aruba¹ and endorsed the staff appraisal without a meeting on a lapse-of-time basis.² These consultation discussions form part of the Article IV consultation with the Kingdom of the Netherlands. The authorities have consented to the publication of the Staff Report prepared for this consultation.³

The economy has performed strongly, while inflation has declined. In 2023 and 2024, real GDP growth is estimated at 8.9 percent and 7.6 percent, respectively, driven by private hotel investment and strong tourism. Stopover tourism growth moderated to 4.8 percent in September 2025 (year-to-date). Unemployment fell to 4.3 percent in 2024 (from an 8.0 percent average in 2000–19), aided by higher labor force participation. Headline (core)

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. At the request or with the consent of the member, IMF staff may hold separate discussions with respect to territories or constituent parts of a member. These Article IV consultation discussions form a part of the member's Article IV consultation. In such cases, a staff team visits the territory or constituent part, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board, which in turn constitutes an integral part of the member's Article IV consultation for the relevant cycle.

² The Executive Board takes decisions under its lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

³ Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member's consent. The staff report will be published shortly on the <https://www.imf.org/en/countries/abw> page.

inflation fell sharply—from a peak of 7.7 (3.5) percent y/y in August 2022 to -0.4 (0.5) percent y/y in September 2025, reflecting lower international food and energy prices, base effects from changes in administered prices, and the relative strength of the US dollar through April.

Aruba's GDP growth is expected to decelerate this year and converge to its estimated potential. Growth is projected to slow to about 4.0 percent in 2025 as tourism and hotel investments ease. Inflation is expected to gradually return to its steady state, rising from 1.0 percent in 2025 to 2.0 percent over the medium term, largely reflecting imported U.S. inflation. Fiscal balances are expected to comply with the fiscal rule and public debt is projected to decline, reaching 64.4 percent of GDP in 2025 and 50.4 percent by 2030. The current account is projected to remain in surplus, supported by tourism flows. International reserves are projected to remain adequate at around 12.5 months of total imports.

Risks to the outlook are tilted to the downside due to potential external shocks. These include geopolitical tensions, escalating trade measures, and prolonged uncertainty that could weigh on growth, disrupt supply chains, and raise import prices, and climate change threats from volatile and extreme weather events and sea level rise. Domestic risks include delays in public investment that could leave infrastructure bottlenecks unresolved.

Executive Board Assessment⁴

Aruba's economy has shown a remarkable post-pandemic tourism-driven recovery but is set to slow. Growth is projected to slow to about 4.0 percent in 2025 as tourism and hotel investments ease, and to converge to its potential rate over time. Strong tourism demand is straining infrastructure, labor markets, and housing availability and affordability. If unaddressed, these structural bottlenecks may constrain medium-term growth. The external position remains substantially stronger than implied by fundamentals and desirable policies.

Continued adherence to the fiscal framework will reduce public debt towards its medium-term anchor (50 percent of GDP), while creating fiscal space to advance the government's social and development objectives. Strengthening revenue mobilization, enhancing spending efficiency, and improving the targeting of public resources will reinforce fiscal surpluses and debt reduction, while enabling greater investment in priority areas such as infrastructure, education, health, social programs, and climate adaptation.

While the 2026 budget submitted to Parliament complies with the domestic Financial Supervision Law (LAft), it implies a slightly expansionary fiscal stance. To achieve a more neutral fiscal position, consistent with a closing output gap and to continuing reducing debt, additional savings are recommended, primarily from revenue windfalls, with streamlining spending as a fallback.

Strengthening the fiscal rule under the draft Kingdom Act (HOFA) will facilitate debt convergence toward the medium-term anchor. The draft HOFA introduces escape clause triggers and procedures, a correction mechanism, and the creation of a contingency reserve for fiscal shocks. The operational (primary balance) rule can be strengthened by expanding its

⁴ At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here:

<http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

coverage to initially the general government and later the broader public sector, including state-owned enterprises (SOEs). A 2035 target date to reach the debt anchor of 50 percent of GDP is advisable as it balances fiscal sustainability and flexibility. Strengthening the medium-term fiscal framework (MTFF), anchored by an established debt target, will enhance the effectiveness of the fiscal rule, bolster fiscal planning, and facilitate a comprehensive approach to fiscal management. Large upcoming debt repayments underscore the need for a prudent liability management strategy.

Clarification of the status, objectives, investment strategy, and governance of the proposed investment fund is essential. A multi-year investment agenda aligned with policy priorities and strengthened public investment management is recommended. Only multi-year projects should be included in the fund; shorter-term initiatives should follow the regular budget cycle. Coordination of the investment plan with SOEs is crucial to avoid resource competition and optimize timing.

Financial oversight and governance of SOEs need to be strengthened. A comprehensive reform—covering legal, administrative, institutional, and technical aspects—is essential to strengthen SOEs financial oversight and governance. The recent approval of the Participation and Dividend Policy is welcome. The planned adoption of the Corporate Governance Law will help to reduce fiscal risks.

Long-term fiscal risks related to social security and health insurance systems need to be tackled. Better use of preventive care can help contain healthcare costs. The ongoing formalization of the migrant population will increase social contribution revenues, helping to ease pressures on healthcare and social security systems. Parametric reforms (contribution and replacement rates and possibly raising the retirement age) could still be needed to preserve the actuarial balances.

The Central Bank of Aruba (CBA) should maintain its cautious and data-driven approach to liquidity management, especially given global uncertainty. In the current environment, the existing reserve requirement ratio (RRR) level appears consistent with supporting macroeconomic and financial stability. A further reduction is unwarranted in the current context given excess liquidity, and there are no signs of pressure in goods or credit markets to justify an increase. The CBA needs to stand ready to raise the RRR if pressures on reserves or a surge in domestic demand emerges.

Continued vigilance to financial system vulnerabilities and risks is essential. Close monitoring of real estate underwriting standards and formally introducing macro-prudential tools, such as loan-to-value and debt-service-to-income ratios would help to mitigate risks. The CBA needs to continue enhancing its regulatory and supervisory frameworks. Leveraging sectoral balance sheet data is essential to identify macrofinancial linkages.

Continued efforts to strengthen compliance with financial integrity and international tax transparency frameworks are warranted. The authorities should continue enhancing the domestic legislative framework to further improve financial integrity and promptly begin preparation for the 2030 Caribbean Financial Action Task Force (CFATF) peer review. Given the coordination efforts required, the authorities need to promptly begin with the launch of the national risk assessment, which is crucial to continue improving the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework.

Boosting tourism's value added and accelerating economic diversification are critical for sustained growth. Staff supports the implementation of a High-Value-Low-Impact model with high shared value for the population. Given the limits to further tourism expansion, new growth engines are needed. The "Promising Sectors" initiative and plans to expand renewable energy offer viable paths toward diversification and resilience. Enhancing core infrastructure and improving the business climate remain critical to mobilizing private investment.

Increasing resilience to climate change is a priority. The authorities should continue their ongoing climate risk assessments and planned costing for adaptation. A targeted action plan is needed to prioritize resilient infrastructure improvement and nature-inclusive urban development, in particular in coastal areas. Integrating adaptation into macro-fiscal planning will help guide needed public investment.

Aruba faces challenges regarding data adequacy, especially timely national accounts dissemination. Capacity development will be crucial to enhance data collection, build lasting capacity at the Central Bureau of Statistics Aruba (CBS), and develop quarterly indicators and compile expenditure-based estimates.

Aruba: Selected Economics Indicators, 2024-2026

Basic Data, Social and Demographic Indicators			
Area (sq. km)	180	Literacy rate (percent, 2020)	98.0
Population (thousands, 2024)	107.6	Percent of population below age 15 (2024)	17.0
Population growth rate (2024)	0.2	Percent of population age 65+ (2024)	17.0
Nominal GDP (millions of U.S. dollars, 2024)	4,285	Life expectancy at birth (years, 2023)	76.0
GDP per capita (thousands of U.S. dollars, 2024)	39.8		
Unemployment rate (percent, 2024)	4.3		
	2024	Projection 2025	Projection 2026
	(Percent change)		
Real Economy			
Real GDP ^{1/}	7.6	3.9	2.0
Real domestic demand	7.2	5.8	1.8
Consumption	2.4	3.9	1.4
Gross investment	22.9	11.0	2.7
Exports of goods and services	9.5	1.8	1.8
Imports of goods and services	9.0	4.3	1.4
GDP deflator	2.8	0.5	1.3
Consumer prices			
Period average	1.7	0.3	1.4
End-period	0.3	1.0	1.9
	(Percent of GDP)		
Central Government Operations			
Revenues	24.5	23.5	22.8
Expenditures	20.8	21.8	21.6
Of which: capital	0.4	0.9	0.7
Overall balance	3.7	1.8	1.2
Primary Balance	7.7	5.5	4.7
Gross central government debt	68.6	64.4	61.4
Savings and Investment			
Gross investment	25.0	26.7	27.1
External saving	-9.3	-7.8	-7.4
Balance of Payments			
Current account balance	9.3	7.8	7.4
Oil	-12.6	-11.0	-10.4
Non-oil	22.0	18.8	17.8
FDI	2.0	3.2	2.2
Gross official reserves (millions of U.S. dollars)	1,932	2,266	2,549
Gross official reserves (months of next year's imports)	7.9	9.0	9.8
External debt	83.7	81.6	79.7
	(Millions of Aruban florins, unless otherwise indicated)		
Monetary			
NFA of Banking System	3,666	4,316	4,836
NDA of Banking System	1,651	1,494	1,517
Credit to private sector (percent change)	9.7	8.4	5.4
Broad money	5,360	5,858	6,404
Deposits (percent change)	8.1	9.3	9.3
Memorandum Items			
Nominal GDP (millions of Aruban florins)	7,670	8,006	8,273
Nominal GDP (millions of U.S. dollars)	4,285	4,473	4,622
1/ Estimate for 2024 from the Central Bank of Aruba			
Sources: Aruban authorities and IMF staff estimates and projections.			



KINGDOM OF THE NETHERLANDS—ARUBA

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION DISCUSSIONS

November 5, 2025

KEY ISSUES

Context. The economy grew strongly over 2021-24, driven by post-pandemic tourism, with an improved fiscal position and a declining debt-to-GDP ratio. Among its policy priorities, the government aims to boost purchasing power, lower living costs, and increase compensation allowances for pensioners. In June 2024, Aruba and the Netherlands agreed to the creation of a new consensus Kingdom Act aimed at achieving and maintaining sustainable public finances in Aruba. If the Kingdom Act is enacted, the interest rate on Dutch pandemic loans will be reduced.

Outlook and Risks. Growth is projected at about 4.0 percent in 2025 with inflation projected at 1.0 percent y/y. Downside risks include geopolitical tensions and escalating trade measures that could weigh on growth, disrupt supply chains and raise import prices, and climate threats from sea level rise (SLR).

Policy Recommendations. Policies should leverage favorable economic conditions to reduce public debt, create fiscal space to support policy goals, maintain financial stability, and boost medium-term growth.

Fiscal Policy. The adoption of the new Kingdom Act offers an opportunity to strengthen fiscal rules and public financial management (PFM), make further progress on debt reduction, supported by revenue mobilization and expenditure efficiency measures to create space to support policy goals. Further strengthening the medium-term fiscal framework and improving oversight of state-owned enterprises (SOEs) is essential.

Liquidity Management and Financial Sector Policy. Maintain current reserve requirements and enhance regulatory frameworks with macroprudential tools to safeguard financial stability.

Structural Reforms. Priorities include promoting higher value-added tourism with high shared value for the population; fostering development of non-tourism sectors for economic diversification; strengthening formal labor markets to offset the effects of demographics; and building resilience to SLR.

Data Adequacy. Build capacity and improve data availability in critical areas, especially national accounts (NAs), supported by technical assistance (TA).

Approved By
Christoph Duenwald
(WHD) and Geremia
Palomba (SPR)

Discussions took place Oranjestad, Aruba, during September 23–October 6, 2025. The IMF team comprised Marco Arena (Head), Olga Beshpalova, and Justin Matz (all WHD). Michiel Van Aarnhem (OED) also attended the meetings. The team met with the Honorable Prime Minister Michiel Eman, Central Bank President Jeanette R. Semeleer, Minister of Finance Geoffrey B. Wever and their teams, and other public and private sector counterparts, and representatives of civil society organizations. Toyosi Ojo and Soungbe Coquillat contributed with excellent research analysis and administrative support, respectively.

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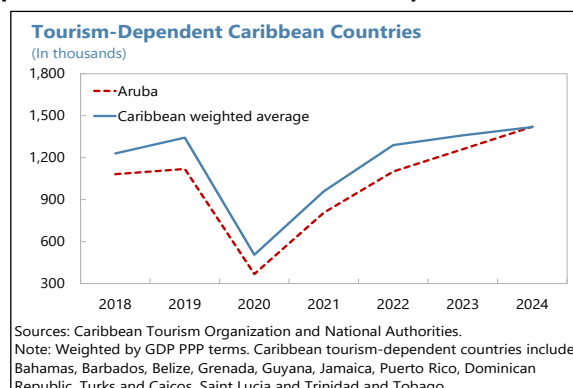
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CONTEXT

1. Strong post-pandemic tourism growth, Aruba's main economic driver, has boosted exports and output while revealing structural bottlenecks.¹

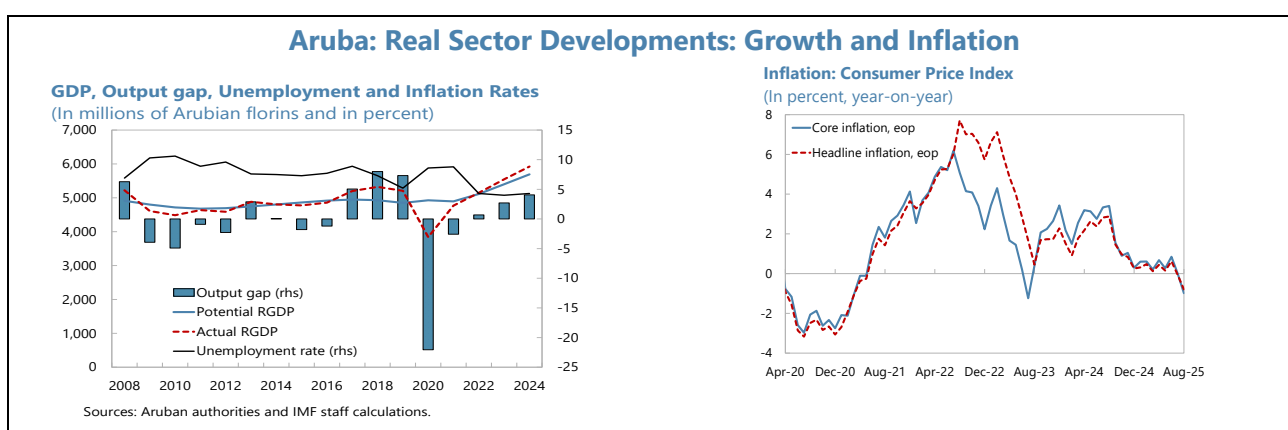
By mid-2022, tourist arrivals had recovered to 2019 levels, then increased by 14.5 and 12.8 percent y/y in 2023 and 2024, respectively. However, this surge strained infrastructure, tightened labor markets, and affected housing availability and affordability. Without reforms, structural bottlenecks may constrain medium-term growth.



2. Implementation of past IMF advice (Annex I). The authorities have continued fiscal consolidation and debt reduction per IMF advice. The CBA lowered reserve requirements and continued to strengthen its regulatory and supervisory framework. Labor market policies were launched to ease shortages; work continues on the National Climate Policy.

RECENT DEVELOPMENTS

3. The economy has performed strongly, while inflation has declined. In 2023 and 2024, real GDP growth is estimated at 8.9 percent and 7.6 percent, respectively, driven by private hotel investment and strong tourism. Stopover tourism growth moderated to 4.8 percent in September 2025 (year-to-date). Unemployment fell to 4.3 percent in 2024 (from an 8.0 percent average in 2000–19), aided by higher labor force participation (LFP) (SIP, Chapter I). Headline (core) inflation fell sharply—from a peak of 7.7(3.5) percent y/y in August 2022 to -0.8(0.1) percent in August 2025, reflecting lower international food and energy prices, base effects from changes in administered prices, and the relative strength of the US dollar through April.



¹ These consultation discussions form part of the Article IV consultation with the Kingdom of the Netherlands.

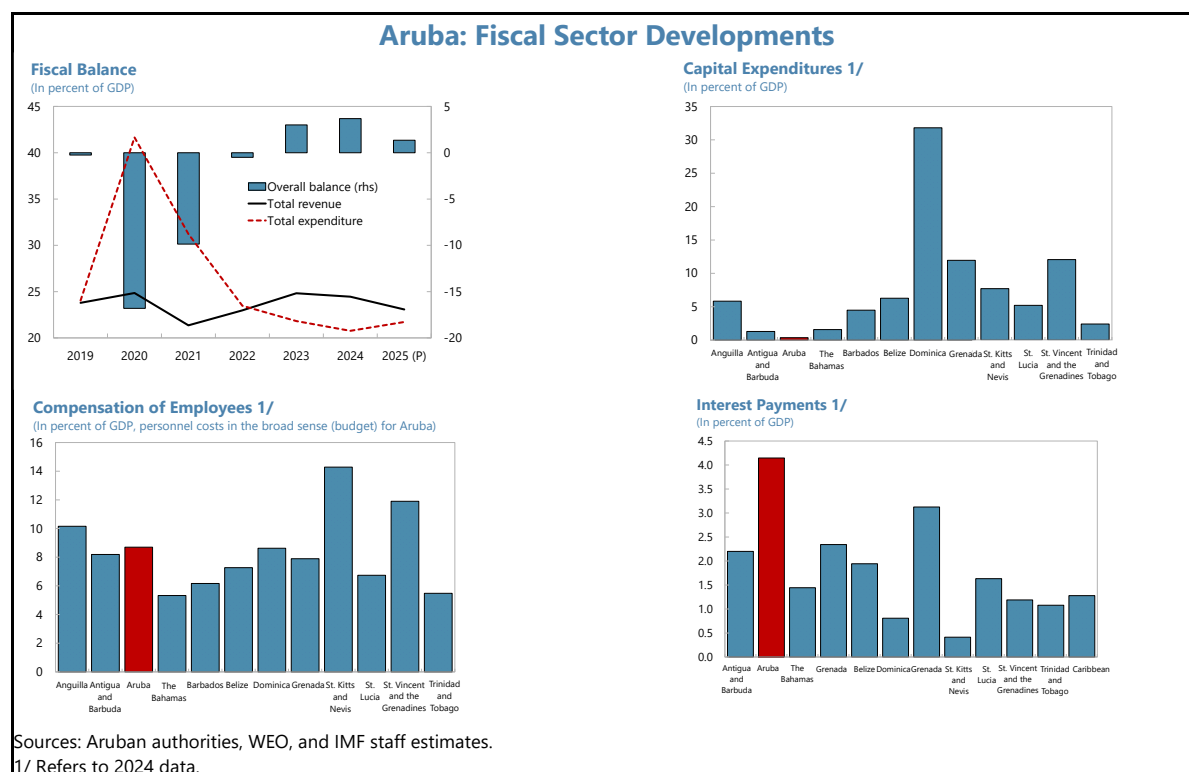
4. The fiscal balance has improved. The central government (CG) posted a surplus of 3.0 percent of GDP in 2023—the first since 2008—rising to an estimated 3.7 percent in 2024, supported by revenue measures ([2023 Article IV Staff Report, Box 2](#)). Public debt declined from 116.3 percent of GDP in 2020 to 68.6 percent by end-2024. The 2025 revised budget (second amendment submitted to Parliament) targets a CG (collective sector) surplus of 1.7 (3.1) percent of GDP, in line with the fiscal rule (LAft). Spending has increased due to public wage indexation² and compensation allowance for pensioners (0.6 percent of GDP).³ The lowest income tax bracket was reduced from 10 to 0 percent, as of January 1, to strengthen disposable income. The excise duty on diesel was also reduced by 10 cents per liter as of May 1. Compared to peers, Aruba's spending mix shows low capital expenditures and relatively high interest and wage costs.

Aruba: Budget 2024 and 2025 (In percent of GDP)						
	2024			2025		
	Budget (submitted)	Budget (amended)	Outcome (estimated)	Budget (submitted)	Budget (approved)	Budget (2nd amendment- submitted)
Total revenue and grants	22.0	24.3	24.5	22.8	22.7	23.6
Tax revenue	18.2	20.3	20.5	19.3	19.1	19.6
Direct taxes	7.4	8.6	8.6	8.2	7.8	8.0
Indirect taxes	10.8	11.7	11.9	11.1	11.3	11.7
Non-tax revenue	3.8	4.0	3.9	3.5	3.6	3.9
Total expenditure	20.9	21.8	20.8	20.9	21.5	21.9
Current expenditure	20.6	20.9	20.4	20.4	20.6	20.8
Wages	4.9	5.0	4.9	5.1	5.1	5.1
Employer's contribution	1.3	1.3	1.2	1.3	1.3	1.3
Goods and services	2.8	2.9	2.7	2.8	2.4	2.8
Interest payments	4.3	4.1	4.1	3.7	3.7	3.8
Transfers and subsidies	7.4	7.6	7.5	7.6	8.1	7.9
Capital expenditure	0.3	0.9	0.4	0.5	0.9	1.1
Overall balance	1.1	2.4	3.7	1.9	1.2	1.7
Primary balance	5.4	6.6	7.7	5.6	4.8	5.4

Sources: Ministry of Finance and IMF staff calculations.

² Following an agreement with labor unions, government employees' salaries were indexed, for the first time since 2018, by 11.7 percent (a first payment of 6 percent in July 2024 and a final payment of 5.7 percent in January 2025).

³ The new government put in place a compensation allowance for pensioners as part of its policy agenda to increase the well-being and purchasing power of the population.



5. The 2026 draft Budget, submitted to Parliament, complies with LAft. It presents fourteen policy priorities including raising purchasing power, well-being, prosperity, ensuring access to medicines and quality care, and increasing compensation allowances for pensioners. As a first attempt at policy-based budgeting, around 35 percent of 2026 spending will be linked to these policy priorities. Transfers show the largest increase, raising their budget share to one quarter. The budget projects a decline in non-tax revenues. While primary expenditure, relative to GDP, would be similar to 2025, the 2026 budget implies a slightly expansionary CG's fiscal stance (Table 3a). From 2027-2030, the National Health Insurance (AZV) and Social Security Bank (SvB) surpluses are projected to decline from 1.7 to 0.1 percent of GDP reflecting adverse population dynamics, making CG's performance key to LAft compliance. Authorities plan to use a new financing source: borrowing from accumulated SvB and AZV surpluses, which would be centrally placed as term deposits (*deposit arrangement*). The exact modality, terms, and designated depository institution are still under discussion. The budget also includes plans and initial financing for the establishment of an investment fund (IF), which will be linked to a multi-year project agenda. Legislation is being drafted to define the IF's management, accountability, and governance.

6. Welcome steps have been taken to improve PFM and to strengthen tax administration. The Ministry of Finance (MoF) introduced the May letter to guide the Council of Ministers (CoM) on meeting financial targets aligned with government priorities and norms. To integrate budgeting with the Medium-Term Budget Framework, the MoF issued a Budget Call Circular outlining a revised calendar, macro-fiscal outlook, and spending priorities. The Tax Department is advancing digitalization initiatives with online taxpayer account access, online payment systems, and near-complete digital income tax filing.

Aruba: Budget 2025 and 2026 (In percent of GDP)						
	2025 2nd ammenment Budget (submitted)			2026 Budget		
	Growth rate (In percent)	Percent of GDP	Composition (In percent)	Growth rate (In percent)	Percent of GDP	Composition (In percent)
Total revenue and grants	0.6	23.6	100.0	1.9	22.8	100.0
Tax revenue	0.0	19.6	83.3	2.9	19.2	84.2
Direct taxes	-3.5	8.0	33.8	2.2	7.8	34.1
Indirect taxes	2.5	11.7	49.5	3.3	11.4	50.1
Non-tax revenue	3.9	3.9	16.7	-3.0	3.6	15.8
Total expenditure	10.0	21.9	100.0	2.6	21.6	100.0
Current expenditure	6.5	20.8	95.2	3.8	20.9	97.0
Wages	8.0	5.1	23.2	0.7	4.9	22.9
Employer's contribution	11.1	1.3	5.9	3.3	1.3	6.0
Goods and services	7.8	2.8	12.9	2.0	2.7	12.4
Interest payments	-3.3	3.8	17.2	-2.8	3.5	16.4
Transfers and subsidies	9.7	7.9	36.0	10.2	8.5	39.3
Transfers	15.1	4.8	22.1	14.4	5.4	25.2
Capital expenditure	2.1	1.1	13.9	3.3	0.7	14.1
Overall balance		1.7			1.2	
Primary balance		5.4			4.7	

Sources: Ministry of Finance and IMF staff calculations.

7. On August 29, 2025, the Aruban authorities sent the draft Kingdom Act on Sustainable Public Finances Aruba (HOFA) to the Kingdom of the Netherlands' Council of Ministers. The fiscal rule design incorporates many IMF TA recommendations ([IMF, FAD TA 2025](#); Annex II). It streamlines fiscal rules to a debt anchor and an operational rule, establishes triggers and procedures to activate the escape clause, introduces a correction mechanism to address rules deviations, and sets a contingency reserve for fiscal shocks. HOFA will need to be read in conjunction with the National Ordinance on the Safeguarding of Sustainable Public Finances (LWHO), which will specify the numerical parameters consistent with HOFA's objectives. If the Kingdom Act is enacted, a preferential capital loans facility will be introduced and the interest rate on pandemic liquidity support loans will be reduced from 6.9 percent to around 3.4 percent.

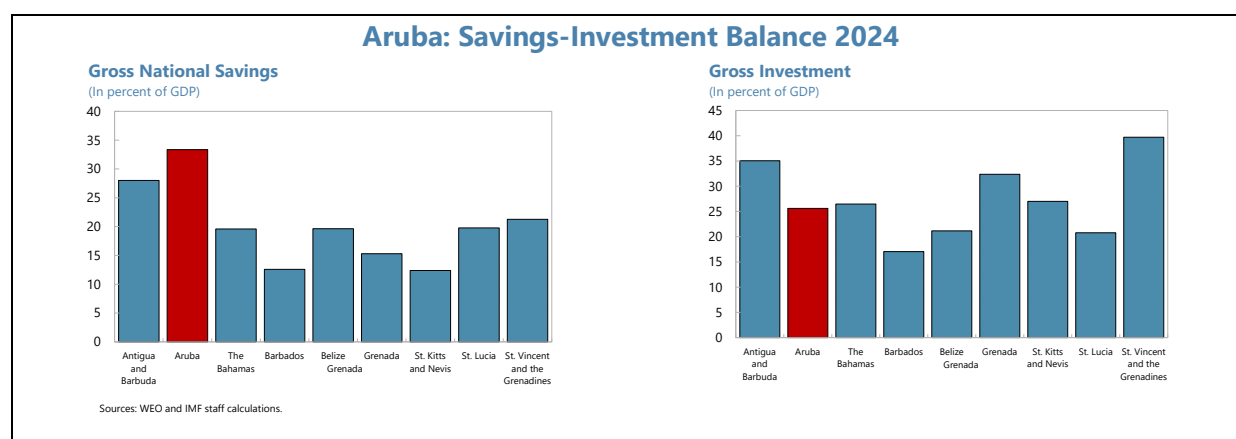
8. Aruba is developing a SOEs governance framework to address oversight and reporting gaps. Reporting delays by some SOEs hinder MoF oversight. Larger entities—such as Utilities Aruba, its subsidiaries, and the Aruba Tourism Authority—are profitable, while some smaller SOEs have posted losses and accumulated tax debt ([Court of Audit's Report, 2024](#)). The government recently approved the official framework for participation and dividend management in SOEs.

9. Population aging will strain the AZV and SvB. Despite newly introduced mechanisms to manage expenses (e.g., a medium-term budgetary framework), AZV's health spending is expected to rise from 6.4 (2024) to 7.0 percent (2030) of GDP, with reserves peaking in 2029 and potentially

exhausted by 2037. Despite efforts to improve its financial situation,⁴ social security deficits are projected within five to six years, with reserves likely depleted by 2041 without further reforms.

Aruba: Key Design Parameters of LAft and Draft HOFA		
	LAft	Draft HOFA
Debt anchor	50 (70) percent of GDP by 2040 (2031)	Calibrated at 50 percent of GDP 1/; no specific time horizon to reach the debt anchor.
Perimeter	Collective sector	General Government for public debt (following IMF Public Sector Debt Statistics) and Central Government for the primary balance.
Operational rules	Overall surplus floor (1 percent of GDP), indefinitely (no sunset), divide excess 1/2 for debt reduction and public investment Wage bill ceiling of collective sector. (10 percent of GDP, binding from 2027).	Primary balance (currently calibrated at 3.5 percent of GDP 1/)
Flexibility	Exception for difficult economic situations; No correction mechanisms.	Escape clause including a quantitative trigger and decision making process to extend it and return to the fiscal path. Incorporation of a correction mechanism.
Monitoring	Board of Financial Supervision (CAft) with one appointee by Aruba and two by the Netherlands	CAft and a national fiscal council after HOFA lapses
Contingency		Inclusion of contingency reserves to address fiscal shocks.
Source: IMF staff elaboration.		
1/ Explanatory memorandum of HOFA (version for consultation) mentions that these parameters will be laid down in LWHO.		

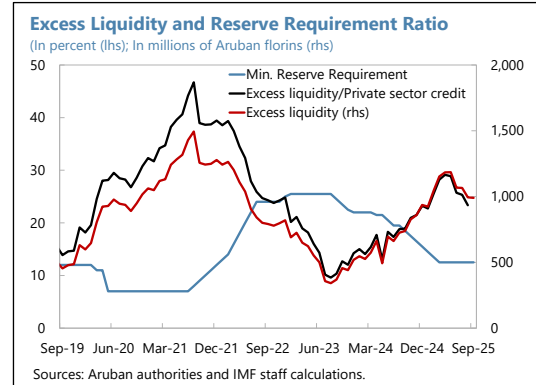
10. Tourism-driven surpluses have strengthened the current account. This flipped the 2020 deficit of 17.2 percent of GDP into a 2024 surplus of 9.3 percent (Table 8). Gross national savings are high relative to peers.



⁴ Major reforms implemented in 2014 gradually raised the retirement age from 60 to 65 years over 2015-25 and increased premiums.

11. International reserves remained adequate. At end-2024, reserves were US\$ 1.9 billion (164 percent of the IMF's ARA metric for emerging markets (EM) and 107 percent of the metric for small island developing states (SIDS)). External debt declined from 136 percent of GDP in 2020 to 83.7 percent in 2024. The external position is assessed as substantially stronger than the level implied by fundamentals and desirable policies (Annex III).

12. The CBA has gradually reduced the required reserve ratio (RRR). Given ample reserves, tight liquidity, and low inflation, the CBA began reducing the RRR in September 2023, lowering it from 25.5 to 12.5 percent by March 2025 and holding steady since. This easing supported bank credit growth through August (see Text Table) and improved liquidity ratios from 23.4 percent in September 2023 to 32.5 percent in June 2025.



Aruba: Money and Credit Developments

	2020	2021	2022	2023	2024	2025Q1	2025Q2	Aug-25
Credit to Nonfinancial Private Sector	-0.4	-1.4	2.0	10.4	10.4	9.7	9.2	10.4
Credit to Nonfinancial Corporations	-2.4	-1.5	1.2	17.9	15.9	14.0	11.3	12.4
Business credit	-4.8	-1.1	-0.7	21.1	15.6	10.6	5.4	5.4
Commercial mortgages	1.5	-2.2	4.3	13.2	16.3	19.6	21.2	23.9
Credit to Households	1.0	-1.3	2.5	5.2	6.1	6.2	7.5	8.6
Consumer loans	-6.1	-10.8	-4.0	7.7	10.1	9.6	12.4	16.4
Housing mortgages	3.6	1.8	4.3	4.6	5.1	5.3	6.2	6.6
Base Money	17.6	37.7	5.6	-12.6	20.2	20.7	16.2	18.4
Broad Money	5.5	12.8	5.2	0.3	10.4	13.1	10.1	12.6
Adjusted credit to NFPC 1/	-0.4	-1.4	2.0	6.3	7.5	9.7	9.6	10.9
Adjusted business credit 1/	-4.8	-1.1	-0.7	5.5	7.3	10.6	11.4	11.3
Total Credit from Financial Sector	-0.4	0.0	1.8	13.3	10.5	...	...	...

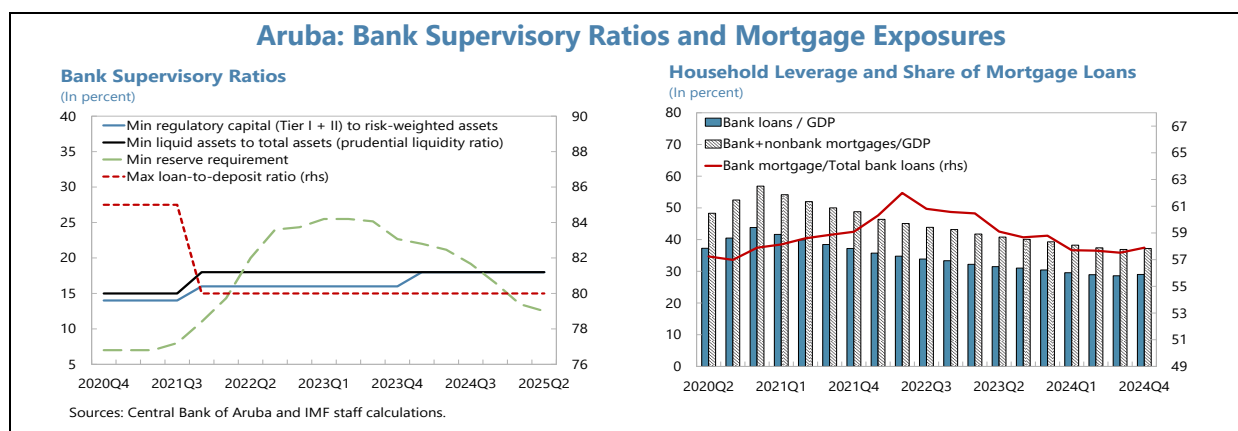
Sources: Central Bank of Aruba and IMF Staff Estimates.

1/ Credit growth is adjusted to remove the impact of one-off, incidental transactions. For 2025, this reflects a large, early loan repayment that will likely be refinanced.

13. Private sector credit has grown moderately, driven by corporate lending—especially for commercial real estate tied to large hotel and infrastructure projects (Text Figure and Text Table). Consumer lending, particularly for vehicles, remains robust while mortgage lending is picking up. Over the past year, household property prices increased, with mean and median national prices up 17 and 6 percent y/y, respectively, through Q1-2025. Data on commercial real estate prices are unavailable. Other financial corporations (OFCs) have begun funding large corporate investments.

14. The banking sector remains sound—well capitalized, liquid, and profitable. Capital and liquidity ratios exceed regulatory requirements and asset quality has improved (Text Table). In 2023, the CBA raised the minimum capital adequacy ratio from 16 to 18 percent. It also increased the prudential liquidity ratio from 18 to 19 percent in January 2025 and will further increase it to 20 percent in January 2026. Insurance corporations and pension funds appear financially sound,

exceeding coverage ratio requirements. Over the next five years, the CBA will raise the minimum coverage-test ratio for life insurers to 110 percent and pension funds to 105 percent.



15. The CBA is advancing financial sector reforms. In addition to regulatory changes (¶14), state ordinances introduced a beneficial ownership registry and authorized the CBA to recover Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) supervision costs from designated non-financial businesses and professions. Parliament approved consumer protection legislation in 2022 to regulate credit from nonfinancial corporates under the same framework as financial institutions and to introduce an interest rate cap, though secondary legislation is still pending. The CBA is updating its AML/CFT Handbook, enhancing its risk-based supervision methodology, drafting sanctions guidance, and expanding outreach. A FATF-aligned prudential framework for virtual asset service providers (VASPs) is in development, and a new financial institutions' chart of accounts (CoA) is planned for early 2026.

16. Aruba was removed from the EU's list of non-cooperative tax jurisdictions in 2024. Aruba was removed from the "gray list" after meeting automatic exchange of financial information commitments. Reforms were also made to the transparency regime and the Special Economic Zones to eliminate negative tax spillover effects.

17. Aruba faces growing climate change risks that adversely affect its macroeconomic outlook. Aruba's tropical semi-arid climate is hotter, drier, and warming faster than most countries. Climate models predict rising risks: continued warming, less annual rainfall, longer dry spells, and more extreme heat events. SLR, projected at 0.71m by 2100 under moderate emissions, poses long-term challenges to Aruba's economy and population (Annex IV and SIP Chapter 2). The authorities created the National Climate Resilience Council (NCRC), which is developing a National Action Plan (Annex IV).

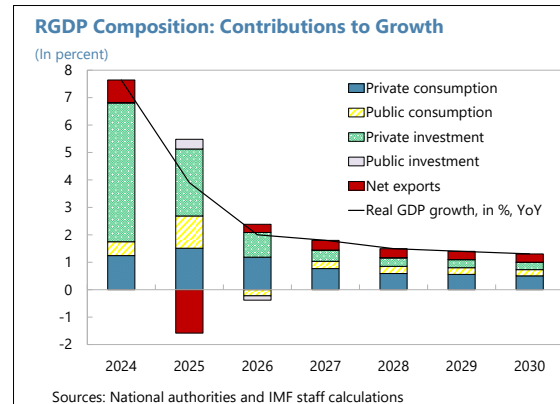
OUTLOOK AND RISKS

18. Aruba's GDP growth is expected to decelerate this year and converge to its estimated potential. Growth is projected to slow to about 4.0 percent in 2025 as tourism and hotel

investments ease. Medium-term growth is projected to converge to its potential of 1.3 percent (Annex V). Inflation is expected to gradually return to its steady state, rising from 1.0 percent in 2025 to 2.0 percent over the medium term, largely reflecting imported U.S. inflation.

19. Fiscal balances are expected to comply with LAft.

Revenues would moderate in line with GDP growth. While the CG's fiscal balances would be enough to comply with LAft, the rest of the collective sector's balance (especially SvB and AZV), as depicted in the budget, is expected to reach zero by 2030 due to adverse population dynamics. Public debt is projected to decline, reaching 64.4 percent of GDP in 2025 and 50.4 percent by 2030. Gross financing needs (GFN) would average 8.1 percent of GDP from 2025-2030, peaking at 12.0 percent in 2027 due to large domestic bond maturities, which authorities plan to refinance mainly in the local market. The Sovereign Risk and Debt Sustainability Assessment (SRDSA) shows moderate risks to debt sustainability (Annex VI).⁵



20. The current account is projected to remain in surplus, supported by tourism flows.

International reserves are projected to remain above the EM-ARA metric (229 percent average for 2025-2030) and reach 150 percent of the SIDS measure by 2030. External-debt is expected to fall from 83.7 to 73.2 percent of GDP over 2024-2030.

21. Risks to the outlook are tilted to the downside due to potential external shocks (Annex VII).

These include geopolitical tensions, escalating trade measures, and prolonged uncertainty that could weigh on growth, disrupt supply chains, and raise import prices, and climate change threats from volatile and extreme weather events and SLR. Domestic risks include delays in public investment that could leave infrastructure bottlenecks unresolved. Upside potential exists from structural reforms and renewable energy investments. The possible commercial offshore gas discovery could be transformative, if developed, requiring Aruba to adjust its macroeconomic and fiscal frameworks before exploitation to manage the new income.

22. Contingency planning is essential to preserve macro-financial stability. If tourist arrivals sharply decline due to rising geopolitical tensions (Annex VIII), GDP level would be between -1.6 and -4.0 percent lower than in the baseline by 2026. Revenues would decline between 0.5 and 1.1 percentage points of GDP, which could exhaust the fiscal balance surplus relative to the baseline. Access to external markets could be needed to support priority spending. Public debt ratio would increase 3 pp of GDP. There would be a limited impact on inflation due to external drivers. The external position would remain resilient (FX reserves within the EM-ARA metric).

⁵ The debt sustainability analysis does not assume lower interest rates on Dutch pandemic loans.

Authorities' Views

23. The authorities broadly agreed with staff's medium-term outlook and risk characterization, noting high uncertainty. In the near term, they identified geopolitical and trade tensions, and volatile capital markets as key risks. While SLR is a medium- to long-term trend, climate risks are also critical. The CBA also projects a near-term GDP growth deceleration, followed by higher growth later in the projection period. Regarding contingency planning, the authorities emphasized their proactive scenario development and drafting a mitigation strategy to be shared with Parliament. The authorities indicated that, in addition to their own buffers and market access, funds to support contingency plans could potentially be sourced by a proposal—designed by the authorities—to the Dutch authorities to convert COVID loans repayments into an Investment and Solidarity and Stability Fund, serving both multiyear investments and stabilization.

POLICY DISCUSSIONS

The strong tourism recovery offers a chance to strengthen macroeconomic stability and implement reforms to boost growth. Sustained fiscal discipline, improved revenue and spending efficiency, and stronger PFM will support debt reduction and financing policy goals. The CBA should continue cautious liquidity management to support the peg and credit growth, while further strengthening financial supervision and regulations. Structural reforms should focus on increasing tourism's value added, diversifying the economy, improving the business climate, increasing LFP, and building climate resilience.

A. Continue Reducing Public Debt and Further Strengthening the Fiscal Framework

24. Continued adherence to the fiscal rule will further reduce public debt towards its medium-term anchor (50 percent of GDP). Debt reduction creates space for social and physical investment by reducing the interest bill (4 percent of GDP).

25. While the 2026 budget submitted to Parliament complies with LAft, it implies a slightly expansionary fiscal stance and should seek additional savings. Aruba's first attempt at policy-based budgeting is welcome, looking to align spending with government's policy priorities (¶15). To achieve a more neutral fiscal position, consistent with a closing output gap and to continue reducing debt, additional savings of 0.3 percent of GDP are recommended—primarily from revenue windfalls, with streamlining spending as a fallback. Continued presentation of multi-year budget projections is welcome, though they would benefit from incorporation of future multi-year policies and cost developments (e.g., demographic-related costs).

26. Additional revenue measures are needed to finance expected expenditure increases and build fiscal buffers. Additional revenues will finance spending on social development goals, public investment, and on infrastructure needed to address potential impacts of SLR (0.4 percent of GDP per year; ¶47 and SIP Chapter II). Increases in expenditure, which could become permanent,

need to be conditional on permanent revenue increases. Priority measures to support revenue generation include:

- *Short-term vacation rentals (STVR).* Authorities should enforce regulatory compliance, including mandatory registration and strict tax compliance. Applying the tourist levy (12.5 percent) to 2024 STVR revenues (about 6 percent of GDP) could yield up to 0.7 percent of GDP.
- *Tax reform.* The current turnover tax creates a cascading effect, distorting relative prices and investment decisions, and contributing to price increases. Introducing a broad-based VAT to replace the current indirect tax system will enhance efficiency and revenue generation. Exemptions and preferences should be limited to minimize distortions and allow revenue objectives to be met without imposing an unduly high rate ([IMF TA, 2018](#)).
- *Improving revenue mobilization.* Tax administration can be strengthened. The upcoming Tax Administration Diagnostic Assessment Tool (TADAT) implementation will help, along with a tax gap analysis, supported by the IMF, to assess Aruba's revenue collection effectiveness.

27. Equally important are new measures to improve spending efficiency and targeted resource use. These include:

- *Containing the wage bill.* Focus on slowing wage drift from automatic increases and promotions, and assess the scope to modify public sector employee benefits and allowances ([IMF, 2025](#)).
- *Streamlining transfers to SOEs.* Improve SOEs' financial performance and transparency and evaluate reducing transfers.
- *Strengthening the social safety net.* Review design and implementation of social safety nets to enhance social protection for the most vulnerable groups. Programs should be: (i) cost effective without disincentivizing work; (ii) means-tested and targeted; and (iii) regularly audited for effectiveness and cost control.

28. Strengthening the medium-term fiscal framework (MTFF) is essential to prioritizing spending and anchoring the path of debt reduction. A legislated MTFF, guided by a debt anchor, will provide discretion to set binding ceilings on expenditure categories that satisfy the debt-to-GDP trajectory and guarantee a fiscal constraint ([IMF, FAD TA 2025](#)). Continued efforts to clear the backlog in CG financial statements and audits are essential. The presentation of the 2023 financial statements to the audit court and the implementation of the 3 Lines model detailing work processes and responsibilities are welcome. The authorities need to continue their work under the *Landspakket* to introduce accounting standards and certification.

29. Financial oversight and governance of SOEs need to be strengthened. Delays in submitting annual financial statements impede assessing SOEs' health and contingent liabilities. Comprehensive reform is needed—covering legal, administrative, institutional, and technical areas—with clearer policy and financial oversight separation, standardized accounting principles, stronger MoF monitoring, enforcement, and SOEs rationalization. The recent approval of the Participation

and Dividend Policy, under the *Landspakket*, is a welcome step. Adopting the Corporate Governance Law will also help to reduce fiscal risks.

30. Large debt repayments over the next five years underscore the need for a prudent liability management strategy. The strategy should balance funding options and diversify sources to reduce refinancing risks. Continuing coordination with the CBA is essential to prevent crowding out private credit or straining reserves. For *deposit arrangement* using SvB and AZV surpluses, authorities must weigh potential refinancing benefits (e.g., lower interest payments) against potential implementation costs, impacts on debt maturity impacts and banking liquidity, noting that these surpluses are expected to decline due to demographics.

31. Clarifying the status, objectives, investment strategy, and governance of the proposed investment fund is essential. The authorities could follow the [Santiago Principles](#) for design best practices. The fund should include only multi-year projects, while shorter-term initiatives follow the regular budget cycle. Establishing a multi-year investment agenda aligned with policy priorities and strengthened public investment management—including evaluation, procurement, execution, and monitoring—is recommended. Lessons from the former *Fondo de Desarrollo Aruba* (FDA) can inform the fund’s design. Coordination with SOEs, which also manage investments, is crucial to avoid resource competition, prioritize projects, and optimize timing.

32. While the draft HOFA strengthens many fiscal rule features, there is still scope to further strengthen it. To further enhance the draft HOFA, the coverage of the operational rule (primary balance) should expand to cover the general government and later the broader public sector, including SOEs ([IMF, FAD TA 2025](#)). A clear debt convergence timeline would reduce uncertainty and further strengthen accountability; a 2035 target date to reach the debt anchor of 50 percent of GDP is advisable ([IMF, FAD TA 2025](#)), as it balances fiscal sustainability and flexibility. Fiscal stability should safeguard social spending and enable growth-enhancing investment.

33. Additional measures are needed to prevent the healthcare and social security systems from straining the budget due to population aging. Healthcare costs could be contained by expanding preventive care. Consideration could be given to implementing targeted means-tested user fees. Formalization of the migrant population will increase AZV and SVB revenues and reduce pressures on these systems. Parametric reforms—adjustments to contribution rates, replacement rates and possibly raising the retirement age—may be needed to preserve the actuarial balances.⁶ An IMF-supported analysis of potential parametric reforms to assess the outcomes of different reform options is recommended.

Authorities’ Views

34. The authorities reaffirmed their commitment to the fiscal framework and the need to mobilize revenues to support their social development agenda. Afl 50 million (0.6 percent of

⁶ In 2024, SvB assessed that reserves depletion could be delayed from 2040 to 2050 if the retirement age is raised to 66 years.

GDP) is allocated in the 2026 budget, submitted to Parliament, to increase purchasing power (potentially through energy and rent allowances), with a more targeted focus on low-income families. The authorities stressed that spending increases will remain conditional on available revenues. On revenue mobilization, the authorities are preparing measures to regulate and improve STVR tax compliance in early 2026, and plan to initiate a dialogue on VAT reform. They highlighted that ongoing digitalization initiatives at the Tax Department will strengthen tax administration and revenue mobilization, and that formalization of the migrant population will also broaden the tax base. Regarding *deposit arrangement*, they emphasized the potential refinancing benefits. Regarding parametric reforms on the pension system, the authorities are not in favor of increasing the pension age. On the draft HOFA, they noted its flexibility to converge to the debt anchor and its economic benefits, including lower interest costs.

35. The authorities emphasized that the investment fund remains a part of the central government budget and complies with the fiscal rule. The fund will have its own financial statements and budget and will permit the carryover of unused balances. A draft bill has been submitted to the advisory council, aiming for the fund to be operational by January 1, 2026. Near-term investment will follow the regular budget cycle, while medium- and long-term projects will be included under the fund, supported by a formal investment agenda, proper project planning, and capital asset management plans. A multi-year investment agenda will be developed to align investments with the country's strategic development vision. The authorities have begun discussing a separate long-term fund that could be used to finance climate adaptation and build resilience to external shocks.

B. Continue Protecting the Peg and Further Strengthening Financial Sector Resilience

36. The CBA should maintain its cautious and data-driven approach to liquidity management, especially given global uncertainty. In the current environment, the existing RRR level appears consistent with supporting macroeconomic and financial stability. A further reduction is unwarranted in the current context given excess liquidity, and there are no signs of pressure in goods or credit markets to justify an increase. The CBA needs to stand ready to raise the RRR if pressures on reserves or a surge in domestic demand (e.g., rapid credit growth) emerges.

37. Systemic financial system risk is low, though vulnerabilities exist in real estate exposures and the sovereign-financial nexus. Despite high asset quality, continued vigilance is essential. Growing real estate exposures require close monitoring of underwriting standards and household debt, and the adoption of macroprudential tools (loan-to-value, LTV, and debt service-to-income, DSTI, ratios) could help mitigate potential risks from rapid credit growth or property valuation changes. Monitoring the sovereign-financial nexus—due to institutional investors' holdings of government debt—will help ensure stability and support an assessment of domestic

refinancing transactions on bank liquidity.⁷ Using the balance sheet approach (Annex IX) will support analysis of macrofinancial linkages, sectoral vulnerabilities, and transmission channels.

38. The CBA should continue building on progress in strengthening prudential oversight.

Adopting Basel II standards and conducting self-assessments of core supervisory principles will enhance risk sensitivity and regulatory robustness. Implementing risk-based deposit insurance premiums will incentivize sound risk management practices. Continued strengthening of risk-based supervision through annual stress tests will improve early identification of vulnerabilities and build resilience. It is also recommended to evaluate the potential impacts of the consumer loan interest rate cap that will be introduced in the Consumer Protection Law, and to continue efforts to establish a credit registry.

Aruba: Distribution of Bank Credit							
	2020	2021	2022	2023	2024	2025Q1	2025Q2
Credit to Nonfinancial Private Sector	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Credit to Nonfinancial Corporations	41.1	41.1	40.8	43.5	45.3	45.8	45.5
Business credit	25.0	25.0	24.4	26.7	27.5	27.6	26.7
Commercial mortgages	16.1	16.0	16.4	16.8	17.8	18.3	18.9
Credit to Households	58.9	58.9	59.2	56.5	54.7	54.2	54.5
Consumer loans	14.5	13.1	12.3	12.0	12.1	11.8	12.0
Housing mortgages	44.4	45.9	46.9	44.4	42.6	42.3	42.4
Total mortgages	60.6	61.9	63.3	61.2	60.4	60.6	61.3
Sources: Central Bank of Aruba and IMF staff estimates.							

39. The authorities should continue enhancing domestic legislative framework to further improve financial integrity and begin prompt preparation for the 2030 Caribbean Financial Action Task Force (CFATF) peer-review. Further domestic legislative amendments are required to implement the recommendations from the 2024 OECD report on Peer Review of the Automatic Exchange of Financial Account Information and the 2023 CFATF peer review. Given the coordination efforts needed, the authorities should promptly begin the execution of a new national risk assessment, which is crucial to continue improving the AML/CFT framework ahead of the next mutual evaluation and to ensure comprehensive oversight of the entire ecosystem, including by regulating VASPs.

Authorities' Views

40. The CBA views the current RRR level as appropriate, emphasizing its data-driven approach and close monitoring of domestic and global indicators. Reductions to the RRR have been paused due to global uncertainty. The CBA emphasized it is closely monitoring real estate market developments, noting continued housing price increases are partly driven by foreign demand. Given Aruba's openness to trade and vulnerability to external shocks, the CBA sees a

⁷ The financial system has a large exposure of 25 percent of GDP.

potential need for precautionary reserves beyond the standard EM definition in the IMF's ARA metric.

41. The CBA highlighted the financial system's resilience, citing strong capital and liquidity buffers, historically low non-performing loans, and rising profitability. The CBA is working to align their regulatory framework to Basel II and are updating reporting standards to enhance risk-based supervision. Although stress tests were not conducted in 2025 due to capacity constraints, the CBA reaffirmed their commitment to regular stress testing and to further strengthening supervisory practices, including through improvements to the regulatory environment for fintech and digital assets.

42. The authorities underscored their commitment to further enhance the AML/CFT framework and improve tax transparency and financial integrity. They emphasized the positive outcomes of the last CFATF mutual evaluation and that they are working to amend the legislative and regulatory frameworks to address remaining technical compliance and effectiveness recommendations. They acknowledged the need to promptly begin the national risk assessment in preparation for the next CFATF evaluation and highlighted the recent reforms that align Aruba's frameworks closer to international best practices.

C. Fostering High-Value Added in Tourism and Diversification

43. Boosting tourism's value added and accelerating diversification are critical for sustained growth. Staff supports the implementation of a High-Value, Low-Impact tourism model (HVLI) with high shared value for the population. Broadening source markets and prioritizing high-end services are encouraged. Given limits to further tourism expansion, new growth engines are needed. The ["Promising Sectors" initiative](#) (agriculture, circular economy, creative industries, knowledge economy, renewable energy, logistics, and niche tourism) presents a potential path for diversification. Plans to expand the share of renewable energy in power production from 15 to 50 percent by 2030 are welcome. Grants from the Dutch SDE++ program (€50 million) will support and speed up energy transition. Enhancing infrastructure and improving the business climate remain critical to mobilizing private investment.

Authorities' Views

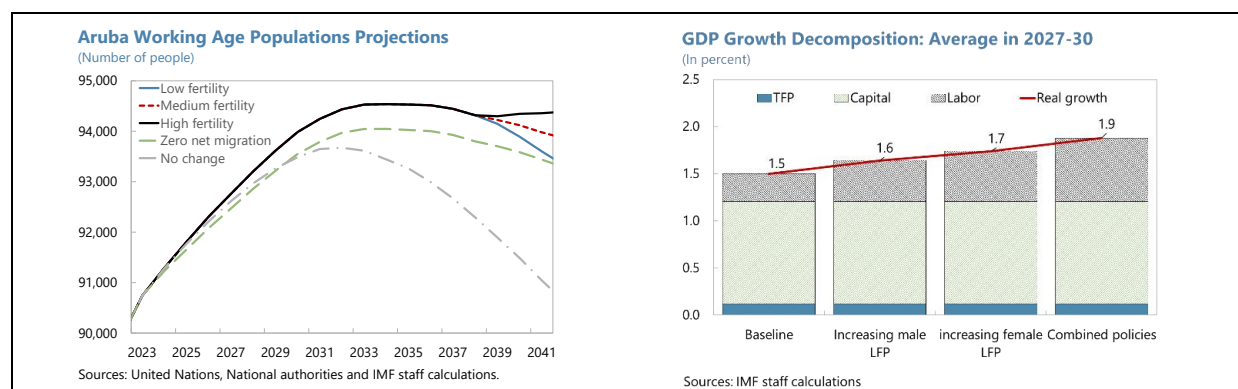
44. The authorities are advancing structural reforms. While additional hotel projects are planned, authorities are concerned about overtourism and plan to engage the industry on a voluntary pause in new developments and a reorientation of investments toward resilience-focused projects. For diversification, the authorities highlighted recent initiatives including developing an Agri-Innovation Park for food security, creating an economic strategy, under the *Landspakket*, based on a recent fintech study, and supporting startups to boost innovation (with the first international startup mission launched in October). The authorities emphasized their plans to expand renewable energy by 2030 together with upgrading the grid for decentralization and storage, to seek Dutch TA to dismantle the refinery and repurpose the land, and to make the Aruba Fair Trade Authority an energy regulator.

D. Structural Reforms to Mitigate Impacts of Demographics and SLR

45. Population aging will put pressure on Aruba's labor force and potential output.

Historically, Aruba's population growth expanded the labor force, boosting productivity and economic growth. However, declining fertility and rapid aging are shifting the balance between workers and dependents, with the old-age dependency ratio rising from 29 percent in 2024 to 49 percent by 2040. Without policy changes, total and working-age populations will decline from 2029 and 2032 respectively (SIP, Chapter I), shrinking the labor force and reducing potential output.

46. Strengthening formal labor markets can help offset the negative growth pressures from the projected population decline. Staff recommends policies that boost LFP by improving childcare and elderly care access and affordability within the limits of the fiscal rule, flexible work options backed by unemployment insurance, encouraging older adults to remain in the workforce longer, and better youth integration. Staff supports the gradual integration into the labor market of undocumented migrants already in Aruba. The implementation of these policies could add 0.4 percentage points to potential growth by 2030, with larger gains from closing the LFP gender gap (SIP, chapter 1).

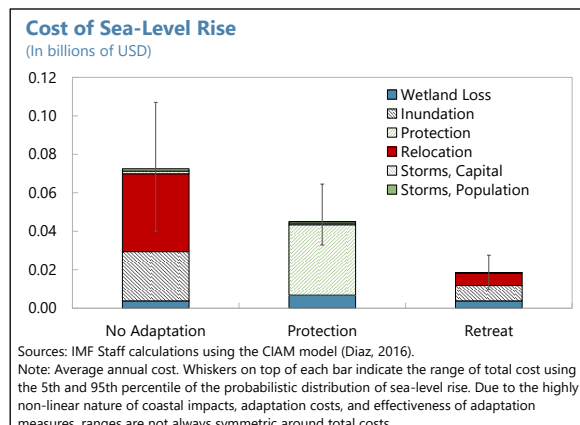


47. Adaptation to SLR could, at least, cut costs by about forty percent compared to inaction.

The annual average cost of SLR without adaptation is about 0.8 percent of GDP from 2020 to 2099, varying between 0.4 percent and 1.4 percent of GDP depending on emission and SLR scenarios (SIP, Chapter II). Coastal protection could cut costs to 0.5 percent of GDP but requires a yearly investment of 0.4 percent of GDP throughout the century.

Planned retreat, averaging 0.2 percent of GDP,

would be less costly than protection or inaction but relies on proactively relocating populations and allowing vulnerable assets to depreciate before rebuilding in safer areas. Both adaptation strategies assume that risks are contained by updating building codes and zoning laws to avoid ("Retreat") or



minimize (“Protection”) SLR risks. Without adaptation, the main channel through which SLR would affect Aruba’s macroeconomic performance is damaged coastal infrastructure (Annex IV).

48. The fiscal impact of SLR depends on the government’s role in loss compensation and protection. Inaction and planned retreat have no direct costs but large impacts on society and economic costs. If the government covers all these losses, annual financing needs range from 0.2 percent of GDP for planned retreat to 0.8 percent for inaction. Fully government-funded coastal protection requires increasing public spending by 0.4 percent of GDP annually through 2099. These cost estimates highlight the need to integrate adaptation into macro-fiscal planning, guide public investment and identify financing needs in line with the fiscal framework. The incorporation of a climate-responsive dimension into public investment management to manage and implement climate related infrastructure will help the integration process. While CG public debt would be sustainable under a fully government-funded coastal adaptation (Annex VI), higher debt may limit fiscal flexibility and shock response. SLR’s distributional impacts depend on exposure and policy choices; private protection can be effective but uncoordinated efforts risk inefficiencies and negative externalities (SIP, Chapter II), highlighting the importance of strong public coordination as seen in the Dutch model in managing coastal defenses.

Authorities’ Views

49. The authorities agreed that demographics will put pressure on the labor force, and they are implementing and planning potential policy responses. The authorities emphasized that the ongoing formalization of undocumented migrants in Aruba is expected to strengthen the labor market. To encourage pensioners 65+ who wish to continue working actively in addition to their pension, the authorities will propose an additional tax deduction of Afl 10,000. This measure will require a legal amendment of the income tax law. They also plan to expand expatriate benefits to attract young Arubans living abroad. The authorities also plan to improve elderly care and childcare services to support women’s labor force participation.

50. The authorities are actively working in the preparation of their National Adaptation Plan. The authorities highlighted they have been preparing their National Adaptation Strategy 2050 over the past year, by identifying climate impacts, launching the Climate Impact Atlas ([Home - Klimaateffectatlas Aruba](#)) and Nature-based Vision 2050, assessing risks and vulnerabilities, developing climate scenarios for SLR, heat, and floods, and selecting adaptation options. The authorities stressed that they will publish the 2025 Climate Risk and Vulnerability Report by the end of the year, continue to digitize climate data archives, conduct a community-based Climate Adaptation Survey, present the Draft National Adaptation Strategy 2050 for validation in early 2026, and finalize it by June 2026. The authorities highlighted that Aruba had officially joined the Coalition of Finance Ministers for Climate Action.

E. Capacity Building and Data Adequacy

51. Timely and reliable data are essential for informed policymaking, yet Aruba continues to face challenges—particularly in the timely dissemination of NAs (Annex X). Progress includes

the official release of NAs for 2021 and 2022 and work towards the implementation of a National Statistical System. However, staffing gaps at the Central Bureau of Statistics (CBS) delays dissemination of key macroeconomic statistics. Addressing these resource constraints is critical to ensure timely and comprehensive data delivery. TA could be warranted to align the definition of general government with IMF fiscal statistics guidelines. Adopting the *Government Financial Statistics Manual (2014)* could help identify fiscal risks. The expected CoA for financial institutions presents the opportunity to align Aruba's statistics with the *2016 MFS Manual and Compilation Guide* and *2019 Financial Soundness Indicators Guide* (Annex XI).

Authorities' Views

52. The authorities recognize the importance of timely and reliable data for effective policymaking. They acknowledge ongoing challenges in data adequacy, particularly regarding the compilation and dissemination of NAs. The authorities agreed that addressing the resource gaps at the CBS will be critical to improve the timeliness and quality of its statistical output. They also indicated that the new CoA will support the transition to international reporting standards. They welcomed continued collaboration and capacity development from IMF and CARTAC to strengthen statistical capacity.

STAFF APPRAISAL

53. Aruba's economy has shown a remarkable post-pandemic tourism-driven recovery but is set to slow. Growth is projected to slow to about 4.0 percent in 2025 as tourism and hotel investments ease, and to converge to its potential rate over time. Strong tourism demand is straining infrastructure, labor markets, and housing availability and affordability. If unaddressed, these structural bottlenecks may constrain medium-term growth. The external position remains substantially stronger than implied by fundamentals and desirable policies.

54. Continued adherence to the fiscal framework will reduce public debt towards its medium-term anchor (50 percent of GDP), while creating fiscal space to advance the government's social and development objectives. Strengthening revenue mobilization, enhancing spending efficiency, and improving the targeting of public resources will reinforce fiscal surpluses and debt reduction, while enabling greater investment in priority areas such as infrastructure, education, health, social programs, and climate adaptation.

55. While the 2026 budget submitted to Parliament complies with LAft, it implies a slightly expansionary fiscal stance. To achieve a more neutral fiscal position, consistent with a closing output gap and to continuing reducing debt, additional savings are recommended, primarily from revenue windfalls, with streamlining spending as a fallback.

56. Strengthening the fiscal rule under the draft HOFA will facilitate debt convergence toward the medium-term anchor. The draft HOFA introduces escape clause triggers and procedures, a correction mechanism, and the creation of a contingency reserve for fiscal shocks. The operational (primary balance) rule can be strengthened by expanding its coverage to initially the

general government and later the broader public sector, including SOEs. A 2035 target date to reach the debt anchor of 50 percent of GDP is advisable as it balances fiscal sustainability and flexibility. Strengthening the MTFF, anchored by an established debt target, will enhance the effectiveness of the fiscal rule, bolster fiscal planning, and facilitate a comprehensive approach to fiscal management. Large upcoming debt repayments underscore the need for a prudent liability management strategy.

57. Clarification of the status, objectives, investment strategy, and governance of the proposed investment fund is essential. A multi-year investment agenda aligned with policy priorities and strengthened public investment management is recommended. Only multi-year projects should be included in the fund; shorter-term initiatives should follow the regular budget cycle. Coordination of the investment plan with SOEs is crucial to avoid resource competition and optimize timing.

58. Financial oversight and governance of SOEs need to be strengthened. A comprehensive reform—covering legal, administrative, institutional, and technical aspects—is essential to strengthen SOEs financial oversight and governance. The recent approval of the Participation and Dividend Policy is welcome. The planned adoption of the Corporate Governance Law will help to reduce fiscal risks.

59. Long-term fiscal risks related to social security and health insurance systems need to be tackled. Better use of preventive care can help contain healthcare costs. The ongoing formalization of the migrant population will increase social contribution revenues, helping to ease pressures on healthcare and social security systems. Parametric reforms (contribution and replacement rates and possibly raising the retirement age) could still be needed to preserve the actuarial balances.

60. The CBA should maintain its cautious and data-driven approach to liquidity management, especially given global uncertainty. In the current environment, the existing RRR level appears consistent with supporting macroeconomic and financial stability. A further reduction is unwarranted in the current context given excess liquidity, and there are no signs of pressure in goods or credit markets to justify an increase. The CBA needs to stand ready to raise the RRR if pressures on reserves or a surge in domestic demand emerges.

61. Continued vigilance to financial system vulnerabilities and risks is essential. Close monitoring of real estate underwriting standards and formally introducing macro-prudential tools, such as LTV and DSTI ratios would help to mitigate risks. The CBA needs to continue enhancing its regulatory and supervisory frameworks. Leveraging sectoral balance sheet data is essential to identify macrofinancial linkages.

62. Continued efforts to strengthen compliance with financial integrity and international tax transparency frameworks are warranted. The authorities should continue enhancing the domestic legislative framework to further improve financial integrity and promptly begin preparation for the 2030 CFATF peer review. Given the coordination efforts required, the authorities

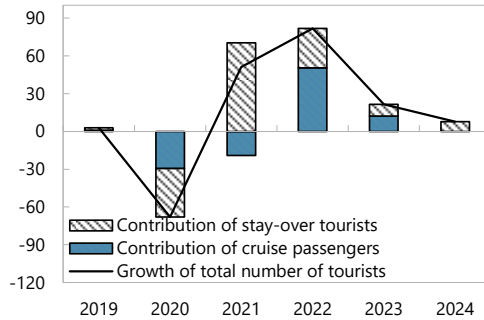
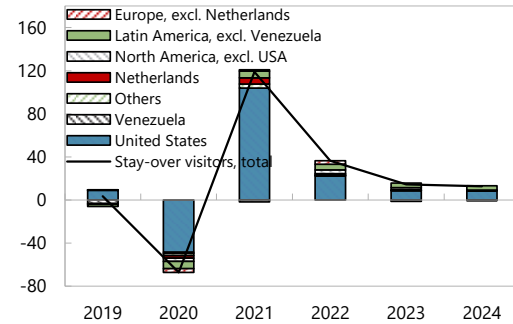
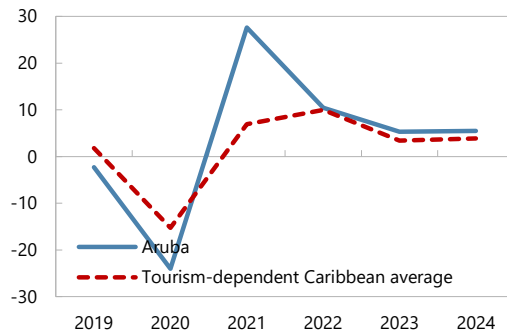
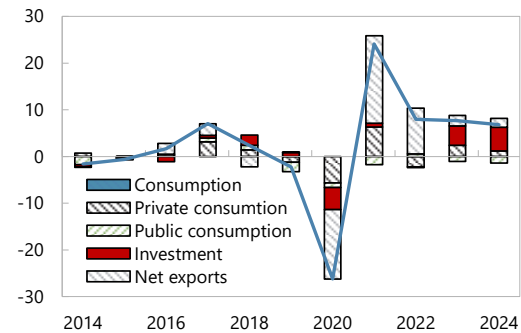
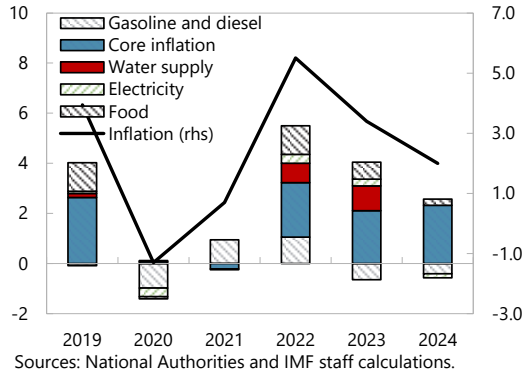
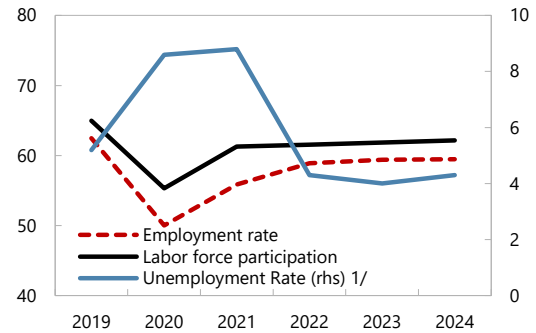
need to promptly begin with the launch of the national risk assessment, which is crucial to continue improving the AML/CFT framework.

63. Boosting tourism's value added and accelerating economic diversification are critical for sustained growth. Staff supports the implementation of a HVLI model with high shared value for the population. Given the limits to further tourism expansion, new growth engines are needed. The “Promising Sectors” initiative and plans to expand renewable energy offer viable paths toward diversification and resilience. Enhancing core infrastructure and improving the business climate remain critical to mobilizing private investment.

64. Increasing resilience to climate change is a priority. The authorities should continue their ongoing climate risk assessments and planned costing for adaptation. A targeted action plan is needed to prioritize resilient infrastructure improvement and nature-inclusive urban development, in particular in coastal areas. Integrating adaptation into macro-fiscal planning will help guide needed public investment.

65. Aruba faces challenges regarding data adequacy, especially timely national accounts dissemination. Capacity development will be crucial to enhance data collection, build lasting capacity at the CBS, and develop quarterly indicators and compile expenditure-based estimates.

66. It is recommended that the next Article IV consultation discussions with Aruba take place on a 24-month cycle.

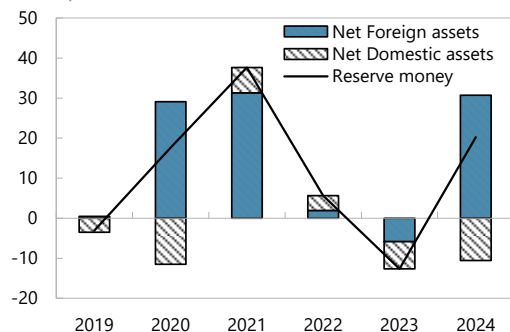
Figure 1. Aruba: Real Sector Developments*In 2024, tourism continued to grow at double digits...***Tourism growth: Stay-Over Visitors and Cruise Passengers**
(In percent)*...driven primarily by visitors from the U.S.***Growth in Stay-Over Visitors: Contributions by Origin**
(In percent)*Growth in Aruba exceeds its regional peers...***RGDP growth: Aruba and Tourism-Dependent Caribbean**
(In percent)*...driven by robust tourism and investments in the hotel sector.***RGDP Composition: Contributions to Growth**
(In percent)*In line with US inflation and international prices, inflation has declined.***Decomposition of the Headline Inflation**
(Average percent change and percentage points)*Labor market remained tight in 2022-24, with historically low unemployment rates.***Labor market outcomes, aged 15+**
(In percent of working population and labor force)

Sources: National Authorities and IMF staff calculations.

Figure 2. Aruba: Monetary Sector Developments

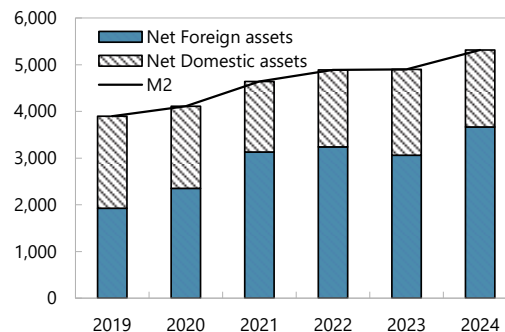
Reserve money growth is driven by the accumulation of gross reserves.

Contributions to Growth in Reserve Money
(In percent)



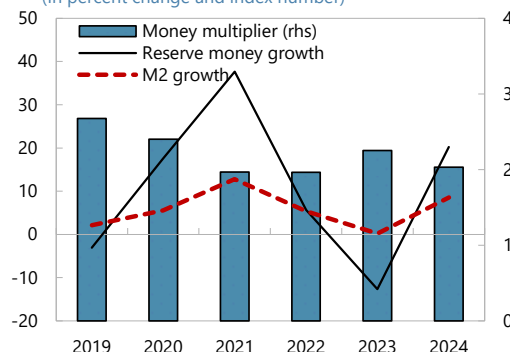
Accumulation of net foreign assets is also the main driver for broad money growth.

Broad Money Composition
(In millions of florins)



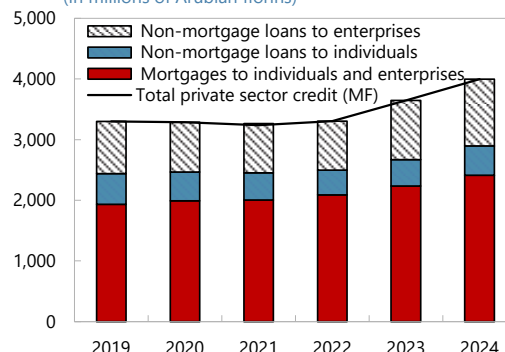
The money multiplier increased as the CBA lowered reserve requirements and credit creation recovered post-pandemic.

Monetary Aggregates and Money Multiplier
(In percent change and index number)



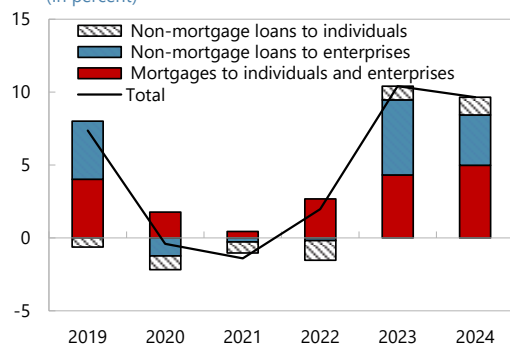
Private sector credit growth continued due to the financing of business loans related to purchases of hotel shares.

Composition of Domestic Credit to Private Sector
(In millions of Aruban florins)



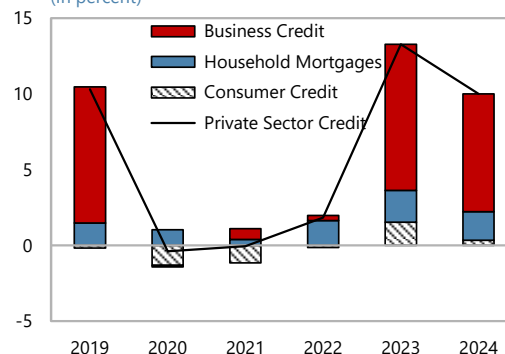
Credit growth is recovering, driven by commercial lending to corporates and household mortgages.

Contributions to Domestic Private Credit Growth
(In percent)



While total financial system credit is driven by increased corporate lending.

Contributions to Financial Sector Credit Growth
(In percent)

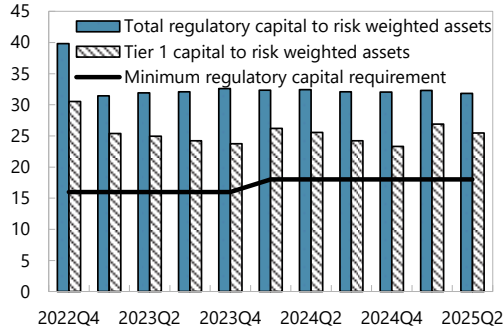


Sources: Central Bank of Aruba and IMF Staff Calculations

Figure 3. Aruba: Financial Sector Developments

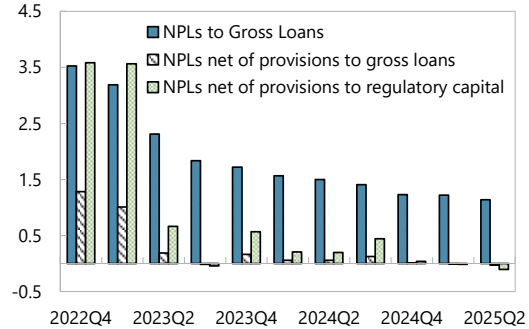
Banks remain well capitalized, above the increased prudential limits.

Commercial Banks: Capital Adequacy
(In percent)



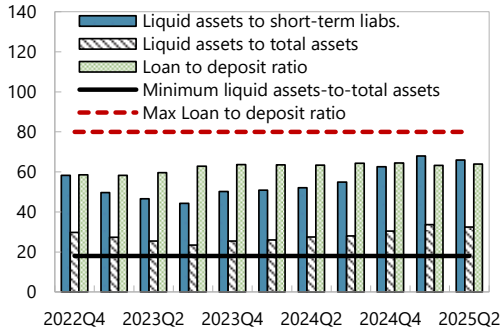
NPLs have declined to historic lows, even after pandemic related forbearance was lifted.

Commercial Banks: Assets Quality
(In percent)



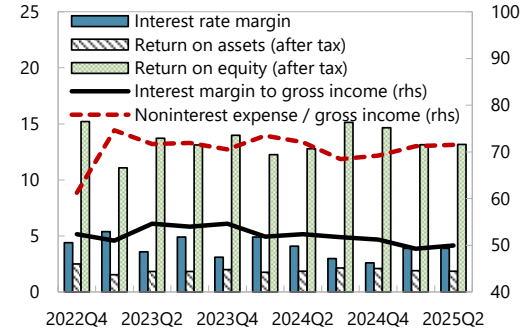
Banks rely heavily on retail funding and keep liquidity well above prudential limits and the loan to deposit ratio below the regulatory maximum.

Commercial Banks: Liquidity Indicators
(In percent)



Bank profitability rebounded after the pandemic and remains strong.

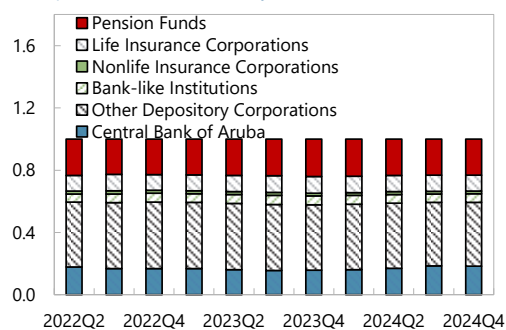
Commercial Banks: Profitability
(In percent)



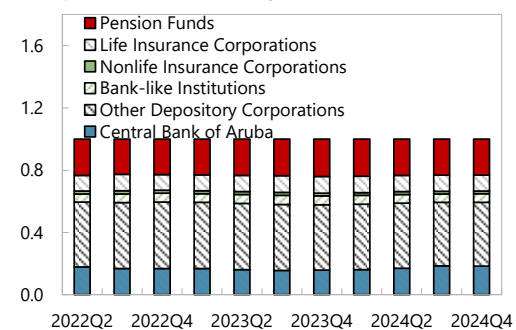
The other financial corporations' sector is just as important as the banking sector...

.... but pension funds and life insurance are more exposed to the sovereign.

Financial System Asset Structure
(In percent of total financial system assets)



Financial System Asset Structure
(In percent of total financial system assets)



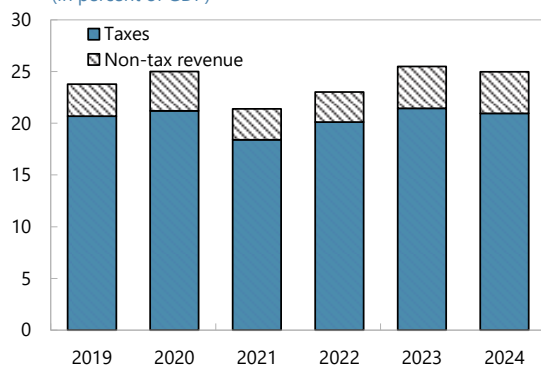
Sources: Aruban authorities and IMF staff calculations.

Figure 4. Aruba: Fiscal Sector Developments

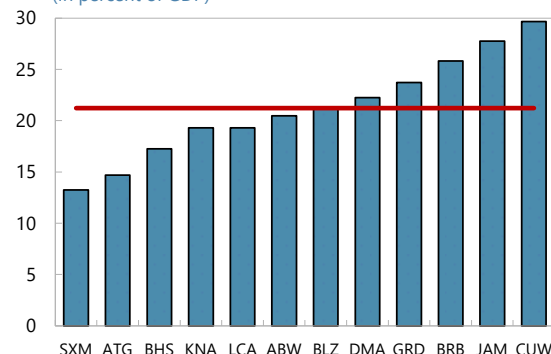
Strong economic growth and tax measures helped to increase revenues in 2023 and 2024...

...with tax revenues at the average of Caribbean peers.

Government Revenue
(In percent of GDP)



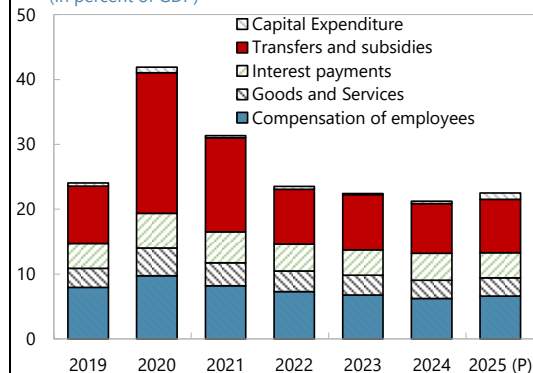
Tax Revenue, 2023
(In percent of GDP)



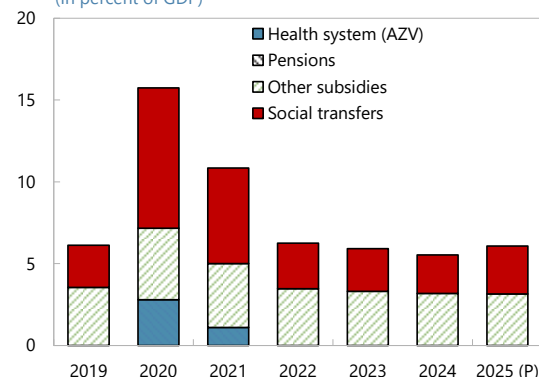
Spending composition reveals a very low share of capital expenditures.

Social transfers and subsidies have moderated since the pandemic but started to show an increase in 2025.

Government Expenditure
(In percent of GDP)



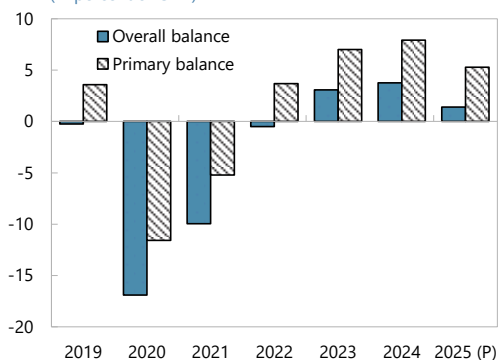
Social Benefits
(In percent of GDP)



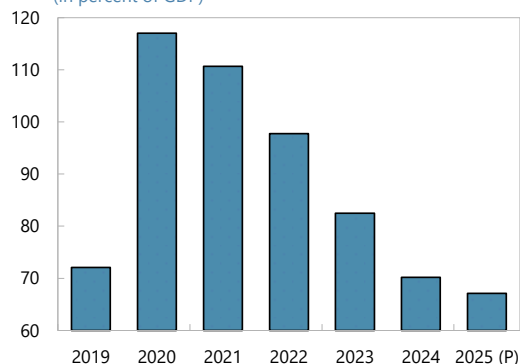
Fiscal balances have shown surpluses in recent years...

...helping to bring down debt-to-GDP ratio.

Government Balance
(In percent of GDP)



Central Government Gross Debt
(In percent of GDP)



Sources: Aruban authorities and IMF staff calculations.

Table 1. Aruba: Selected Economic Indicators, 2021–30
(In millions of Aruban florins, unless otherwise indicated)

Area (sq. km)	180									
Population (thousands, 2024)	107.6				Literacy rate (percent, 2020)					98.0
Population growth rate (2024)	0.2				Percent of population below age 15 (2024)					17.0
Nominal GDP (millions of U.S. dollars, 2024)	4,285				Percent of population age 65+ (2024)					17.0
GDP per capita (thousands of U.S. dollars, 2024)	39.8				Life expectancy at birth (years, 2023)					76.0
Unemployment rate (percent, 2024)	4.3									
					Projections					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					(Percent change)					
Real economy										
Real GDP 1/	14.7	10.6	8.9	7.6	3.9	2.0	1.8	1.5	1.4	1.3
Real domestic demand	1.6	2.9	5.6	7.2	5.8	1.8	1.5	1.2	1.2	1.1
Consumption	4.8	2.6	0.8	2.4	3.9	1.4	1.5	1.2	1.2	1.1
Private	14.5	4.2	1.6	2.3	3.0	2.3	1.5	1.2	1.1	1.0
Public	-14.5	-1.5	-1.4	2.7	6.7	-1.2	1.5	1.5	1.4	1.3
Gross investment	-9.9	4.1	24.6	22.9	11.0	2.7	1.5	1.2	1.1	1.0
Private	-11.1	7.4	25.2	23.0	9.7	3.4	1.5	1.2	1.1	1.0
Public	30.1	-67.1	-17.3	10.3	170.2	-29.4	1.8	1.5	1.4	1.3
Exports of goods and services	39.2	26.5	6.2	9.5	1.8	1.8	1.8	1.7	1.5	1.3
Imports of goods and services	11.3	13.8	1.7	9.0	4.3	1.4	1.4	1.3	1.2	1.0
GDP deflator	1.6	4.3	7.0	2.8	0.5	1.3	2.0	2.0	2.0	2.0
Consumer prices										
Period average	0.7	5.5	3.4	1.7	0.3	1.4	2.0	2.0	2.0	2.0
End of period	3.6	5.7	2.3	0.3	1.0	1.9	2.0	2.0	2.0	2.0
					(Percent of GDP, unless otherwise indicated)					
Central government operations										
Revenues	21.2	22.6	24.8	24.5	23.5	22.8	22.8	22.8	22.6	22.4
Expenditures	31.1	23.1	21.8	20.8	21.8	21.6	21.7	21.7	21.6	21.4
Of which: capital	0.4	0.4	0.2	0.4	0.9	0.7	0.7	0.7	0.7	0.7
Overall balance	-9.9	-0.5	3.0	3.7	1.8	1.2	1.1	1.1	1.1	1.1
Primary Balance	-5.2	3.6	6.8	7.7	5.5	4.7	4.6	4.6	4.5	4.3
Cyclically adjusted primary balance (percent of potential GDP)	-3.6	3.7	6.4	7.1	5.0	4.5	4.6	4.6	4.5	4.3
Gross central government debt	109.7	96.1	80.3	68.6	64.4	61.4	58.4	55.6	52.9	50.4
Savings and investment										
Gross investment	20.2	19.8	22.0	25.0	26.7	27.1	27.3	27.4	27.5	27.6
External saving	2.3	-6.4	-5.4	-9.3	-7.8	-7.4	-7.0	-6.7	-6.4	-6.0
Balance of payments										
Current account balance	-2.3	6.4	5.4	9.3	7.8	7.4	7.0	6.7	6.4	6.0
Oil	-16.2	-18.0	-15.6	-12.6	-11.0	-10.4	-10.1	-10.0	-9.9	-9.8
Non-oil	13.9	24.4	21.0	22.0	18.8	17.8	17.2	16.7	16.3	15.8
FDI	5.3	4.4	-5.4	2.0	3.2	2.2	1.5	1.5	1.5	1.5
Gross official reserves (millions of U.S. dollars)	1,534	1,564	1,491	1,932	2,266	2,549	2,794	3,029	3,261	3,480
Gross official reserves (months of next year's imports)	7.6	7.3	6.4	7.9	9.0	9.8	10.5	11.1	11.7	12.2
External debt	127.5	114.6	89.4	83.7	81.6	79.7	78.0	76.4	74.8	73.2
					(In millions of Aruban florins, unless otherwise indicated)					
Monetary										
NFA of Banking System	3,131	3,240	3,062	3,666	4,316	4,836	5,291	5,726	6,156	6,565
NDA of Banking System	1,509	1,649	1,837	1,651	1,494	1,517	1,528	1,572	1,628	1,673
Credit to nonfinancial private sector (percent change)	-1.4	2.0	10.4	9.7	8.4	5.4	4.3	4.0	3.9	3.8
Broad money	4,685	4,928	4,942	5,360	5,858	6,404	6,874	7,357	7,848	8,305
Deposits (percent change)	13.5	5.8	-0.1	8.1	9.3	9.3	7.3	7.0	6.7	5.8
Memorandum items										
Nominal GDP (millions of Aruban florins)	5,157	5,950	6,929	7,670	8,006	8,273	8,590	8,893	9,197	9,503
Nominal GDP (millions of U.S. dollars)	2,881	3,324	3,871	4,285	4,473	4,622	4,799	4,968	5,138	5,309
Unemployment rate (percent)	8.8	4.3	4.0	4.3	4.2	4.8	4.8	4.8	4.8	4.8
Output gap (percent)	-5.8	-0.4	2.3	3.9	2.8	0.9	0.0	0.0	0.0	0.0

1/ Estimates for 2023 and 2024 from the Central Bank of Aruba.
Sources: Aruban authorities and IMF staff estimates and projections.

Table 2. Aruba: Baseline Scenario Medium Term Outlook, 2021–30
(In percent)

					Projections					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
				(Percent change contribution to real GDP growth)						
GDP 1/	14.7	10.6	8.9	7.6	3.9	2.0	1.8	1.5	1.4	1.3
Consumption	4.5	2.2	0.6	1.7	2.7	1.0	1.0	0.8	0.8	0.7
Private	8.9	2.6	0.9	1.2	1.5	1.2	0.8	0.6	0.6	0.5
Public	-4.5	-0.3	-0.3	0.5	1.2	-0.2	0.3	0.3	0.2	0.2
Investment	-2.6	0.8	4.8	5.1	2.8	0.7	0.4	0.3	0.3	0.3
Private	-2.8	1.4	4.8	5.1	2.4	0.9	0.4	0.3	0.3	0.3
Public	0.2	-0.6	0.0	0.0	0.4	-0.2	0.0	0.0	0.0	0.0
Imports	8.1	9.6	1.2	6.0	2.9	1.0	0.9	0.9	0.8	0.6
Exports	21.0	17.2	4.6	6.9	1.3	1.3	1.3	1.2	1.1	0.9
Tourism exports	24.9	15.5	4.9	5.4	1.1	1.1	1.1	1.1	0.9	0.8
Non-tourism exports	-4.0	1.7	-0.2	1.5	0.2	0.2	0.2	0.2	0.2	0.1
				(Percent of GDP)						
Fiscal										
Revenues	21.2	22.6	24.8	24.5	23.5	22.8	22.8	22.8	22.6	22.4
Expenditures	31.1	23.1	21.8	20.8	21.8	21.6	21.7	21.7	21.6	21.4
Of which: capital	0.4	0.4	0.2	0.4	0.9	0.7	0.7	0.7	0.7	0.7
Overall balance	-9.9	-0.5	3.0	3.7	1.8	1.2	1.1	1.1	1.1	1.1
Debt	109.7	96.1	80.3	68.6	64.4	61.4	58.4	55.6	52.9	50.4
External										
Current account	-2.3	6.4	5.4	9.3	7.8	7.4	7.0	6.7	6.4	6.0
External debt	127.5	114.6	89.4	83.7	81.6	79.7	78.0	76.4	74.8	73.2
Memorandum items:				(Percent change)						
U.S. GDP growth	6.1	2.5	2.9	2.8	2.4	2.1	2.1	2.1	1.9	1.8
U.S. CPI (average)	4.7	8.0	4.1	2.9	2.0	2.1	2.1	2.2	2.2	2.2
CPI (average)	0.7	5.5	3.4	1.7	0.3	1.4	2.0	2.0	2.0	2.0
CPI (eop)	3.6	5.7	2.3	0.3	1.0	1.9	2.0	2.0	2.0	2.0
GDP deflator	1.6	4.3	7.0	2.8	0.5	1.3	2.0	2.0	2.0	2.0
GDP per capita (U.S. dollars)	26,386	30,443	35,456	39,262	41,017	42,411	44,053	45,631	47,243	48,850
Population (thousands)	109.2	109.2	109.2	109.1	109.0	109.0	108.9	108.9	108.8	108.7
Unemployment rate (percent, 2022H1)	8.8	4.3	4.0	4.3	...	...	...	...	...	...

1/ Estimates for 2023 and 2024 from the Central Bank of Aruba.
Sources: Aruban authorities and IMF staff estimates and projections.

Table 3a. Aruba: Operations of the Central Government, 2021–30 1/
(In percent of GDP, unless otherwise indicated)

	2021	2022	2023	Prel. 2024	2025	2026	2027	2028	2029	2030
	(In percent of GDP, unless indicated otherwise)									
Total revenues	21.2	22.6	24.8	24.5	23.5	22.8	22.8	22.8	22.6	22.4
Tax revenue	18.2	19.8	20.9	20.5	19.6	19.2	19.2	19.2	19.2	19.2
Direct taxes	7.5	8.5	9.0	8.6	8.0	7.8	7.8	7.8	7.8	7.8
Income and profit	5.5	6.4	7.1	6.7	6.3	6.0	6.0	6.0	6.0	6.0
Property	1.9	2.1	1.8	1.9	1.7	1.7	1.7	1.7	1.7	1.7
Indirect taxes	10.8	11.3	11.9	11.9	11.7	11.4	11.4	11.4	11.4	11.4
Commodities	5.8	5.8	5.2	5.1	4.9	4.9	4.9	4.9	4.9	4.9
Services	0.5	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6
BBO	3.5	3.7	5.0	5.2	5.2	5.1	5.1	5.1	5.1	5.1
Foreign exchange	0.9	1.1	1.2	1.1	1.0	0.9	0.9	0.9	0.9	0.9
Non-tax revenue	3.0	2.9	3.9	3.9	3.9	3.6	3.6	3.6	3.5	3.3
Other non-tax revenues	3.0	2.8	3.9	3.9	3.9	3.6	3.6	3.6	3.5	3.3
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total expenditures	31.1	23.1	21.8	20.8	21.8	21.6	21.7	21.7	21.6	21.4
Current expenditures	30.7	22.7	21.7	20.4	20.8	20.9	21.1	21.1	20.9	20.7
Compensation of employees	8.1	7.2	6.6	6.1	6.4	6.2	6.2	6.2	6.2	6.2
Wages and salaries	6.4	5.6	5.3	4.9	5.1	4.9	4.9	4.9	4.9	4.9
Employer contribution and benefits	1.7	1.5	1.3	1.2	1.3	1.3	1.3	1.3	1.3	1.3
Goods and services	3.5	3.1	3.0	2.7	2.8	2.7	2.7	2.7	2.7	2.7
Interest	4.7	4.1	3.8	4.1	3.8	3.5	3.5	3.5	3.4	3.2
Transfers and Subsidies	14.4	8.3	8.3	7.5	7.9	8.5	8.6	8.6	8.6	8.6
Total Subsidies	3.9	3.4	3.2	3.1	3.0	3.0	3.0	3.0	3.0	3.0
Wage subsidies	3.7	3.3	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other subsidies	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Transfers	10.5	4.9	5.1	4.4	4.9	5.4	5.6	5.6	5.6	5.6
Social transfers	6.9	2.7	2.5	2.3	2.8	3.5	3.5	3.5	3.5	3.5
Transfers to AZV	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	2.6	2.1	2.5	2.1	2.0	2.0	2.1	2.1	2.1	2.1
Capital expenditure	0.4	0.4	0.2	0.4	0.9	0.7	0.7	0.7	0.7	0.7
Of which : Development Fund	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Overall balance	-9.9	-0.5	3.0	3.7	1.8	1.2	1.1	1.1	1.1	1.1
Primary balance	-5.2	3.6	6.8	7.7	5.5	4.7	4.6	4.6	4.5	4.3
Net acquisition of financial assets	0.3	0.2	0.3	0.2	0.4	0.3	0.3	0.3	0.3	0.3
Net incurrence of liabilities	10.1	0.7	-2.7	-3.4	-1.3	-0.9	-0.8	-0.8	-0.8	-0.8
Memorandum items:										
Cyclically adjusted primary balance 2/	-3.6	3.7	6.4	7.1	5.0	4.5	4.6	4.6	4.5	4.3
Financial balance (Authorities' concept)	-10.1	-0.7	2.7	3.4	1.3	0.9	0.8	0.8	0.8	0.8
Primary spending	26.4	19.0	18.0	16.7	18.0	18.0	18.2	18.2	18.2	18.2
Public gross debt	109.7	96.1	80.3	68.6	64.4	61.4	58.4	55.6	52.9	50.4
Nominal GDP (millions of Aruban florins)	5,157	5,950	6,929	7,670	8,006	8,273	8,590	8,893	9,197	9,503

Sources: Aruban authorities and IMF staff estimates and projections.

Notes:

1/ This table is presented on an adjusted cash basis.

2/ In percent of nominal potential GDP.

Table 3b. Aruba: Operations of the Central Government, 2021–30 1/
(In millions of Aruban florins, unless otherwise indicated)

	2021	2022	2023	Prel. 2024	Projections					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(In millions of Aruban florins, unless otherwise indicated)										
Total revenues	1,094	1,346	1,720	1,876	1,885	1,883	1,957	2,027	2,083	2,133
Tax revenue	940	1,176	1,447	1,573	1,571	1,585	1,646	1,704	1,762	1,821
Direct taxes	385	506	621	661	638	642	666	690	713	737
Income and profit	285	379	495	512	501	497	516	534	553	571
Property	100	127	126	149	137	145	150	155	161	166
Indirect taxes	555	670	826	912	933	943	979	1,014	1,049	1,084
Commodities	301	346	358	391	392	402	417	432	447	462
Services	27	37	40	44	44	46	48	50	51	53
BBO	181	223	345	396	415	421	437	453	468	484
Foreign exchange	47	65	83	81	82	74	77	80	82	85
Non-tax revenue	154.0	169.9	273.4	302.8	314.1	297.8	311.7	322.9	320.6	312.3
Other non-tax revenues	154.0	169.6	273.4	302.8	314.1	297.8	311.7	322.9	320.6	312.3
Grants	0	0	0	0	0	0	0	0	0	0
Total expenditures	1,603	1,376	1,512	1,593	1,744	1,785	1,865	1,931	1,984	2,031
Current expenditures	1,585	1,349	1,501	1,565	1,668	1,731	1,808	1,872	1,923	1,969
Compensation of employees	418	426	457	469	509	516	536	554	573	592
Wages and salaries	329	335	366	376	406	409	424	439	454	469
Employer contribution and benefits	89	91	91	93	104	107	111	115	119	123
Goods and services	182	186	205	210	225	221	230	238	246	254
Interest	243	245	264	311	301	292	303	314	312	303
Transfers and Subsidies	742	493	575	575	633	701	740	766	792	819
Total Subsidies	200	203	223	238	243	251	261	270	279	288
Wage subsidies	189	194	213	227	243	251	261	270	279	288
Other subsidies	11	9	10	11	0	0	0	0	0	0
Transfers	542.4	289.9	351.6	336.5	389.8	450.3	479.5	496.4	513.4	530.5
Social transfers	354	162	176	177	227	287	298	308	319	330
Transfers to AZV	56	0	0	0	0	0	0	0	0	0
Others	131.8	127.5	175.3	159.9	162.6	163.3	181.5	187.9	194.4	200.8
Capital expenditure	18	26	11	28	76	54	57	58	60	63
Of which : Development Fund	4	4	0	4	4	4	5	5	5	5
Overall balance	-509	-30	208	283	141	98	92	96	99	102
Primary balance	-266	216	472	594	441	390	396	410	411	405
Net acquisition of financial assets	14	12	21	18	33	24	24	24	24	24
Net incurrence of liabilities	523	41	-187	-265	-107	-74	-68	-72	-75	-78
Memorandum items:										
Cyclically adjusted primary balance 2/	-198	221	433	523	391	373	395	410	411	405
Financial balance (Authorities' concept)	-523	-41	187	265	107	74	68	72	75	78
Primary spending	1,360	1,268	1,313	1,373	1,443	1,492	1,562	1,617	1,672	1,728
Public gross debt	5,656	5,716	5,563	5,265	5,158	5,084	5,016	4,944	4,869	4,792
Nominal GDP (millions of Aruban florins)	5,157	5,950	6,929	7,670	8,006	8,273	8,590	8,893	9,197	9,503

Sources: Aruban authorities and IMF staff estimates and projections.

Notes:

1/ This table is presented on an adjusted-cash basis.

2/ In percent of nominal potential GDP.

Table 4. Aruba: Central Bank Survey, 2021–30 1/
(In millions of Aruban florins, unless otherwise indicated)

	2021	2022	2023	2024	Projections					
					2025	2026	2027	2028	2029	2030
(In millions of Aruban florins, unless otherwise indicated)										
Net Foreign Assets	2,745	2,791	2,646	3,315	3,910	4,416	4,855	5,275	5,689	6,083
Official Reserve Assets	2,740	2,791	2,655	3,436	4,035	4,541	4,980	5,399	5,814	6,207
<i>(in millions of US\$)</i>	1,531	1,559	1,483	1,919	2,254	2,537	2,782	3,016	3,248	3,468
Other Foreign Assets	5	9	15	22	22	22	22	22	22	22
Gross Foreign Liabilities	0	-9	-24	-143	-147	-147	-147	-147	-147	-147
Net Domestic Assets	-386	-299	-469	-698	-1,033	-1,096	-1,166	-1,198	-1,231	-1,264
Net Domestic Claims	-33	-61	-74	-107	-237	-236	-236	-236	-236	-235
Claims on Central Government (net)	-42	-70	-82	-116	-246	-246	-246	-246	-246	-246
Claims on central government	0	0	0	0	0	0	0	0	0	0
Central government deposits	-42	-70	-82	-116	-246	-246	-246	-246	-246	-246
Development Funds Deposits	0	0	0	0	0	0	0	0	0	0
Claims on other depository corporations	0	0	1	1	1	1	1	1	1	1
Claims on private sector	8	8	8	8	8	8	9	9	9	10
Capital Accounts	-371	-253	-397	-599	-804	-868	-938	-971	-1,004	-1,038
Of which: Valuation Adjustment 2/	-246	-130	-260	-391	-548	-602	-663	-686	-710	-733
Other Items (net)	18	15	2	7	8	8	8	9	9	9
Reserve Money	2,359	2,491	2,177	2,617	2,877	3,320	3,689	4,076	4,459	4,819
Bank Notes Issued	299	298	315	356	392	452	502	555	607	656
Bank Reserves	2,060	2,194	1,861	2,261	2,485	2,868	3,187	3,522	3,852	4,163
Demand	1,519	853	658	547	601	693	771	851	931	1,007
Time	541	1,341	1,204	1,714	1,884	2,175	2,417	2,670	2,921	3,157
Other deposits	0	0	0	0	0	0	0	0	0	0
(Annual percentage change)										
Net Foreign Assets	24.3	1.7	-5.2	25.3	17.9	12.9	9.9	8.6	7.9	6.9
Net Domestic Assets	-22.0	-22.5	56.6	48.9	48.0	6.1	6.4	2.8	2.7	2.7
Reserve Money	37.7	5.6	-12.6	20.2	9.9	15.4	11.1	10.5	9.4	8.1
(Percent change, by contribution to change in reserve money)										
NFA	31.3	1.9	-5.8	30.8	22.7	17.6	13.2	11.4	10.2	8.8
NDA	6.4	3.7	-6.8	-10.5	-12.8	-2.2	-2.1	-0.9	-0.8	-0.7
(Percent of GDP)										
Government Deposits at Central Bank	0.8	1.2	1.2	1.5	3.1	3.0	2.9	2.8	2.7	2.6
Central Government	0.8	1.2	1.2	1.5	3.1	3.0	2.9	2.8	2.7	2.6
Development Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Central Bank of Aruba and IMF staff estimates and projections.

1/ The presentation of Aruba's monetary and financial statistics has been revised to better align with the *MFSMCG* framework.

2/ Valuation adjustment has been reclassified from net foreign assets to capital accounts.

Table 5. Aruba: Depository Corporations Survey, 2021–30 1/
(In millions of Aruban florins, unless otherwise indicated)

					Projections					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	(In millions of Aruban florins, unless otherwise indicated)									
Net foreign assets	3,131	3,240	3,062	3,666	4,316	4,836	5,291	5,726	6,156	6,565
Central bank of Aruba	2,745	2,791	2,646	3,315	3,910	4,416	4,855	5,275	5,689	6,083
Gross Foreign Assets	2,745	2,800	2,670	3,458	4,057	4,563	5,002	5,422	5,836	6,230
Gross Foreign Liabilities	0	-9	-24	-143	-147	-147	-147	-147	-147	-147
Other depository corporations	386	449	416	351	406	420	436	452	467	482
Net domestic assets	1,509	1,649	1,837	1,651	1,494	1,517	1,528	1,572	1,628	1,673
Domestic credit	3,742	3,796	4,019	4,363	4,528	4,734	4,906	5,069	5,234	5,401
Net claims on the government	217	209	142	166	-13	-50	-84	-120	-157	-196
Claims on central government	353	408	439	455	473	455	438	420	401	382
Central government deposits	-135	-199	-297	-289	-486	-505	-522	-540	-558	-578
Claims on nonfin. public enterprises	135	132	136	151	158	163	169	175	181	187
Claims on other nonfin. corporations	1,330	1,346	1,588	1,813	1,965	2,072	2,162	2,249	2,337	2,427
<i>of which: mortgages</i>	519	541	613	712	772	814	849	883	918	953
Claims on other resident sectors	1,909	1,957	2,059	2,186	2,369	2,497	2,605	2,710	2,816	2,924
<i>of which: mortgages</i>	1,485	1,550	1,621	1,703	1,846	1,947	2,031	2,113	2,195	2,279
<i>of which: consumer loans</i>	424	407	438	483	522	551	575	598	621	645
Claims on other financial corp.	151	151	94	47	49	51	53	55	57	59
Capital Accounts	1,412	1,396	1,396	1,687	1,960	2,062	2,178	2,255	2,332	2,410
Other items net	-822	-751	-787	-1,026	-1,074	-1,155	-1,200	-1,243	-1,274	-1,318
of which: Term-deposits> 2-years 2/	-681	-612	-642	-865	...	...	...	...	...	...
Broad Money	4,685	4,928	4,942	5,360	5,858	6,404	6,874	7,357	7,848	8,305
Money supply	4,639	4,889	4,899	5,317	5,811	6,353	6,819	7,298	7,785	8,238
Narrow Money	3,143	3,357	3,267	3,466	3,788	4,141	4,445	4,757	5,075	5,370
Currency outside depository corp.	244	241	255	296	324	354	380	407	434	459
Transferable deposits	2,899	3,116	3,012	3,169	3,464	3,787	4,065	4,350	4,641	4,911
Other deposits	1,497	1,532	1,631	1,851	2,023	2,212	2,374	2,541	2,710	2,868
Savings deposits	1,120	1,155	1,184	1,236	1,350	1,476	1,585	1,696	1,809	1,915
Time deposits	376	378	447	615	672	735	789	845	901	953
Treasury coins and t-bills	45	39	43	43	47	51	55	59	63	67
	(Annual percentage change)									
Net foreign assets	33.0	3.5	-5.5	19.7	17.7	12.0	9.4	8.2	7.5	6.6
Net domestic assets	-14.2	9.3	11.4	-10.1	-9.5	1.5	0.7	2.9	3.6	2.8
Credit to the domestic economy	-2.5	1.8	8.1	8.3	8.2	5.3	4.3	4.0	3.9	3.8
Credit to the nonfin. private sector	-2.7	1.9	8.3	8.2	8.3	5.4	4.3	4.0	3.9	3.8
Broad money	12.8	5.2	0.3	8.5	9.3	9.3	7.3	7.0	6.7	5.8
Deposits	13.5	5.8	-0.1	8.1	9.3	9.3	7.3	7.0	6.7	5.8
	(Percent of GDP)									
Credit to nonfin. private sector	65.7	58.1	54.0	52.8	54.8	55.8	56.1	56.4	56.7	56.9
Government deposits	2.6	3.3	4.3	3.8	6.1	6.1	6.1	6.1	6.1	6.1
Broad money	90.8	82.8	71.3	69.9	73.2	77.4	80.0	82.7	85.3	87.4
Memorandum items:										
Income velocity of money	1.10	1.21	1.40	1.43	1.37	1.29	1.25	1.21	1.17	1.14
Money multiplier	1.99	1.98	2.27	2.05	2.04	1.93	1.86	1.80	1.76	1.72

Sources: Central Bank of Aruba and IMF staff estimates and projections.

1/ The presentation of Aruba's monetary and financial statistics has been revised to better align with the MFSMCG framework.

2/ Term deposits with a maturity greater than 1-year were reclassified from broad money to other items (net).

Table 6. Aruba: Other Financial Corporations and Financial Corporations Survey, 2016–24
(In millions of Aruban florins, unless otherwise indicated)

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financial Corporations									
	(In millions of Aruban florins, unless otherwise indicated)								
Net foreign assets	1,184	1,434	1,372	1,637	1,742	1,985	1,811	2,078	2,191
Claims on nonresidents	1,343	1,557	1,546	1,814	1,941	2,146	1,981	2,249	2,368
Liabilities to nonresidents	-158	-123	-174	-176	-198	-161	-170	-171	-177
Net domestic assets	-1,163	-1,410	-1,365	-1,621	-1,733	-1,985	-1,811	-2,078	-2,191
Domestic credit	3,447	3,464	3,561	3,697	3,875	3,943	4,059	4,094	4,304
Net claims on the government	1,329	1,376	1,400	1,433	1,466	1,420	1,403	1,426	1,367
Claims on central government	1,331	1,378	1,402	1,435	1,468	1,421	1,404	1,427	1,368
Central government deposits	-2	-2	-2	-2	-2	-2	-1	-1	-1
Claims on depository corporations	971	908	888	831	927	983	1,090	829	934
Claims on public nonfinancial corporations	134	136	259	225	278	292	300	309	307
Claims on other nonfinancial corp.	266	299	269	461	489	542	540	740	916
Claims on other resident sectors	748	744	744	747	715	706	727	790	779
Mortgage lending	594	585	580	570	567	558	568	592	608
Consumer lending	137	144	154	161	133	133	144	162	162
Other claims	16	16	9	15	15	15	15	36	10
Capital Accounts	886	987	970	1,215	1,354	1,626	1,311	1,500	1,701
Insurance technical reserves	1,060	1,155	1,249	1,322	1,387	1,434	1,547	1,632	1,740
Household equity in pension funds	2,913	2,990	3,054	3,127	3,207	3,267	3,372	3,487	3,604
Other items net	250	259	347	347	340	399	361	447	551
Liquidity	21	24	8	17	10	0	0	0	0
Financial Corporations Survey									
	(In millions of Aruban florins, unless otherwise indicated)								
Net foreign assets	3,077	3,258	3,290	3,566	4,096	5,116	5,051	5,140	5,857
Claims on nonresidents	3,732	3,793	3,852	4,207	4,640	5,596	5,566	5,662	6,484
Liabilities to nonresidents	-655	-535	-561	-642	-544	-480	-515	-521	-626
Net domestic assets	4	-79	-16	-39	-446	-1,045	-848	-650	-979
Domestic credit	5,671	5,938	6,140	6,637	6,649	6,551	6,614	7,190	7,685
Net claims on the government	1,516	1,674	1,681	1,796	1,748	1,637	1,612	1,568	1,533
Claims on central government	1,624	1,790	1,809	1,922	1,893	1,774	1,813	1,866	1,823
Central government deposits	-109	-116	-128	-126	-145	-137	-201	-298	-290
Claims on public nonfinancial corporations	197	231	372	334	411	427	432	445	458
Claims on other nonfinancial corp.	1,474	1,495	1,478	1,845	1,840	1,871	1,886	2,328	2,729
Claims on other resident sectors	2,485	2,538	2,608	2,662	2,650	2,616	2,684	2,849	2,965
Mortgage lending	709	699	680	667	608	557	551	601	644
Consumer lending	1,760	1,822	1,919	1,979	2,026	2,044	2,117	2,213	2,311
Other claims	16	16	9	15	15	15	15	36	10
Capital Accounts	1,828	2,034	2,116	2,472	2,710	3,037	2,707	2,895	3,387
Insurance technical reserves	1,060	1,155	1,249	1,322	1,387	1,434	1,547	1,632	1,740
Household equity in pension funds	2,913	2,990	3,054	3,127	3,207	3,267	3,372	3,487	3,604
Other items net	134	162	263	244	210	142	165	175	68
Liquidity	3,080	3,179	3,274	3,526	3,651	4,071	4,204	4,490	4,879
Currency in circulation	12	48	55	46	45	30	17	89	62
Transferable deposits	1,717	1,797	1,850	2,049	2,100	2,522	2,567	2,686	2,821
Other deposits	1,331	1,311	1,362	1,415	1,496	1,519	1,620	1,715	1,995
Debt securities	0	0	0	0	0	0	0	0	0
Loans	21	23	7	16	9	0	0	0	0
	(Annual percentage change)								
Net foreign assets		5.9	1.0	8.4	14.9	24.9	-1.3	1.8	14.0
Net domestic assets		-2,209.8	-79.2	139.2	1,039.9	134.6	-18.9	-23.3	50.5
Credit to the economy		2.6	4.6	8.6	1.2	0.3	1.8	12.4	9.4
Credit to corporations		3.3	7.2	17.8	3.3	2.1	0.9	19.6	15.0
Credit to individuals		2.1	2.8	2.1	-0.5	-1.3	2.6	6.2	4.1
Liquidity		3.2	3.0	7.7	3.5	11.5	3.3	6.8	8.7
	(Percent of GDP)								
Net foreign Assets		57.6	58.9	56.1	59.5	92.6	99.2	84.9	74.2
Credit to the economy		77.8	77.0	76.0	80.8	110.8	95.3	84.1	80.2
of which: Credit to nonfinancial private sector		74.1	72.9	69.7	75.2	101.5	87.0	76.8	74.2
Liquidity		57.7	57.4	55.8	58.9	82.5	78.9	70.6	63.6

Sources: Central Bank of Aruba and IMF staff estimates and projections.

Table 7. Aruba: Financial Soundness Indicators, 2016-25
(In percent, unless otherwise indicated)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 1/
Capital Adequacy										
Regulatory Tier I capital to risk-weighted assets	19.6	22.4	24.4	24.6	27.5	28.6	30.5	23.8	23.3	25.5
Tier 1 and 2 capital to risk-weighted assets	28.1	30.3	32.1	31.0	33.3	37.2	39.8	32.6	32.1	31.8
Asset quality										
NPLs to gross loans	4.4	4.0	3.9	3.2	5.0	4.7	3.5	1.7	1.2	1.1
NPLs net of provisions to gross loans	1.5	1.5	1.5	0.9	1.1	1.5	1.3	0.2	0.0	0.0
NPLs net of provisions to regulatory capital	5.8	5.4	4.9	3.0	3.8	4.5	3.6	0.6	0.0	-0.1
Large loans to regulatory capital	51.4	40.6	41.4	45.3	50.7	32.5	14.5	25.8	11.7	7.6
Earnings and profitability										
ROA after taxes	2.1	1.7	1.7	1.3	0.4	1.7	1.8	1.9	2.0	1.9
ROE after taxes	15.1	11.5	10.5	8.1	2.4	10.7	11.4	13.3	13.7	13.2
Net interest income to gross income	60.3	55.2	53.9	55.2	62.2	52.5	52.4	54.6	51.2	50.0
Non-interest expenses to gross income	75.5	82.5	76.4	104.3	82.6	66.4	61.2	70.5	69.2	71.5
Interest rate margin (percentage points)	6.0	5.2	5.2	4.6	4.7	4.7	4.6	4.3	3.7	3.9
Liquidity										
Liquid assets to total assets	30.6	28.6	29.8	29.3	33.7	38.0	29.8	25.5	30.4	32.5
Liquid assets to short term liabilities	67.4	60.9	63.9	63.5	72.0	76.3	58.3	50.2	62.6	66.0
Loans to deposits	66.2	68.2	68.1	68.4	66.8	58.9	58.5	63.7	64.5	64.0
Sensitivity to market risk										
Net foreign assets to regulatory capital	44.7	30.7	25.9	23.7	22.8	37.2	40.3	38.3	29.2	31.5
Regulatory Ratios										
Reserve Requirement	11.0	11.0	11.0	12.0	7.0	12.0	25.0	22.0	16.5	12.5
Minimum regulatory capital to risk-weighted assets	14.0	16.0	16.0	16.0	14.0	16.0	16.0	16.0	18.0	18.0
Maximum loan-to-deposit ratio	80.0	80.0	80.0	80.0	85.0	80.0	80.0	80.0	80.0	80.0
Minimum prudential liquidity ratio	15.0	15.0	16.0	18.0	15.0	18.0	18.0	18.0	18.0	18.0

Sources: Central Bank of Aruba and IMF Staff Calculations

1/ Data refer to June 2025.

Table 8. Aruba: Balance of Payments, 2021–30
(In millions of U.S. dollars, unless otherwise indicated)

	Prel.				Projections					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	(In millions of U.S. dollars, unless otherwise indicated)									
Current account balance	-65	213	210	400	350	341	337	331	327	320
Goods	-940	-1,172	-1,225	-1,323	-1,388	-1,437	-1,474	-1,508	-1,538	-1,567
Exports	123	208	166	163	168	172	175	179	184	188
Of which: Oil products 1/	0	0	0	0	0	0	0	0	0	0
Imports	1,064	1,379	1,392	1,486	1,556	1,609	1,650	1,688	1,722	1,756
Of which: Oil products	468	577	643	643	581	566	575	589	603	614
Services	1,061	1,577	1,829	2,029	2,047	2,087	2,125	2,157	2,187	2,216
Credits	1,932	2,619	2,992	3,338	3,439	3,513	3,589	3,662	3,736	3,811
Of which: tourism exports	1,641	2,299	2,616	2,938	3,026	3,091	3,155	3,217	3,279	3,343
Debits	871	1,042	1,163	1,309	1,392	1,427	1,464	1,504	1,548	1,595
Income	-186	-193	-393	-306	-309	-309	-314	-318	-322	-328
Primary income	-105	-125	-316	-226	-220	-218	-221	-223	-225	-228
Secondary income	-81	-68	-78	-80	-89	-91	-93	-95	-98	-100
Capital account balance	16	-9	-1	9	0	0	0	0	0	0
Financial account	-32	184	180	354	350	341	337	331	327	320
Direct investment (net, inflows -)	-152	-147	210	-86	-142	-103	-70	-75	-76	-78
Portfolio (net)	56	312	164	3	66	74	76	86	88	94
Financial derivatives (net)	-33	-3	0	0	0	0	0	0	0	0
Other investments (net)	-232	-75	-47	69	91	88	85	85	84	85
Reserve Assets, (net change, + increase)	328	96	-146	367	334	283	245	234	232	220
Errors and omissions	16	-20	-29	-55	0	0	0	0	0	0
	(Percent of GDP, unless otherwise indicated)									
Current account balance	-2.3	6.4	5.4	9.3	7.8	7.4	7.0	6.7	6.4	6.0
Goods	-32.6	-35.2	-31.6	-30.9	-31.0	-31.1	-30.7	-30.4	-29.9	-29.5
Exports	4.3	6.2	4.3	3.8	3.8	3.7	3.7	3.6	3.6	3.5
Of which: Oil products 1/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Imports	36.9	41.5	35.9	34.7	34.8	34.8	34.4	34.0	33.5	33.1
Of which: Oil products	16.2	17.4	16.6	15.0	13.0	12.3	12.0	11.9	11.7	11.6
Services	36.8	47.5	47.2	47.4	45.8	45.1	44.3	43.4	42.6	41.7
Credits	67.1	78.8	77.3	77.9	76.9	76.0	74.8	73.7	72.7	71.8
Of which: tourism exports	57.0	69.2	67.6	68.6	67.6	66.9	65.7	64.7	63.8	63.0
Debits	30.2	31.3	30.0	30.5	31.1	30.9	30.5	30.3	30.1	30.0
Income	-6.4	-5.8	-10.2	-7.1	-6.9	-6.7	-6.5	-6.4	-6.3	-6.2
Primary income	-3.6	-3.7	-8.2	-5.3	-4.9	-4.7	-4.6	-4.5	-4.4	-4.3
Secondary income	-2.8	-2.0	-2.0	-1.9	-2.0	-2.0	-1.9	-1.9	-1.9	-1.9
Capital account balance	0.6	-0.3	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	-1.1	5.5	4.7	8.3	7.8	7.4	7.0	6.7	6.4	6.0
Direct investment (net, inflows -)	-5.3	-4.4	5.4	-2.0	-3.2	-2.2	-1.5	-1.5	-1.5	-1.5
Portfolio (net)	1.9	9.4	4.2	0.1	1.5	1.6	1.6	1.7	1.7	1.8
Financial derivatives (net)	-1.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments (net)	-8.0	-2.3	-1.2	1.6	2.0	1.9	1.8	1.7	1.6	1.6
Reserve Assets, (net change, + increase)	11.4	2.9	-3.8	8.6	7.5	6.1	5.1	4.7	4.5	4.1
Errors and omissions	0.6	-0.6	-0.8	-1.3	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
Exports of goods and services (percent change)	59.7	37.5	11.7	10.8	3.0	2.2	2.1	2.0	2.0	2.0
Import of goods and services (percent change)	21.0	25.1	5.5	9.4	5.5	3.0	2.6	2.5	2.5	2.5
Central Bank Net Foreign Assets (millions of U.S. dollars) 2/	1,464	1,490	1,402	1,736	2,041	2,319	2,559	2,788	3,014	3,228
Gross Foreign Assets (millions of U.S. dollars)	1,534	1,564	1,491	1,932	2,266	2,549	2,794	3,029	3,261	3,480
(months of next years imports)	9.5	7.8	7.0	8.3	9.2	10.1	10.8	11.4	12.0	12.5
(percent of broad money)	59	57	54	65	69	71	73	74	74	75
(percent of short term external debt residual maturity)	904	862	751	732	1035	988	933	887	849	895
Gross Foreign Liabilities (millions of U.S. dollars)	0.1	5.3	13.4	79.8	82.0	82.0	82.0	82.0	82.0	82.0
External Debt (percent of GDP)	127.5	114.6	89.4	83.7	81.6	79.7	78.0	76.4	74.8	73.2
Nominal GDP (millions of U.S. dollars)	2,881	3,324	3,871	4,285	4,473	4,622	4,799	4,968	5,138	5,309

Sources: Aruban authorities and IMF staff estimates and projections.

1/ Export and imports of oil products includes transshipment of crude oil and imports and re-exports of bunker fuel for airplanes.

2/ Includes revaluation changes.

Annex I. Implementation of Past IMF Advice

Recommendation	Implementation
Fiscal policy	
Improve revenue administration.	Ongoing. The Tax Department is implementing digitalization initiatives. Personnel of the Tax Department has completed a workshop on tax administration. The TADAT assessment is expected to take place in the near-term.
Clarify debt management strategy, analyzing funding options and diversifying sources, publish this strategy and financing outcomes to boost transparency.	Ongoing. The Budget includes a discussion of the expected debt strategy. Still, the strategy could be published alongside the annual budget and accompanied by an ex-post annual report of financing outcomes.
A contingency plan should be developed to ensure the budget's fiscal target can be met even if revenue collection falls below the amount forecasted in the budget.	Ongoing. Given global uncertainty, the authorities have been preparing scenarios to assess the impact of a sudden decline in tourist arrivals and the impact of tariffs on their import prices. In the 2026 budget, submitted to Parliament, the authorities mentioned that a mitigation strategy is being developed and that it will be shared with Parliament.
Introduce a broad-based value added tax (VAT)	Postponed. The plan to introduce a VAT in January 2023 was postponed due to inflationary concerns. The government will initiate a structured dialogue on VAT reform with all stakeholders.
Strengthening the social safety net. A system should be established to deploy temporary and targeted support to vulnerable households.	Not established yet. While such a system is not currently in place, the government is working on the introduction of social transfers in the 2026 budget, targeting, in particular, the low-income population.
Develop a medium-term fiscal policy framework, guided by a debt anchor and escape clauses, aligning with macro-fiscal objectives, shapes strategic priorities, and communicates authorities' commitment to fiscal discipline.	Ongoing. The authorities are in the process of revising their fiscal rule, which will include measures on public financial management. An upcoming CARTAC TA will provide introductory training on the Medium-Term Fiscal Framework (MTFF).
Monetary and financial sector policies	
Lower bank reserve requirements over time while continuing supervisory oversight to ensure that banks have sufficient liquidity to respond to potential shocks.	Ongoing. The CBA began lowering the required reserve ratio from 25.5 percent in August 2023 to 12.5 percent in March 2025, and holding steady since.
Remain vigilant to real estate vulnerabilities and debt burden of households. Formally introduce loan-to-value and debt service-to-income ratios to mitigate risks. Develop a macroprudential policy framework, supported by granular data on OFCs.	Ongoing. The CBA developed an experimental residential real estate price index. Macroprudential tools have not been formally introduced, but the CBA has granular data on OFCs.

Recommendation	Implementation
Strengthen the financial regulatory and supervisory framework by introducing more structured approaches to liquidity and solvency stress testing, adopting Basel II international standards, and follow-up on results of self-assessments of Basel Core Principles and conduct self-assessment of Insurance Core Principles.	Ongoing. The CBA is in the process of implementing the Basel II capital framework and will request TA to help assess the compliance with Basel Core Principles and Insurance Core Principles.
Strengthen technical compliance and effectiveness of the AML/CFT framework by ensuring proper implementation of preventative measures by the central bank and other supervisors, improve supervision of non-profits and other designated non-financial businesses and professions, establish a gaming authority, and introducing a regulatory framework to license virtual asset providers.	Ongoing. The country received strong ratings in comparison to regional peers during the 2022 CFATF peer review. Further legislative updates are underway.
Implement the existing legal framework for collecting beneficial ownership information.	Ongoing.
Increase tax information sharing and resolve issues related to implementation of OECD standards on tax transparency and exchange of information to get off the European Union's grey list of non-cooperative jurisdictions.	Addressed. The OECD removed Aruba from the grey list of the non-cooperative jurisdictions in 2024.
Structural Reforms	
Redoubling efforts to increase the value added of tourism should be a particular focus.	Ongoing. The authorities are implementing a High-Value, Low-Impact (HVLI) tourism model with high shared value for the population, which aims at targeting affluent visitors and increasing their on-island spending
Implementation of supply-side reforms to boost potential growth.	Ongoing. The authorities launched the Aruba Fair Trade Authority to examine potential cases of non-competitive behavior. Regarding labor market reforms, in August 2024, the government allowed migrants who entered Aruba lawfully before January 1st, 2024, to obtain work permits to address labor shortages in the tourism industry. More recently, the new government has embarked on a process to formalize the migrant population already living in Aruba.
A concrete plan is needed to prioritize infrastructure investments that improve the physical resilience of low-lying areas.	Ongoing. The authorities highlighted they have been preparing their National Adaptation Strategy 2050 over the past year, by identifying climate impacts, launching the Climate Impact Atlas and Nature-based Vision 2050, assessing risks and vulnerabilities, developing climate scenarios for sea level rise, heat, and floods, and selecting adaptation options.

Annex II. Strengthening the Fiscal Rule Design: Key Policy Recommendations

1. The IMF provided TA ([IMF, FAD TA 2025](#)) to the Aruban authorities to support the design of a new set of fiscal rules and improvements in public financial management (PFM).

Regarding the fiscal rule design, key recommendations include:

- **Simplify the existing fiscal rules while ensuring alignment with international best practices.** In line with this principle, the TA mission advised that Aruba should establish only one or two fiscal rules, eliminating provisions related to the wage bill ceiling and the allocation of windfall revenues.
- **It is recommended that public debt be aimed at 50 percent of GDP** in order to confidently remain below the 70 percent debt limit given the current macroeconomic landscape and potential future shocks. Therefore, the Aruban authorities could adopt a central government debt anchor set at 50 percent of GDP, targeted to be achieved within a decade by 2035.
- **The TA mission analyzed and calibrated two viable main types of operational rules for Aruba: primary balance rules and expenditure rules.** One advantage of a primary balance rule compared with an expenditure rule is that the former incentivizes closer attention to revenue collection and potential coordination with other departments of the Ministry of Finance during the budget formulation and execution, with the rule providing more options to the government in achieving its fiscal targets. On the other hand, by setting limits on expenditure growth, instead of as percent of GDP, expenditure rules can accommodate economic fluctuations better.
- **The new fiscal rules would greatly benefit from several key components:** (i) well-defined escape clauses that allow for flexibility in response to extraordinary circumstances, ensuring that the rules can adapt to unforeseen challenges; (ii) a clear correction mechanism designed to address deviations from the established rule limits, providing a structured approach for transitioning back to compliance; and (iii) the establishment of a national fiscal council that could come into effect in the coming months, or once the debt anchor is achieved and certain provisions of the Kingdom Act are no longer applicable.

Annex III. External Sector Assessment¹

Overall Assessment: Aruba's external position in 2024 was substantially stronger than the level implied by fundamentals and desirable policies. The external position has been supported by the strong economic performance and recovery in post-pandemic tourism. Growth in tourist arrivals has been in double digits for the past two years, supporting a large current account surplus. The real effective exchange rate is undervalued per the current account balance model. International reserves are above 150 percent of the metric for EM economies, but within the reserve adequacy range for SIDS. The net international investment position (NIIP) continues to improve on the back of strong outward portfolio investment.

Potential Policy Responses: External sustainability is not a near-term concern, particularly given the large current account surplus, solid tourism infrastructure, stable peg, and healthy level of reserves. While tourism will remain a key driver of growth, the island is quickly reaching its capacity and needs to look towards the development of other sectors. The government should continue its fiscal consolidation efforts and implement pro-growth structural reforms. The country's stability and its location outside the hurricane belt will continue to attract foreign investors, support reserves accumulation, and safeguard the peg over the medium term. While the country's high level of import dependence and reliance on tourism for foreign exchange can justify holding a higher level of reserves than the precautionary levels under the ARA, the authorities should consider a cost-benefit analysis and review potential options.

Foreign Assets and Liabilities: Position and Trajectory

Background. The NIIP remains negative around -US\$3.4 billion (80 percent of GDP) in 2024. Aruban holdings of foreign assets have increased by US\$1.3 billion since 2019 to 107 percent of GDP, supported by a large increase in reserves and direct and portfolio investment abroad by institutional investors. The stock of foreign liabilities increased by around US\$0.9 billion during the same period to 187 percent of GDP due to pandemic-related government borrowing and increased financing of hotel projects (FDI and intercompany loans). The risk of sudden capital outflows is mitigated by the high level of reserves, and the composition of foreign liabilities (70 percent is FDI and much of the remainder is long-term borrowing). The long-standing peg protects the NIIP from large revaluation changes.

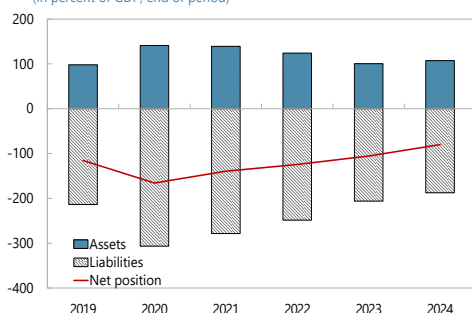
Assessment. Aruba is exposed to downturns in the U.S., as it is the main source of inward portfolio and direct investment. As large scale hotel projects wind down and the country accumulates reserves and pays down government debt, the projected path of NIIP does not imply any risks to external sustainability or the need for a substantial current account adjustment.

2024 (% of GDP)	NIIP: -80	Gross Assets: 107	Debt Assets: 27	Gross Liab.: 187	Debt Liab.: 58
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¹ Prepared by Justin Matz.

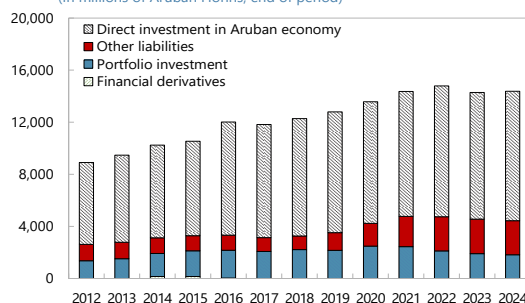
Aruba: Net International Investment Position

NIIP: Assets and Liabilities
(In percent of GDP, end of period)



Sources: Central Bank of Aruba.

NIIP: Structure of Liabilities
(In millions of Aruban Florins, end of period)



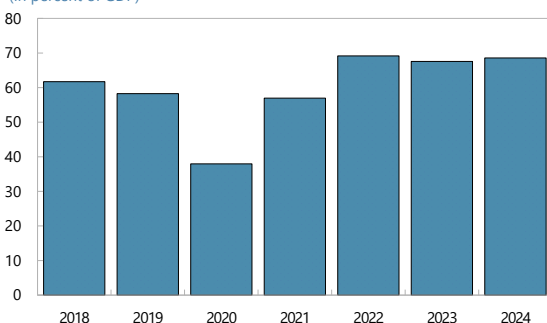
Source: Aruban Authorities.

Current Account

Background. Aruba is a small, open economy whose current account surplus (9.3 percent of GDP in 2024) is driven by tourism. The five-year average of the current account balance (CAB) is a surplus of 0.3 percent of GDP, reflecting large deficits during the pandemic. Since 2022, the CAB has averaged a surplus of 7.1 percent. Strong tourism receipts offset goods and services imports, dividend repayments to foreign hotel chains, and remittance outflows.

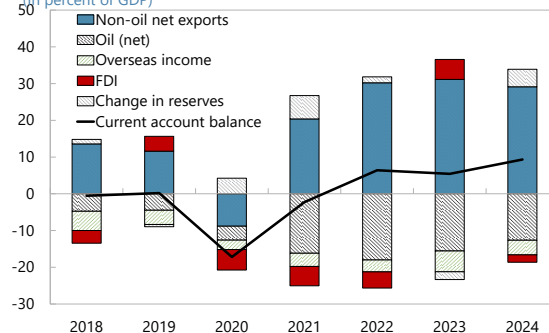
Aruba: Tourist Arrivals and Current Account Developments

Tourism Exports
(In percent of GDP)



Sources: Aruban authorities and IMF staff estimates.
Note: 2024 refers to IMF staff estimates.

External Position and Main Drivers
(In percent of GDP)



Sources: Aruban authorities and IMF staff estimates.
Note: Negative FDI numbers denote inflows.

Assessment. Staff analysis based on the EBA-lite¹ current account model suggests that the external position in 2024 was substantially stronger than the level implied by medium-term fundamentals and desirable policies. The adjusted current account surplus in 2024 is estimated at 10.0 percent of GDP, while the current account norm is estimated at 0.2 percent of GDP, resulting in a current account gap of 10.0 percent of GDP. Policy gaps contribute to 8.0 percentage points to the model-estimated current account gap, mainly driven by a high level of reserves accumulation and the large cyclically adjusted fiscal surplus².

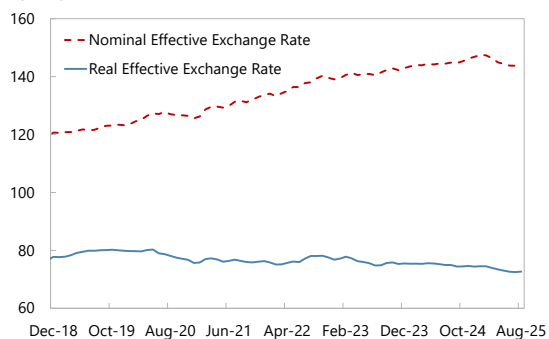
Aruba: EBA-lite Model Results, 2024 (In percent of GDP)		
	CA model 1/	REER model 1/
CA-Actual	9.3	
Cyclical contributions (from model) (-)	-0.6	
Natural disasters and conflicts (-)	0.0	
Adjusted CA	10.0	
CA Norm (from model) 2/	0.2	
Adjustments to the norm (+)		
Adjusted CA Norm	0.2	
CA Gap	9.7	-0.6
o/w Relative policy gap	8.0	
Elasticity	-0.5	
REER Gap (in percent)	-18.7	1.2
1/ Based on the EBA-lite 3.0 methodology		
2/ Cyclically adjusted, including multilateral consistency adjustments.		

Real Exchange Rate

Background. The REER has depreciated cumulatively by 8.9 percent since end-2019, with six percent of this since the beginning of 2023³. Given the peg, the depreciation is attributable to the inflation differential, as inflation was consistently lower in Aruba than in the US. The REER remained relatively stable since late 2024.

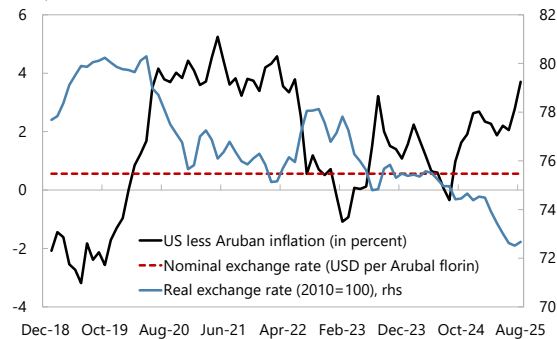
Aruba: Exchange Rate Developments

Nominal and Effective Exchange Rates
(Index)



Sources: Central Bank of Aruba and IMF staff calculations.

Aruba vs U.S: Exchange Rate and Inflation Gap
(In percent; index number, 2010=100)



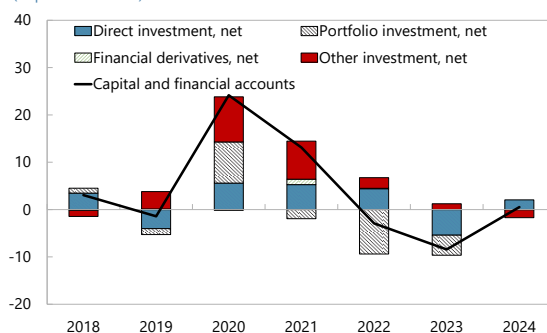
Assessment. Using the elasticity of 0.5, the EBA-lite current account methodology suggests a REER undervaluation of 18.7 percent at end-2024. The EBA-lite REER regression approach points to a small, positive REER gap of 1.2 percent⁴. The divergence arises as the CAB model is attributing the large, tourism generated surpluses directly to an exchange rate misalignment, while the REER model may not yet fully account for the structural shift in external demand and leads to a more muted currency adjustment recommendation. Staff assess that the currency is undervalued, mainly due to the policy gaps and inflation differential.

Capital and Financial Accounts: Flows and Policy Measures

Background. Financial account inflows are typically driven by inward FDI, given the favorable business environment. Recent years have seen significant portfolio investment outflows as institutional investors chase higher returns abroad. The negative FDI position in 2023 was driven by the domestic purchase of hotel shares. Capital flow measures introduced during the pandemic were removed. In June 2025, the CBA eased long-standing licensing requirements⁵ for incoming capital transfers to reduce administrative burden. This change will not have a macroeconomic impact and aligns with Aruba's institutional and financial development.

Capital and Financial Accounts

(In percent of GDP)



Sources: Aruban authorities and IMF staff estimates.

Assessment. Outward portfolio investment, mainly by institutional investors, is expected to drive the financial account outflows. These outflows will only be partially offset by net direct investment inflows associated with tourism development projects.

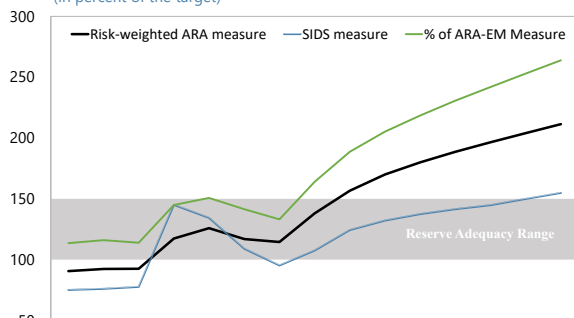
FX Intervention and Reserves Level

Background. Aruba's exchange rate is classified as a conventional peg. The CBA does not engage in any direct FX intervention and there is no forward exchange market. At end-2024, gross international reserves increased to US\$1.93 billion (about 45 percent of GDP), supported by large tourism receipts and recent fiscal surpluses. The CBA kept its required reserve ratio high during the pandemic, loosening it during the recent tourism boom and then holding it steady at pre-pandemic levels as liquidity conditions in the domestic market improved.

Aruba: International Reserves

Reserve Adequacy

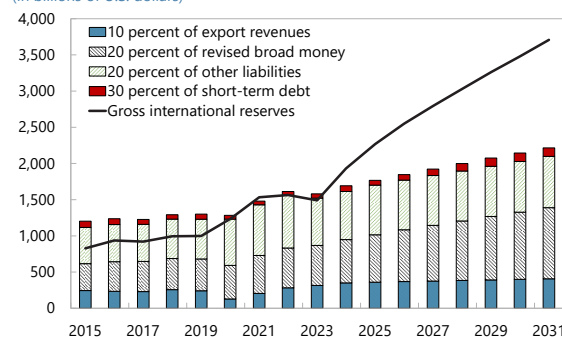
(In percent of the target)



Sources: Aruban Authorities and IMF staff calculations.

Reserves and ARA Metrics Decomposition

(In billions of U.S. dollars)



Assessment. International reserves are at high levels, and adequate by all metrics. At end-2024, they stood at 138 percent of the IMF's composite risk-weighted reserve adequacy metric and at 164 percent of the metric for EMs (suggested range 100-150 percent). Reserves were at 107 percent of the IMF's metric for SIDS.

Reserves cover 7.9 months of prospective imports of goods and services, well above the three-month benchmark.

¹ The team used world averages instead of partner country information in the EBA-lite model due to data limitations.

² The current account model residual is 1.9 percent of GDP.

² Staff and the authorities believe that the USD is the appropriate benchmark for Aruba's REER given the peg and strong tourism and trade dependence. Aruba's non-US trade is largely in dollar denominated commodities.

⁴ The REER model residual is 0.01 percent.

⁵ The easing of the long-standing licensing requirements is assessed as an easing of a capital inflow measure and is considered appropriate under the Fund's Institutional View on Liberalization and Management of Capital Flows and supports Aruba's capital flow liberalization strategy.

Annex IV. Climate Risks¹

1. Aruba faces growing climate change risks that adversely affect its macroeconomic outlook. Higher temperatures are associated with reduced outdoor labor productivity, increased electricity consumption for cooling, and higher morbidity and mortality rates. Aruba's rapidly aging population is particularly vulnerable to heat-related risks (Peterson, 2024). Projections of declining and more erratic precipitations indicate additional stress on the island's limited water resources and increased flood-related costs. Tourism is especially vulnerable to climate change, and even modest negative impacts can have significant balance of payments implications, as tourism is the main driver of growth (CBA, 2021). Rising sea temperatures and ocean acidification cause bleaching and diebacks of coral reefs, which may reduce Aruba's attractiveness as a tourism destination (CBA, 2021). Climate models project increasing climate risks: continued warming, a reduction in total annual precipitation, longer dry periods, and more intense extreme precipitation events.

Figure 1. Aruba: Cross Country Comparison of Historical Climatic Conditions and Temperature Change

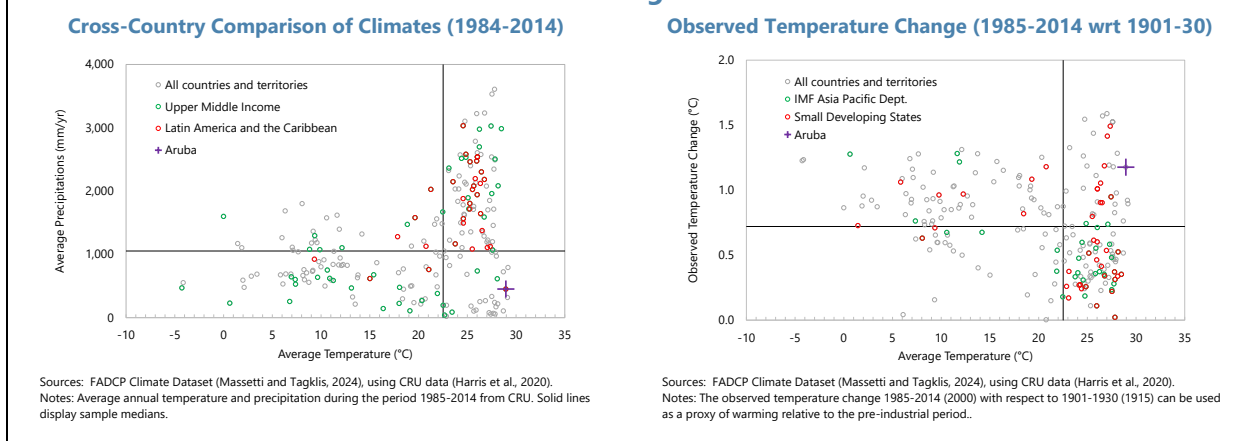
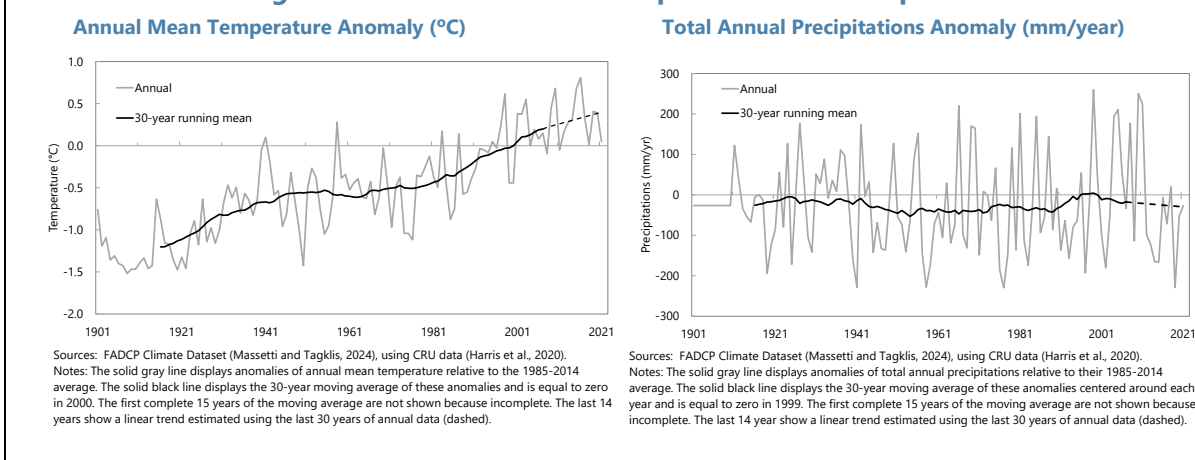


Figure 2. Aruba: Historical Temperature and Precipitation



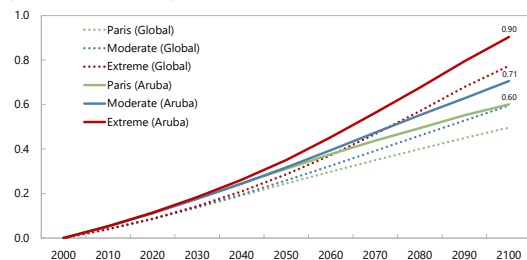
¹ Prepared by Marco Arena based on Selected Issues Paper, Chapter II.

2. Sea level rise (SLR) poses significant long-term challenges to Aruba's economy and population. SLR will continue to rise slowly but steadily for thousands of years, even with strong global mitigation efforts. Without adaptation, rising seas will gradually threaten most of the country's infrastructure, capital, and population, which are all concentrated along an environmentally fragile coastline. Because SLR presents macro-critical risks to Aruba, it is the focus of this analysis.

3. Sea level is rising and will continue to do so, a risk that can be managed, but cannot be avoided. With a moderate emission scenario, sea level is projected to increase by 0.71m relative to its level in 2000 (Figure 3). Strong global emission cuts aligned with the Paris Agreement goal of limiting the global mean temperature rise to below 2 °C (RCP 2.6) will have a modest effect until 2050 but could limit SLR to 0.60 m by 2100. Faster SLR caused by higher emissions and/or accelerated melting of the Greenland and Antarctic Ice Sheets could lead to a rise of 1m or more by the end of the century.

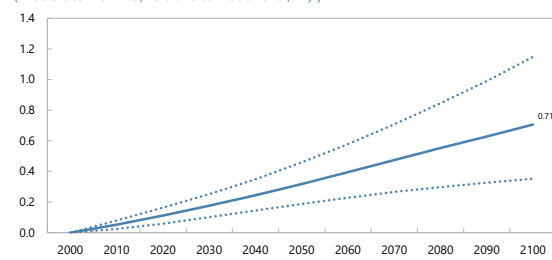
Figure 3. Aruba: Sea Level Rise Projections Relative to 2000 Level (meters)

Sea-Level Rise, Aruba and Global
(Relative to 2000 level, m)



Sources: Sea-level rise projections from the CIAM model database (Diaz, 2016) based on data from Kopp et al. (2014).
Notes: (left) Local (solid) and Global (dotted) Sea-Level Rise (SLR) probabilistic projections until 2100 under three emission scenarios (Paris - RCP 2.6; Moderate - RCP 4.5; Extreme - RCP 8.5). Median SLR for each emission scenario.

Sea-Level Rise in Aruba
(Moderate RCP 4.5, relative to 2000 level, m)



Sources: Sea-level rise projections from the CIAM model database (Diaz, 2016) based on data from Kopp et al. (2014).
Local Sea-Level Rise (SLR) probabilistic projections until 2100 using the Moderate (RCP 4.5) emission scenario. Solid lines depict median SLR, dotted lines depict the 5th and 95th percentiles of the distribution to account for uncertainty in the speed of sea-level rise and tipping points in Greenland and Antarctica Ice Sheets melting.

4. The authorities are developing their National Adaptation Plan. The authorities launched the National Climate Resilience Council (NCRC), tasked with developing a National Action Plan. A targeted action plan is needed to prioritize resilient infrastructure improvement and nature-inclusive urban development, in particular in coastal areas. Ongoing risk assessments and adaptation costing are positive steps.

5. Without adaptation, the main channel through which SLR would affect Aruba's macroeconomic performance is damaged coastal infrastructure, in particular strategic public assets along the coastline and tourism receptive capacity. This would lead to an increase of expenditure to rebuild public assets, loss of fiscal revenue from the tourism sector, and – most of all – loss of economic activity because key public assets would be permanently damaged and tourism flows sharply decline. The investments needed to build resilience are (i) coastal protection, (ii) investment in flood-resilient infrastructure, (iii) water collection and distribution – potentially additional desalination, and, potentially, (iv) back-up capacity of strategic assets.

Box 1. Aruba: Climate Change Institutional Developments

The Aruban government launched the NCRC on April 22, 2024, aiming to transform country into a "Climate Resilient Small Island State" (CRSIS). Small island states are highly vulnerable to the climate change impacts (e.g., rising sea levels, more frequent extreme weather events, changing precipitation patterns) that can threaten the physical, economic, and social environments.

The purpose of the NCRC of Aruba is to contribute to the systemic strengthening of climate resilience for the inter- and intra-generational wellbeing of society and nature. In leading climate resilience and as the national climate authority of Aruba, the primary mandate of the NCRC is to:

- Develop a national climate resilience framework and enabling climate legislation, as well as evidence-based climate policies and pathways for a just and inclusive climate-resilient transition towards safeguarding national wellbeing. The national climate resilience framework articulates a common set of guiding principles (e.g., resilience-driven, "whole-of-nation" perspective, equitable, inclusive) that enable the NCRC in leading climate resilience in a responsible and inclusive manner.
- Coordinate the execution of climate risks and resilience assessments, in addition to advancing climate analytics and a national climate resilience research program.
- Foster the development of institutional capabilities and governance for strengthening climate adaptation capacity and climate resiliency.
- Identify climate finance needs and opportunities, as well as mobilize access to climate investments and financing to advance climate resilience at scale.
- Promote climate literacy and mainstream climate education to nurture inter- and intra-generational climate resiliency and equity, as well as facilitating meaningful engagement, especially amongst climate vulnerable and marginalized communities.
- Function as an institutional foundation for short- to medium-term climate resilience policies and programs.

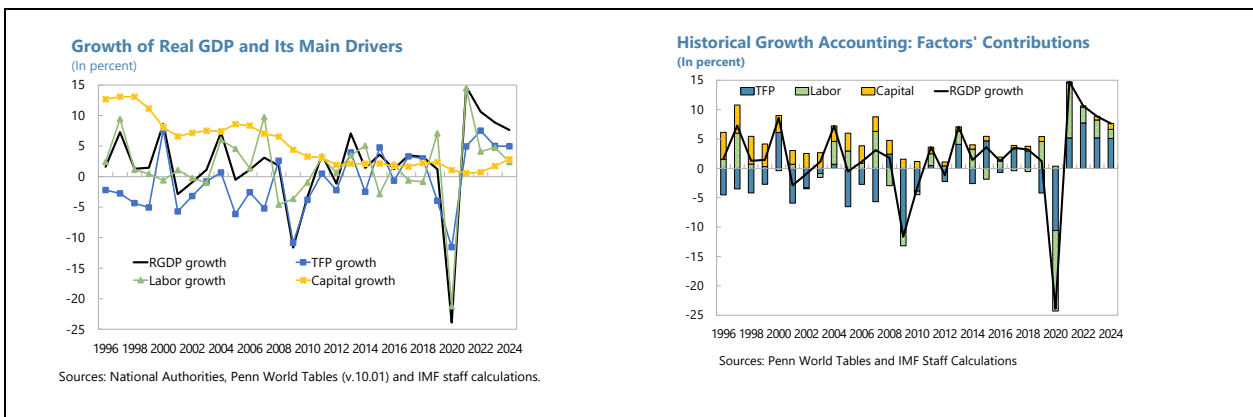
In addition, the governance of the NCRC is organized as a *Climate Quintet* (CQ) platform involving and engaging five key stakeholder clusters: (i) public sector and state-owned enterprises, (ii) private sector and industry associations, (iii) civic organizations and non-governmental foundations, (iv) scientific and academic institutions, (v) regional and international agencies.

Annex V. Potential Output¹

This Annex analyzes the drivers of growth in the last two decades, assessing the contributions of capital stock, labor, and total factor productivity (TFP), and estimating the potential size and growth of the economy. The results suggest that the potential growth rate of the real economy in Aruba is around 1.3 percent. Reforms aimed at supporting investment and business climate, boosting productivity through digitalization and incentivizing innovations, and mitigating the impact of adverse demographic trends on labor force by removing potential frictions to labor force participation will contribute to increase potential output.

1. The Aruban economy is sensitive to external shocks, and its potential growth is limited by the dependency on tourism, infrastructure capacity constraints, and aging population.

Between 1995 and 2024, Aruban real economy grew on average at 2.2 percent, with 4.7 percent growth in good times and a 6.3 percent average decline during recessions (2001-2, 2005, 2009-10, 2012, 2020). Before the COVID-19 pandemic – in 1995-2019 – the economy grew on average at 1.9 percent per year, with 3.6 percent growth in good times and losing an average of 3.4 percent during recessions. During the COVID-19 pandemic in 2020 alone, the real economy lost 23.9 percent. Rapid recovery, catching-up effect, and sound public policies helped Aruba to recover tourist arrivals faster than its tourism-dependent peers. As a result, the post-pandemic growth in 2021-24 averaged 10.5 percent.



2. A growth accounting exercise helps to dissect the contributions of the production factors. We disaggregate real growth using a standard Cobb-Douglas production function $Y = AL^{1-\alpha}K^\alpha$, where Y , A , L , K , and α stand for the real output, TFP, employment, capital stock, and labor share in output. To calculate time-series for K , we (i) set the K/Y ratio in 1995 to that from the Penn World Tables (PWT) 10.01²; (ii) find net capital investment deducting depreciation from the gross investment assuming the same depreciation rate as in the PWT dataset. We find TFP as a residual, assuming the share of labor in output $\alpha = 0.645$, per PWT10.01. We find that in the full sample

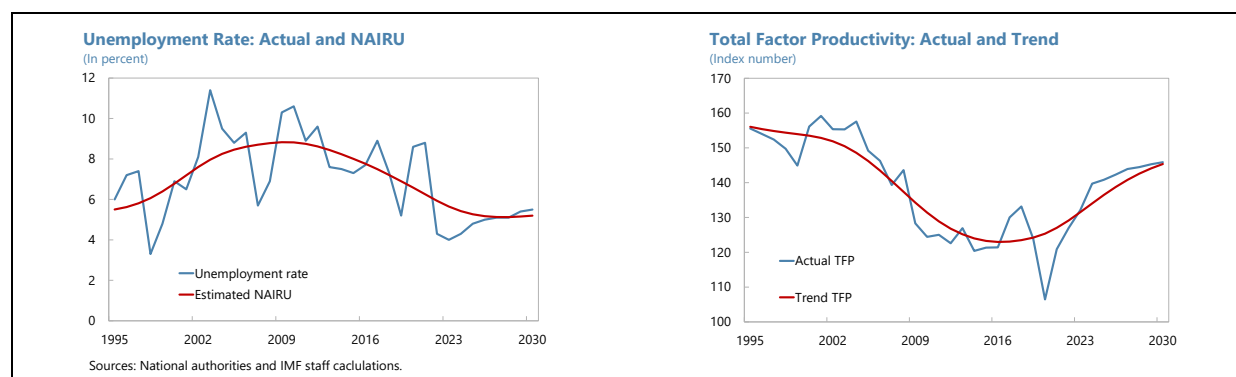
¹ PWT 10.01 is a database on relative levels of income, output, input and productivity in 183 countries between 1950 and 2019, available at <https://www.rug.nl/ggdc/productivity/pwt/?lang=en>.

(1995-2024), labor, capital, and TFP contributed to the total average growth of 2.2 percent with 1.0, 2.0, and negative 0.8 percent, respectively. However, the 2005-14 decade had an average growth of 0.2 percent, driven by a loss of TFP of 2.7 percent per year, despite positive contributions from capital (1.7 percent) and labor (1.2 percent). In the last decade (2015-24), the real economy grew on average by 3.1 percent, driven by an average TFP growth of 1.9 percent per year (pointing to positive structural changes), on top of capital and labor adding 0.4 and 0.6 percent respectively.

3. Interpreting the TFP contribution requires careful consideration due to its residual nature, reflecting the portion of real output not explained by capital and labor inputs. TFP reflects not only the level of productivity and technology in the economy but also structural impediments to growth in the context of the small open tourism-dependent economic model, vulnerable to external shocks and spillovers. Results can be affected by the measurement errors and changes in quality in capital and labor data, as well as the informal economy's size (which likely grew since 2016 due to an inflow of Venezuelan migrants, most of whom have irregular status).

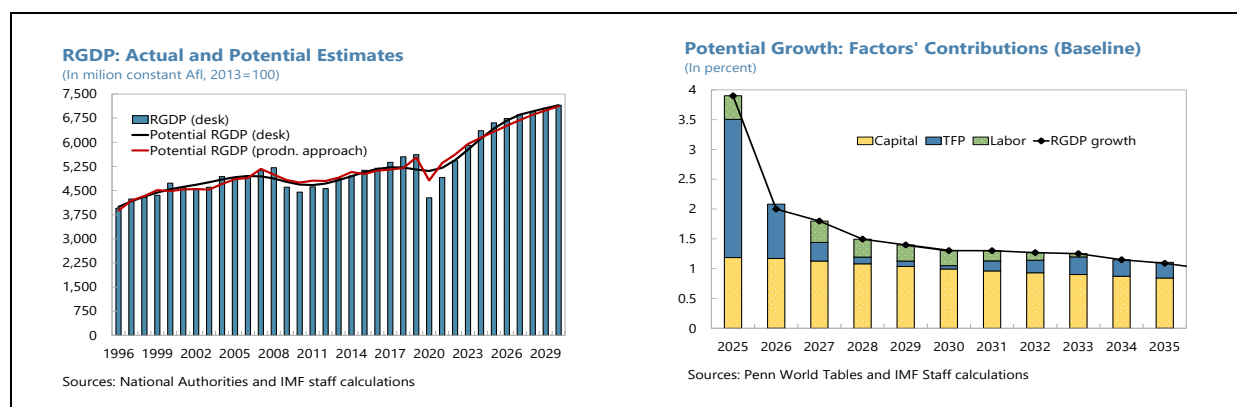
Desk Data and Calculations, Using PWT Depreciation Rate and Labor Share (In percent)										
Period Averages	Growth Rates			Contributions to Growth			Memo Items:			
	RGDP	Capital	Employment	TFP	Capital	Employment	Net Capital to Investment Ratio	Gross Capital to Investment Ratio	Annual Rate of Depreciation	Labor Share
Actual (1995-2024), of which:	2.2	5.6	1.6	-0.8	2.0	1.0	8.7	8.7	0.035	0.645
Growth periods (1995-2024)	4.7	5.6	2.7	0.9	2.0	1.7	8.7	8.7	0.035	0.645
Decline periods (1995-2024)	-6.3	4.7	-2.8	-6.2	1.7	-1.8	8.1	8.2	0.035	0.645
Actual (1995-2004)	3.4	10.3	1.9	-1.5	3.7	1.2	13.0	13.1	0.034	0.644
Actual (2005-14)	0.2	4.7	1.9	-2.7	1.7	1.2	8.2	8.2	0.035	0.645
Actual (2015-24)	3.1	1.7	0.9	1.9	0.6	0.6	5.2	5.2	0.035	0.645
Actual (2000-19)	1.4	4.7	1.4	-1.2	1.7	0.9	8.1	8.2	0.035	0.645
Growth periods (2000-19)	3.4	4.5	2.0	0.6	1.6	1.3	7.9	7.9	0.035	0.645
Decline periods (2000-19)	-3.4	5.3	0.2	-5.4	1.9	0.2	8.7	8.8	0.034	0.645
Projections (2025-34)	1.7	2.9	0.3	0.5	1.0	0.2	6.4	6.5	0.036	0.645
Projections (2035-41)	0.9	2.1	-0.1	0.2	0.8	-0.1	5.7	5.7	0.036	0.645

Source: IMF staff calculations.



4. Then, we calculate potential GDP using the production approach and HP filter. First, we use the HP filter to evaluate the non-accelerating inflation unemployment rate (NAIRU) and extract the trend TFP. Second, we find potential employment size applying NAIU to the labor force. Finally,

we use the trend TFP, potential employment size, and the capital stock assessed earlier in the production function to calculate the potential output.



5. Our results suggest that the potential growth rate of the real economy in Aruba will decline to around 1.3 percent by 2030. Medium-term growth will be driven by capital investment and productivity improvements. At the same time, the contribution from labor would gradually decline and, potentially, turn to negative values in the mid-2030s due to the adverse demographic trends. In the absence of active reforms, the potential growth rate will continue to decline reaching about 1.1 percent by 2035. These results are in line with the IMF research by Amundsen, A. et al. (2025), which also found that the medium-term potential growth prospects in the Caribbean have weakened due to decreasing contributions from human capital and productivity, suggesting scope for policies to remove bottlenecks related to the ease of doing business. Therefore, the authorities have to pay particular attention to structural reforms aiming at supporting investment and business climate, boosting productivity through digitalization and incentivizing innovations, and mitigating the impact of adverse demographic trends on labor force by removing potential frictions to labor force participation, incorporating the undocumented migrants already living in Aruba into formal labor market, and incentivizing return of Arubans studying and working abroad.

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Annex VI. Sovereign Risk and Debt Sustainability Assessment¹

The large fiscal response to the COVID-19 shock during 2020-21, combined with the decline in tax revenues pushed up Aruba's fiscal deficit and public debt levels to a record high of 116.3 percent of GDP in 2020. Post-pandemic economic recovery, driven by strong tourism, and fiscal discipline has helped to put debt on a downward trajectory. Continued adherence to the fiscal rule should help decrease public debt over the medium term to about 50.4 percent of GDP by 2030. Maintaining fiscal discipline to rebuild fiscal buffers and advancing structural reforms to boost medium-term growth are crucial to ensure favorable debt dynamics.

- 1. Debt developments.** The COVID-19 shock led to an unprecedented economic decline in 2020, resulting in lower revenues and higher spending needs. Consequently, public debt peaked at 116.3 percent of GDP.² Helped by strong tourism and fiscal reforms, the debt-to-GDP declined to 80.3 percent in 2023 and to 68.6 percent in 2024 (just below the pre-COVID-19 debt of 72.1 percent of GDP in 2019), and it is projected at 64.4 percent for 2025.
- 2. Debt profile.** In 2024, the share of domestic debt, which accounts for about 38.9 percent of gross central government public debt, stood at 26.7 percent of GDP at end-2024 while external debt amounted to 41.9 percent of GDP. Aruba's debt profile is dominated by medium- and long-term maturities, which helps mitigate debt sustainability risks.
- 3. Baseline Macro-fiscal assumptions.** The baseline scenario of this SRDSA follows staff's medium-term macroeconomic outlook and assumes a continuation of current policies with modest progress on the reform agenda. In particular, the baseline scenario assumes:
 - *Macroeconomic assumptions.* The economy is expected to grow by 3.9 percent in 2025. Growth will then converge towards its estimated potential of 1.3 percent over the medium term. After peaking at 5.7 percent in 2022 on the back of higher global food and energy prices, inflation declined to a negative 0.8 percent at end-August 2025 and is expected to revert to 2.0 percent in the medium term. The possible reduction in interest rates on Dutch pandemic loans is not included in the projections. The current account, which is estimated at a surplus of 9.3 percent of GDP in 2024, is projected to continue displaying large surpluses (i.e., 7.8 percent of GDP in 2025), but declining in the medium term as the growth in tourist arrivals moderates.
 - *Fiscal path.* After peaking at 4.3 percent of GDP in 2024, the overall fiscal surplus is expected to moderate over the medium term, reaching 1.1 percent of GDP by 2028. The primary balance is projected to remain in a surplus, averaging at 4.5 percent of GDP in 2026-2030.
 - *GFNs.* Aruba's GFNs are estimated at 5.7 percent of GDP in 2025. In the medium term, the GFNs are projected to be relatively high, averaging around 8.1 percent of GDP. In particular, GFN will

¹ Prepared by Olga Bespalova.

² In this SRDSA, the debt perimeter covers the central government sector due to a lack of consolidated general government and public sector data.

be high in 2027 (12.0 percent of GDP) reflecting the amortization of domestic (9.1 percent of GDP) and external debt (3.3 percent of GDP). Around half of GFNs are assumed to be met by issuance of medium- and long-term domestic debt, while external borrowing covers the remaining.

4. Debt projections. Under staff's baseline scenario, debt-to-GDP is projected to set on a declining trend as the primary surplus and GDP growth would offset the adverse interest rate-growth differentials. Debt is projected to reach about 50.4 percent of GDP by 2030.

5. Realism of adjustment. The projected fiscal adjustment and debt reduction are within the normal historical range observed in peer countries. While the maximum adjustment over any three years is an outlier, this reflects the better-than-expected fiscal outturn for 2024, on the back of higher tax revenue collections, implementation of the tax revenue measures, including implementation of the indirect tax (BBO) at the border, and a new fiscal rule (LAft) approved in December 2023.

6. Medium-term risk analysis. Medium-term risk of sovereign stress is assessed as moderate based on the Debt Fanchart Index and the mechanical GFN Financeability Index.

- The debt fanchart produces a score of 2.0, which is close to the threshold of 2.1 for high risk. The wide fan reflects the risks associated with the uncertainty around the debt trajectory. The debt trajectory is sensitive to shocks to interest rate differentials.
- The GFN financeability tool produces a score of 7.4 which is below the high-risk threshold of 17.9. Projected primary surpluses in the medium term are expected to reduce GFNs to manageable levels.

7. Risk and mitigation factors. Aruba's debt burden and GFNs continue posing risks to debt sustainability. Aruba's debt ratio is expected to remain high throughout the projection horizon. Sustainability hinges crucially on the assumption that the government will continue complying with the fiscal rule. Continued adherence to a fiscal rule is necessary to maintain public debt on a firm downward path.

Figure 1. Aruba: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Moderate	The overall risk of sovereign stress is moderate, reflecting low vulnerability in near term, while moderate vulnerability in the medium term, and moderate vulnerability in the long term.
Near term 1/			
Medium term	Moderate	Moderate	Medium-term risks are assessed as moderate, in line with the mechanical signal. Gross financing needs in the medium-term average at 8.1 percent, with the highest debt repayments scheduled in 2027. As shown by the fanchart, deviation from the chosen fiscal framework or external shocks to the economy could destabilize debt in the medium term.
Fanchart	Moderate	...	
GFN	Moderate	...	
Stress test	Cont. Liabty.	...	
Long term	...	Moderate	Long-term analysis suggests moderate risks under the baseline. Climate-related expenditures appear to be manageable, with a limited impact on debt sustainability and GFNs, which are expected to decline to manageable levels in the medium to long term. Pension and health related risks appear manageable. However, risks from large amortization require monitoring. Additionally, reforming Aruba's pension system is a key priority to ensure its sustainability and reduce fiscal vulnerabilities.
Sustainability assessment 2/	Not required for surveillance countries	Not required for surveillance countries	
Debt stabilization in the baseline			Yes

DSA Summary Assessment

Commentary: After peaking at 116.3 percent of GDP in 2020, better fiscal outcomes and the economic recovery pushed debt down to 80.3 percent of GDP in 2023 and 68.6 percent of GDP in 2024. Under the baseline scenario, the debt level is projected to continue declining over the medium term, falling below 50.0 percent of GDP by 2031. This is supported by the primary surplus and growing economy which would offset the adverse real interest rate dynamics. Gross financing needs are expected to remain elevated in 2025-30, averaging at 8.1 percent of GDP.

Source: Fund staff.

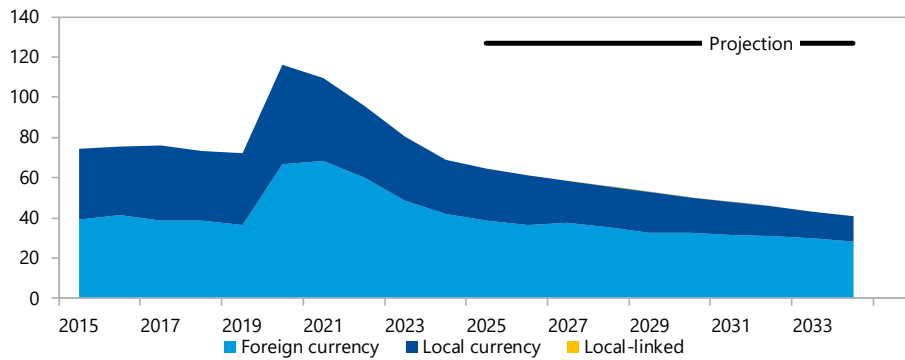
Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

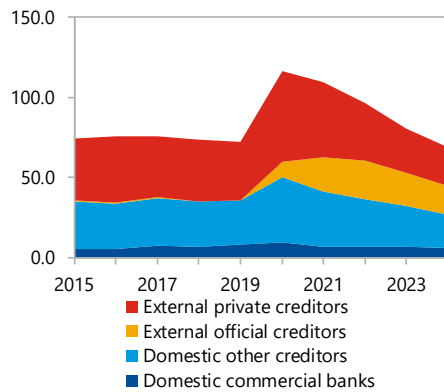
2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Figure 2. Aruba: Debt Coverage and Disclosures

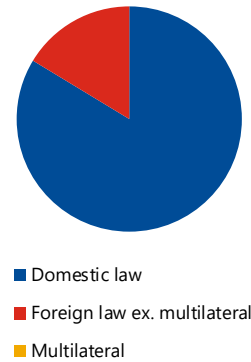
Figure 2. Aruba: Debt Coverage and Disclosures										Comments									
1. Debt coverage in the DSA: 1/										CG	GG	NFPS	CPS	Other					
1a. If central government, are non-central government entities insignificant?										0									
2. Subsectors included in the chosen coverage in (1) above:																			
Subsectors captured in the baseline										Inclusion									
CPS	NFPS	GG: expected	CG	1	Budgetary central government						Yes	Not applicable							
				2	Extra budgetary funds (EBFs)						No								
				3	Social security funds (SSFs)						No								
				4	State governments						No								
				5	Local governments						No								
				6	Public nonfinancial corporations						No								
				7	Central bank						No								
				8	Other public financial corporations						No								
3. Instrument coverage:										Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/					
4. Accounting principles:										Basis of recording		Valuation of debt stock							
										Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/					
5. Debt consolidation across sectors:										Consolidated		Non-consolidated							
Color code: chosen coverage Missing from recommended coverage Not applicable																			
Reporting on Intra-Government Debt Holdings																			
Issuer										Holder	Budget. central govt	Extra-budget. funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CPS	NFPS	GG: expected	CG	1	Budget. central govt												0		
				2	Extra-budget. funds												0		
				3	Social security funds												0		
				4	State govt.												0		
				5	Local govt.												0		
				6	Nonfin pub. corp.												0		
				7	Central bank												0		
				8	Oth. pub. fin. corp												0		
Total										0	0	0	0	0	0	0	0	0	
1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.																			
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.																			
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.																			
4/ Includes accrual recording, commitment basis, due for payment, etc.																			
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).																			
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.																			
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.																			
Commentary: For the purpose of this SRDSA, the debt perimeter covers the central government sector due to lack of consolidated general government and public sector data.																			

Figure 3. Aruba: Public Debt Structure Indicators**Debt by Currency (Percent of GDP)**

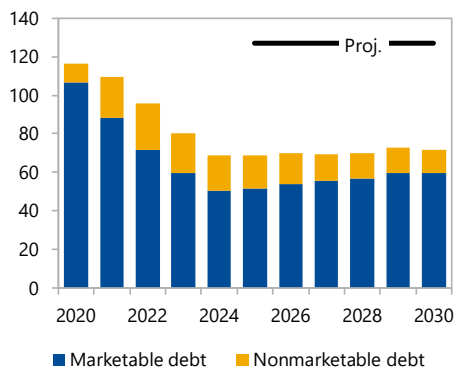
Note: The perimeter shown is central government.

Public Debt by Holder (Percent of GDP)

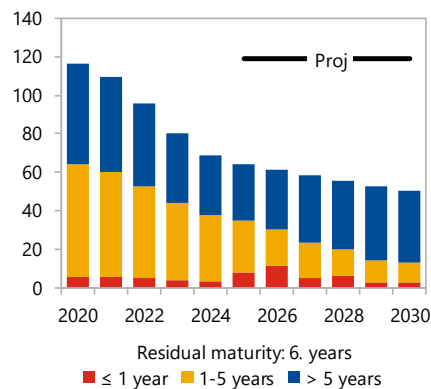
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2024 (percent)

Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)

Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)

Note: The perimeter shown is general government.

Commentary: At end-2024, debt to domestic and external creditors stood at 26.7 and 41.9 percent of GDP. Somewhat mitigating factors, over 80 percent of the public debt is issued under the domestic law, and the debt profile is dominated by medium- and long-term maturities.

Figure 4. Aruba: Baseline Scenario

(Percent of GDP unless indicated otherwise)

	Actual	Medium-term projection							Extended projection			
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Public debt	68.6	64.4	61.4	58.4	55.6	52.9	50.4	47.9	45.6	43.3	41.1	
Change in public debt	-11.6	-4.2	-3.0	-3.1	-2.8	-2.7	-2.5	-2.5	-2.4	-2.3	-2.2	
Contribution of identified flows	-11.4	-5.1	-3.3	-3.0	-2.8	-2.6	-2.5	-2.4	-2.3	-2.3	-2.1	
Primary deficit	-7.7	-5.5	-4.7	-4.6	-4.6	-4.5	-4.3	-4.0	-3.8	-3.6	-3.4	
Noninterest revenues	24.5	23.5	22.8	22.8	22.8	22.6	22.4	22.5	22.5	22.5	22.5	
Noninterest expenditures	16.7	18.0	18.0	18.2	18.2	18.2	18.2	18.6	18.7	18.9	19.0	
Automatic debt dynamics	-3.7	0.0	1.4	2.0	2.7	3.0	3.2	1.3	1.2	1.1	1.0	
Real interest rate and relative inflation	2.2	2.6	2.7	3.1	3.6	3.8	3.9	1.9	1.8	1.7	1.5	
Real interest rate	2.0	3.4	3.0	3.0	3.6	3.7	3.9	1.9	1.8	1.6	1.5	
Relative inflation	0.2	-0.9	-0.3	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	
Real growth rate	-5.7	-2.6	-1.3	-1.1	-0.9	-0.8	-0.7	-0.6	-0.6	-0.6	-0.5	
Real exchange rate	-0.2	...	...	...	...	...	...	...	...	...	...
Other identified flows	0.0	0.4	0.0	-0.4	-0.9	-1.2	-1.5	0.2	0.2	0.2	0.2	
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other transactions	0.0	0.4	0.0	-0.4	-0.9	-1.2	-1.5	0.2	0.2	0.2	0.2	
Contribution of residual	-0.2	0.9	0.3	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	
Gross financing needs	3.7	5.7	7.5	12.0	7.4	9.4	6.8	5.6	7.0	5.4	4.9	
of which: debt service	11.5	11.2	12.3	16.6	12.0	13.9	11.1	9.5	10.7	9.0	8.3	
Local currency	4.1	5.2	5.7	10.9	4.6	4.9	6.2	5.6	6.7	4.7	3.9	
Foreign currency	7.3	6.0	6.6	5.7	7.4	9.0	4.9	3.9	4.0	4.3	4.4	
Memo:												
Real GDP growth (percent)	7.6	3.9	2.0	1.8	1.5	1.4	1.3	1.3	1.3	1.3	1.1	
Inflation (GDP deflator; percent)	2.8	0.5	1.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Nominal GDP growth (percent)	10.7	4.4	3.3	3.8	3.5	3.4	3.3	3.3	3.3	3.3	3.2	
Effective interest rate (percent)	5.6	5.7	6.2	7.1	8.4	9.0	9.6	5.9	5.8	5.7	5.6	

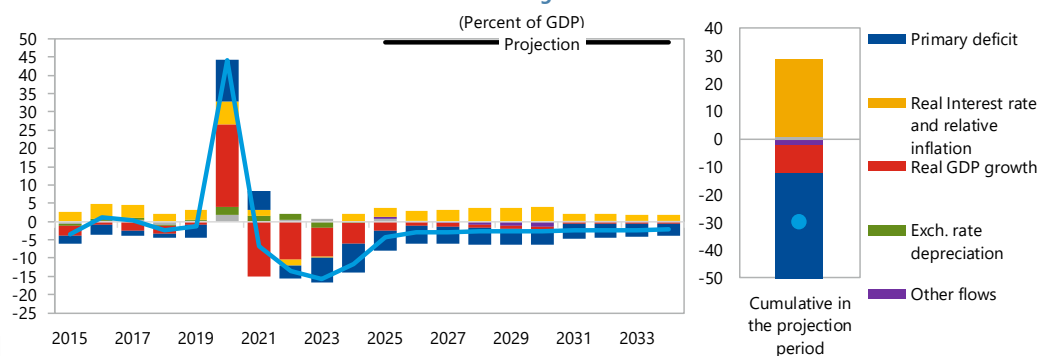
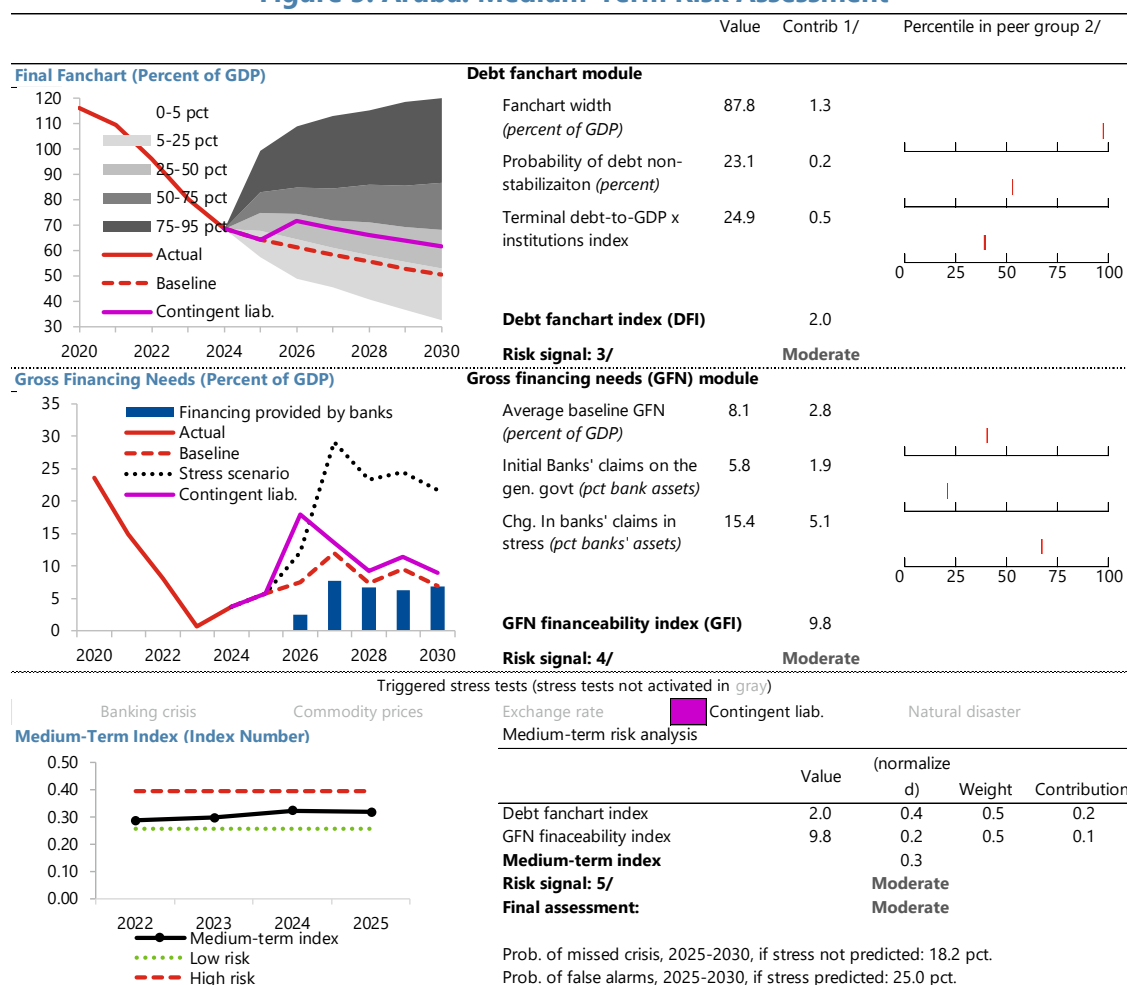
Contribution to Change in Public Debt

Figure 5. Aruba: Medium-Term Risk Assessment



Commentary: The pandemic borrowing in 2020, exposure to exogenous shocks, slow economic growth, and the closure of refinery activity in 2012 contributed to increasing the debt burden in the past. This has led to wide confidence intervals in the Debt Fanchart Module, indicating a moderate risk, with an upward debt trajectory under the unfavorable scenarios. The GFN financeability module also suggests a moderate level of risk, albeit with elevated financing needs in 2027 and 2029. Domestic banks, which play an important role in buying Aruba's debt, have sufficient liquidity buffers. However, the banks' capacity to absorb more public debt may be constrained in times of distress. Additionally, the debt path is vulnerable to global exogenous shocks that affect global demand and tourism activities.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.

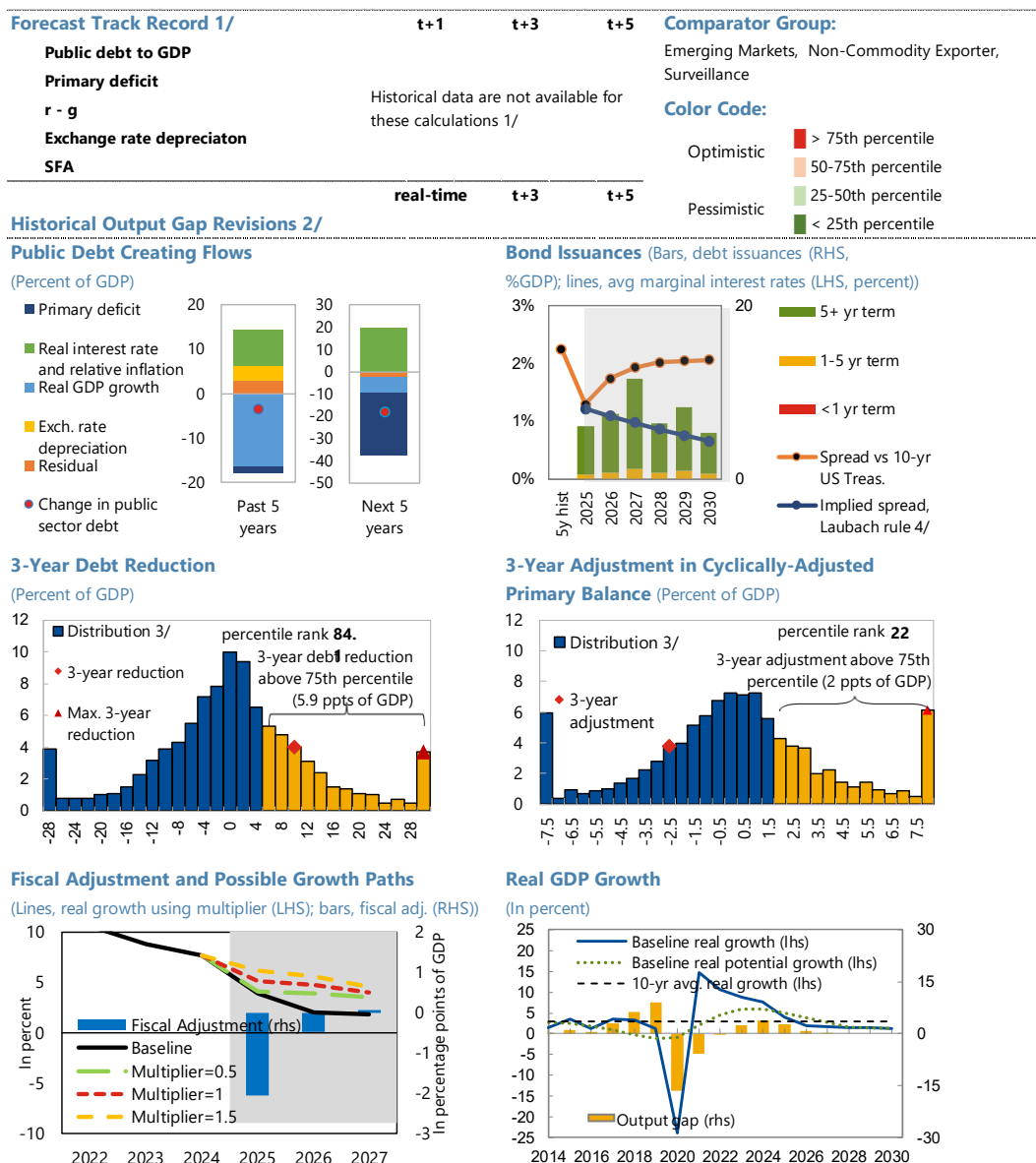
2/ The comparison group is emerging markets, non-commodity exporter, surveillance.

3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.

4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.

5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Figure 6. Aruba: Realism of Baseline Assumptions



Commentary: The recovery from COVID-19 will impart complicated effects on the growth path. However, realism analysis does not point to major concerns: past forecast errors do not reveal any systematic biases and the projected fiscal adjustment and debt reduction are well within norms. Assumed fiscal path is also consistent with growth assumptions as it is not expected to weigh on GDP growth too much. Additionally, the output gap is expected to close in the medium term, indicating sustainable growth and a stable economy

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage. Program status not used in creating comparator group due to lack of data.

The realism tools are not included because Aruba has a limited forecast history making them relatively uninformative

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Figure 7. Aruba: Triggered Modules

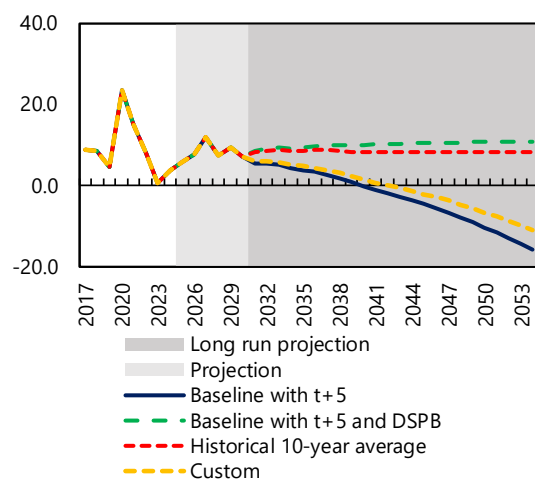
Large amortizations	Pensions Health	Climate change: Adaptation Climate change: Mitigation	Natural Resources
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Long-Term Risk Assessment: Large Amortization Incl. Custom Scenario

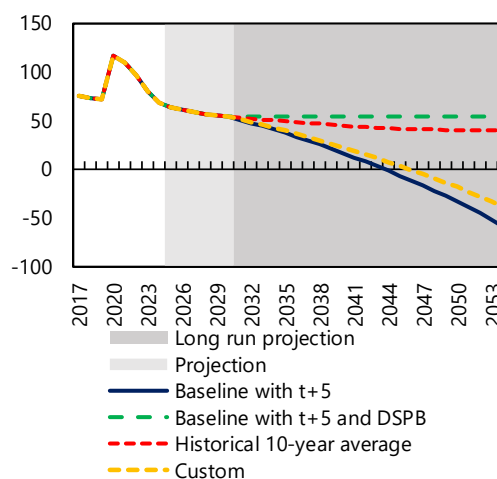
Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	<div></div>
	Amortization-to-GDP ratio	<div></div>
	Amortization	<div></div>
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	<div></div>
	Amortization-to-GDP ratio	<div></div>
	Amortization	<div></div>
Historical average assumptions	GFN-to-GDP ratio	<div></div>
	Amortization-to-GDP ratio	<div></div>
	Amortization	<div></div>
Overall Risk Indication		<div></div>

Variable	2030	2034 to 2038 average	Custom Scenario
Real GDP growth	1.3%	1.2%	1.3%
Primary Balance-to-GDP ratio	4.3%	3.6%	3.8%
Real depreciation	-2.0%	-2.0%	-2.0%
Inflation (GDP deflator)	2.0%	2.0%	2.0%

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



Commentary: In the long term, expenditures related to pension, health, adaptation and mitigation appear manageable and will have a limited impact on debt sustainability and GFNs.

Figure 8. Aruba: Demographics: Pensions

**Permanent adjustment needed in
the pension system to keep
pension assets positive for:**

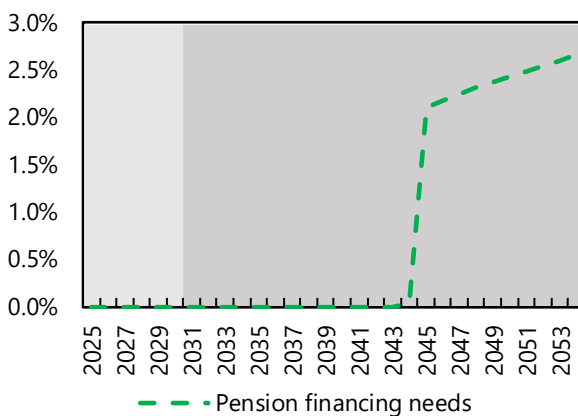
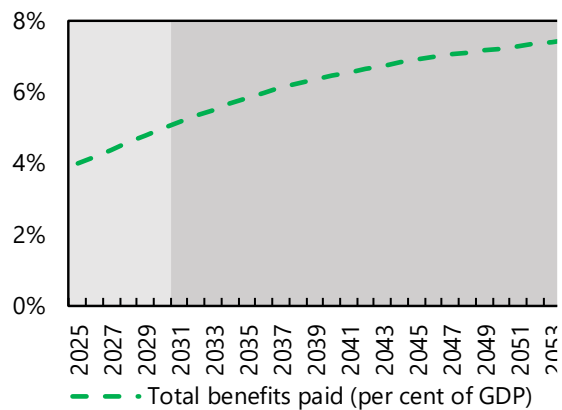
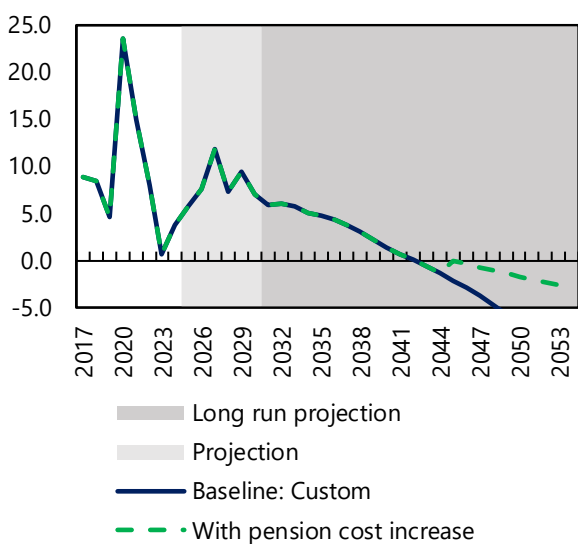
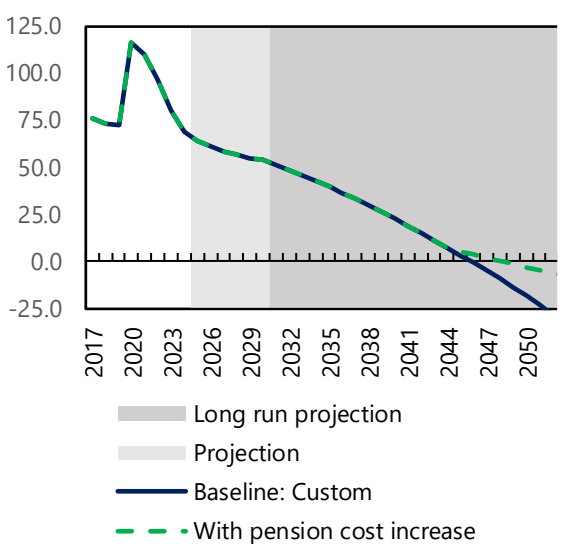
30 years**50 years****Until 2100**

(pp of GDP per year)

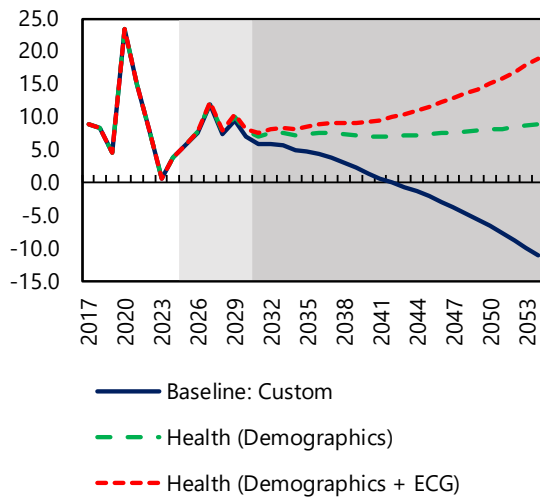
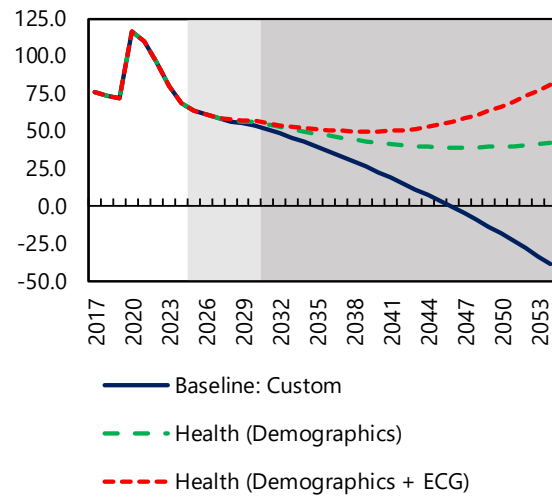
0.7%

1.5%

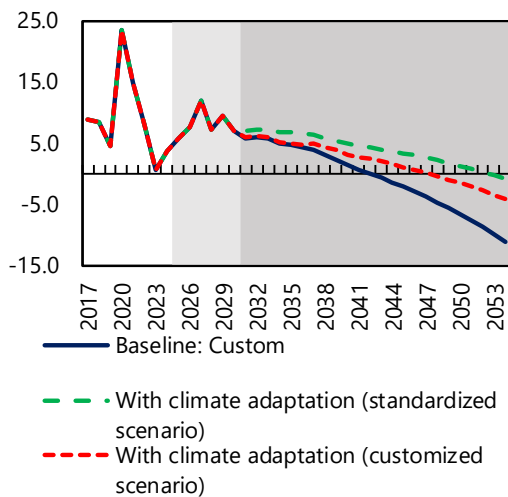
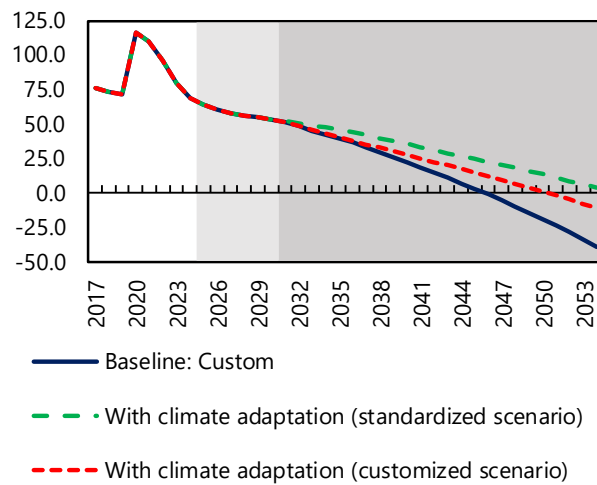
2.7%

Pension Financing Needs**Total Benefits Paid****GFN-to-GDP Ratio****Total Public Debt-to-GDP Ratio**

Commentary: In the long term, pension related expenditures appear manageable and will have a limited impact on debt sustainability and GFNs.

Figure 9. Aruba: Demographics: Health**GFN-to-GDP Ratio****Total Public Debt-to-GDP Ratio**

Commentary: In the long term, health related expenditures might have a limited impact on debt sustainability and GFNs.

Climate Change: Adaptation**GFN-to-GDP Ratio****Total Public Debt-to-GDP Ratio**

Commentary: In the long term, adaptation related expenditures appear manageable and will have a limited impact on debt sustainability and GFNs.

Annex VII. Risk Assessment Matrix¹

Source of risks (Likelihood in color)	Impact	Policy Response
Escalating Trade Measures and Prolonged Uncertainty. Rising trade barriers and prolonged policy uncertainty could reduce trade, investment, and growth. Inflationary pressures may re-emerge—especially in countries imposing tariffs. These effects can be amplified by strategic complementarities or bottlenecks in global value chains or inventory overhang. High.	High. If supply disruptions and tighter financial conditions reduced consumer spending in key markets, such as the U.S. and Europe, Aruba may see lower tourist arrivals, adversely affecting local businesses and employment. The U.S. and the Netherlands make up the majority of Aruba's tourist arrivals.	<ul style="list-style-type: none"> -To mitigate inflationary pressures, identify strategies to substitute products from the U.S. (source of 50 percent of imports, including food products). -Liquidity management and fiscal policies should protect the peg. - Efforts may be necessary to protect the most vulnerable through targeted and temporary support, while respecting the fiscal rule limits. -Continue the diversification of the tourism source base. -Implement policies to foster the implementation of non-tourism sectors to enhance resilience against a slowdown of global economic growth.
Geopolitical Tensions. Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade, and supply chains. High.	High. Geopolitical tensions would affect the Aruban economy by increasing domestic inflation due to higher energy and food prices and/or supply chain disruptions) and by lowering tourism flows that can decrease economic growth.	<ul style="list-style-type: none"> - Maintain solid macroeconomic policies to ensure the availability of external funding, continue attracting FDI, and preserve the peg. - Implement policies to foster the development of non-tourism sectors. -While complying with the fiscal rule, provide targeted and temporary fiscal support to the most vulnerable and hardest-hit workers and businesses. - Enhance surveillance of the financial system. - Continue strengthening the fiscal planning framework and continue reducing public debt.

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline. Likelihood reflects staff's subjective assessment: "low" (below 10 percent), "medium" (10-30 percent), and "high" (30-50 percent). The RAM captures staff views on the source of risks and overall concern as of the time of discussions with the authorities. Risks may interact and materialize jointly. The conjunctural shocks reflect shorter-term risks (12-18 months) while structural risks are more persistent.

Source of risks (Likelihood in color)	Impact	Policy Response
Commodity price volatility Shifts in supply and demand—driven by geopolitical tensions and conflicts, OPEC+ actions, or the green transition—may fuel commodity price swings, intensifying external and fiscal pressures, social unrest, and macroeconomic instability. High.	High. Higher commodity prices would (i) push up global inflation, lowering real income in tourist source countries and tourist arrivals to Aruba, (ii) pass to domestic prices via higher import bill (Aruba is highly dependent on commodity imports, especially food and energy) and transportation costs, affecting to greater degree low-income and vulnerable households, and increasing inequality. Cross-border spillovers from economic instability in emerging markets can impact tourism and foreign investment, further straining Aruba's economy.	<ul style="list-style-type: none"> - Accelerate transition to renewable energy sources through the implementation of the ongoing renewable energy and cyclical economy programs. - Diversify energy imports to reduce vulnerability to external energy shocks. - Promote small agriculture to increase food security and reduce dependency on food imports. - Establish fiscal reserves when prices are stable to provide a cushion in volatile times. - Assist vulnerable populations when commodity prices are high, to maintain social stability and reduce the risk of unrest.
Financial Market Volatility and Correction. Stretched asset valuations, easy financial conditions, and subdued volatility in key markets could be significantly affected by a sudden and disruptive shift in investor sentiment or policy stance, triggering market corrections, exchange rate turbulence, spikes in sovereign bond yields, and capital flow volatility. Elevated leverage among Non-Bank Financial Intermediaries further amplifies these risks, as forced deleveraging during periods of stress could exacerbate asset price swings and propagate shocks. High.	High. Sharp swings in asset prices could stress financial sector balance sheets while higher real interest rate could impact costs and access to finance. Potential negative macro-financial feedback loops could emerge. Slowdown in growth in tourist resource countries would reduce tourist arrivals, damaging Aruba's growth.	<ul style="list-style-type: none"> - Strengthen monitoring systemic risks and crisis preparedness framework to ensure financial system stability. - Further strengthen regulations and oversight for banks and NBFIs to ensure resilience against market dislocations, including stress testing. - Develop macroprudential policy framework. - Continue adherence to the fiscal framework to reduce public debt burden and interest payments and build fiscal buffers.
Cyberthreats. Cyberattacks on physical or digital infrastructure, technical failures, or misuse of AI technologies could trigger financial and economic instability. High.	High. Cyberattacks on physical or digital infrastructure in Aruba can lead to severe disruptions, resulting in financial losses, compromised sensitive data, and diminished trust in digital systems. This instability can deter investment, hinder economic activity, and negatively impact tourism, which is a vital component of Aruba's economy.	<ul style="list-style-type: none"> - Enhance the cybersecurity capabilities of both public and private sectors, including the implementation of advanced security technologies and practices. - Raise awareness about cyber threats and promote best practices for cybersecurity among businesses, government agencies, and the general public. - Leverage international partners to share intelligence, resources, and best practices in combating cyber threats. - Implement routine cybersecurity assessments and audits for critical infrastructure to identify vulnerabilities and ensure compliance with security standards. - Establish comprehensive incident response plans to quickly address and mitigate the impacts of cyber incidents, ensuring business continuity and recovery.

Source of risks (Likelihood in color)	Impact	Policy Response
Climate change Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heightened economic and financial instability. Medium	Medium. Increases in global temperatures can raise the sea level and change weather patterns, also impacting tourism resources including coral reefs. Increasing sea levels could impact a substantial share of the houses, primary infrastructure, and tourism assets that are located near sea level, affecting tourism capacity and economic growth.	<ul style="list-style-type: none"> - Finalize the preparation of a comprehensive risk assessment and a climate change adaptation action. Prioritize public investment in disaster-resistant infrastructure to bolster resistance to rising sea levels, build fiscal buffers and seek cost-effective insurance, and integrate material aspects of climate change and environmental risks into financial sector supervision. - Prioritize investments in sustainable and resilient infrastructure, including renewable energy projects and improved water management systems to enhance food security and reduce vulnerability.
Domestic Risks		
Delays in public investment Prolonged period of low public investment due to delays in planning and implementation. Medium	Medium. Delays in public investment to reduce bottlenecks from higher tourism activity could lead to inadequate infrastructure, dampening economic activity.	Preparing multi-year investment plans; developing a robust institutional framework to appraise project proposals and assess their feasibility, costs, benefits, and risks; and introducing effective and transparent systems for procurement, project management, and ex-post project assessment.

Annex VIII. Contingency Planning: Sensitivity Scenarios

This Annex presents a sensitivity analysis of the potential impact on the Aruban economy from an escalation of geopolitical tensions affecting the flow of tourist arrivals. This analysis is intended to be illustrative given that the scenario is based on specific assumptions.

1. **Between 2000 and 2019, there have been episodes of tourist arrival declines of 10 percent (2016) and 15 percent (2006).** In this context, we assume a couple of scenarios reflecting a decline in tourist arrivals between 10 and 25 percent. Aruba's level of real GDP would be between -1.6 percent and -4.0 percent lower than in the baseline by 2026.
2. **Under the most stringent scenario considered, the overall fiscal balance would be around zero as revenues would decline by 1.1 percent and public debt would increase by about 3 pp of GDP.** The authorities could allow automatic stabilizers to operate, though their impact is limited by the absence of unemployment insurance. To safeguard priority spending and protect vulnerable groups, the escape clause under LAft could be invoked alongside leveraging available fiscal space from recent debt reductions.¹ While it is not required under LAft, if the escape clause is invoked, the authorities should inform Parliament of the expected deviation and present the plan to restore compliance with the fiscal rule.
3. **Given the strong CBA's FX reserve position, the external position would be resilient under the most stringent scenario.** While there would be a decline in the current account, I would still register a surplus. The level of FX reserves would be lower than the one under the baseline; however, FX reserves would be still within the ARA metric.
4. **The CBA could reduce the RRR to support bank lending and domestic demand given the favorable FX position.** Depending on the shock's magnitude, the CBA could assess whether regulatory ratios need an adjustment to preserve financial stability.

¹ The authorities accessed the external market in 2024 securing two loans totaling US\$ 134.5 million, with maturities of 5 and 6 years and yields of 6.2 and 6.3 percent, respectively.

Annex IX. Macro-Financial Linkages in Aruba: Balance Sheet Approach¹

This Annex applies the IMF's Balance Sheet Approach (BSA) to assess Aruba's macro-financial linkages from 2018 and 2024. It highlights rising financial interconnectedness—intersectoral exposures rose from around 660 percent of GDP to over 720 percent of GDP—and reviews sectoral vulnerabilities and transmission channels.¹ While strong household balance sheets, declining public debt, and limited foreign currency mismatches support stability, risks remain. These include a pronounced sovereign-financial nexus—particularly between the government and institutional investors—and banking sector exposure to liquidity and interest rate risks. Data gaps², especially for nonfinancial corporates, hinder full risk assessments and call for enhanced vigilance and improved data.

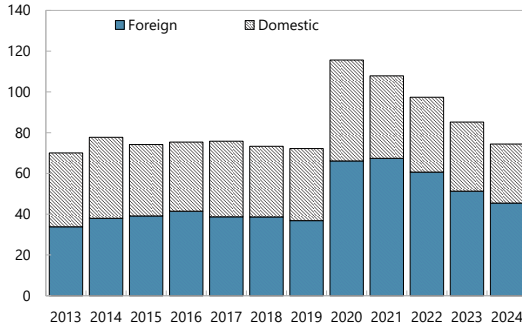
1. Aruba's financial interconnectedness has become more pronounced over the past six years, driven by rising household savings, reverse FDI from the domestic purchase of foreign hotel shares, and reduced public sector borrowing. Household savings have been channeled through the domestic financial system, while nonfinancial corporate savings increasingly flow abroad. Long-term household savings in life insurance and pension products are directed to investments in domestic public debt and foreign securities via the financial system. Although fiscal consolidation has recently lowered the public sector's reliance on borrowing, a significant sovereign-financial nexus persists (Figure 1), particularly with life insurance corporations (LICs) and pension funds (PFs). A network representation of the financial accounts (Figure 2) highlights these dynamics.

¹ The IMF's balance sheet analysis (BSA) framework is stock-based, closely related to the traditional flow-of-funds matrix. It classifies the economy into sectors based on their objectives, functions, and behavior. It covers the central government, central bank, other depository corporations (ODCs), other financial corporations (OFCs), nonfinancial corporations (NFCs), and households (see IMF, 2015). The BSA framework helps identify potential vulnerabilities in the economy from exposures (currency and maturity mismatches) and risks (e.g., rollover, exchange, or interest rate risk). This note is based on balance sheet data compiled by the Central Bank of Aruba (CBA), covering end-of-year stocks for the years 2018 and 2024.

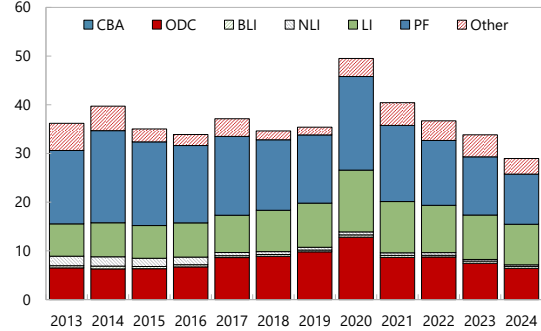
² Important gaps include full balance sheet data using the classification and sectoring framework of the Standardized Report Forms (SRFs) for the central bank, ODCs, and OFCs. Detailed data provided by the CBA permitted the author to identify most key intersectoral positions; however, additional breakdowns by financial instrument and currency could support the analysis. Additionally, the analysis could be strengthened by the availability of a public sector balance sheet and nonfinancial corporate balance sheet data. Data on trust service providers would support the analysis of financial sector interconnectedness. Given the high inflows of foreign exchange cash through the tourism sector, an estimate of US dollars in circulation would further improve the analysis.

Figure 1. Aruba: Central Government Debt by Holder**Central Government Debt: By Residency**

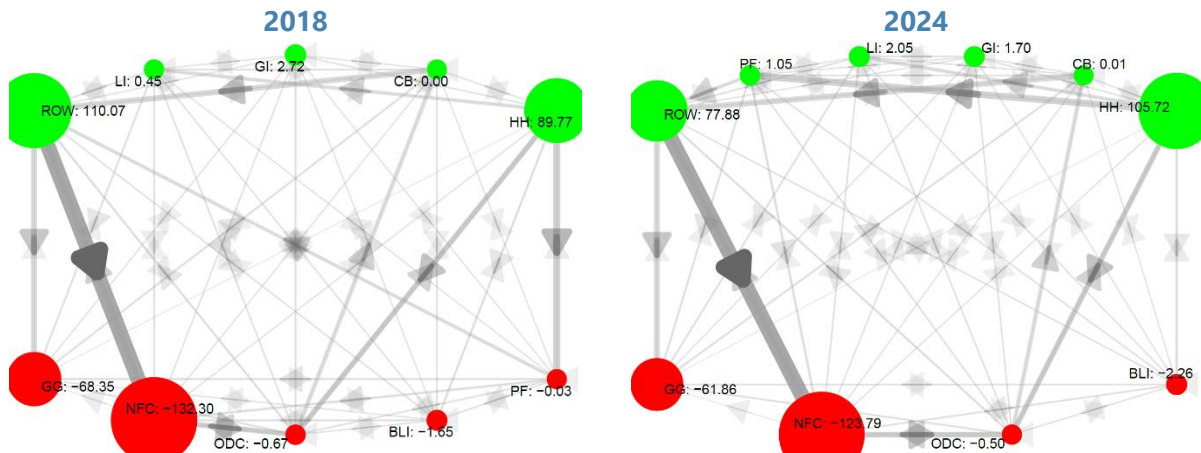
(In percent of GDP)

**Central Government Debt: By Resident Holder**

(In percent of GDP)



Sources: CBA and IMF staff calculations.

Figure 2. Aruba: Network of Balance Sheet Exposures¹

Sources: CBA and IMF staff calculations.

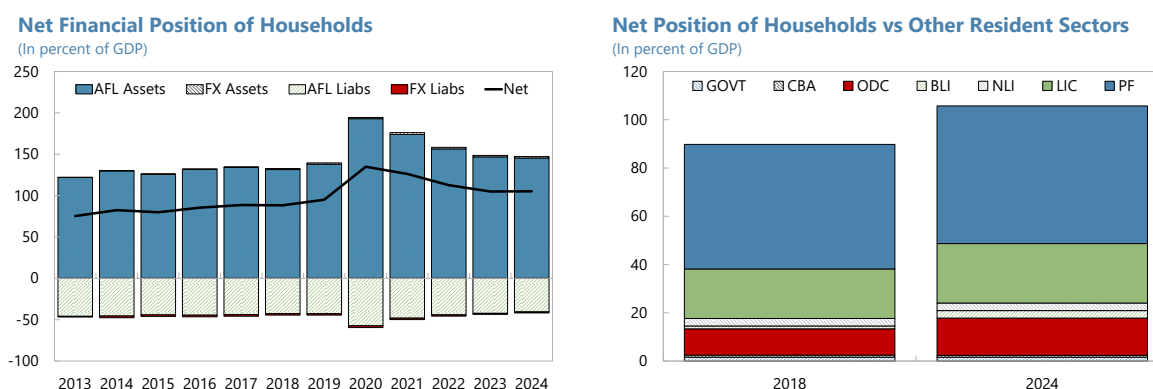
¹ Red nodes represent net borrowers and green nodes represent net lenders. The diameter of the nodes and thickness of the arrows show the relative size of imbalances and exposures, respectively. Key: ROW-rest of world, LI-life insurance corporations, GI-general insurance corporations, CB-Central Bank of Aruba, HH-households, GG-general government, NFC-nonfinancial corporations, ODC-other depository corporations, BLI-bank-like institutions, and PF-pension funds.

2. Aruba's economy demonstrates notable strengths, particularly the robust financial position of households, whose financial net worth exceeds over 100 percent of GDP. However, these assets are largely held in long-term pension and life insurance products, limiting short-term liquidity and increasing their sensitivity to income shocks that could put pressure on their ability to repay debt. Despite rising mortgage and consumer lending, households maintain a positive net position with the banking system.³ Currency mismatches are minimal for the overall economy,

³ Household net positions against ODCs improved from 11 percent to 15 percent of GDP, with savings in life insurance and pension funds increasing by 2.5 and 2.2 percent of GDP, respectively.

supported by the stability of the peg⁴ the positive net external position of the other financial corporations (OFCs)⁵ and the level of reserves held by the central bank. Nonetheless, vulnerabilities persist. Nonfinancial corporations and the central government have net negative foreign currency positions, primarily due to inflows of foreign direct investment and the public sector's euro-denominated debts. While mitigated by strong tourism related FX inflows and the country's market access, the scale of these foreign exchange exposures —350 percent of GDP—and the concentration of public debt in euros (43 percent of GDP) underscores the importance of maintaining adequate reserve levels and prudent external debt management.

Figure 3. Aruba: Household Balance Sheet Indicators



Sources: CBA and IMF staff calculations.

3. The BSA shows that Aruba's economy remains exposed to several structural vulnerabilities. The economy faced multiple shocks over the last two decades (e.g., global shocks: COVID-19, Global Financial Crisis; idiosyncratic: refinery closure), resulting in an increase in public debt levels. While recent fiscal consolidation and robust growth have helped reduce the public debt-to-GDP ratio, elevated debt levels continue to reinforce the sovereign-financial nexus, particularly with institutional investors (life insurance and pension funds). This interdependence increases the risk of adverse feedback loops between public sector borrowing and financial sector stability. As in other countries, the banking system, (ODCs),⁶ faces a typical maturity mismatch, with long-term assets (loans) funded by short-term deposits. The country's shallow capital markets limit the ability of banks to transform the maturity structure of their assets, heightening liquidity and interest rate risks. Rising interest rates could lead to valuation losses on their bond portfolios, and the limited depth of domestic capital markets may amplify these risks by constraining exit options.

⁴ Changes to outstanding amounts of FX exposures reflect both financial transactions and valuation effects due to exchange rate movements.

⁵ OFCs are comprised of financial corporations that are not funded by retail deposits included in broad money. In Aruba, the sector includes bank-like institutions mortgage banks, pension funds, life insurance corporations, finance companies, the Aruban Investment Bank, credit unions, the Social Security Bank, IBA corporation and nonlife insurance corporations. Data exclude trust service providers, other financial intermediaries, and financial auxiliaries.

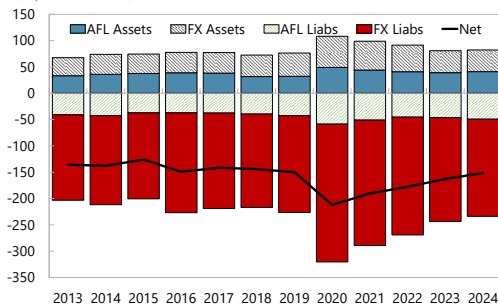
⁶ ODCs are comprised of financial corporations that are funded by liabilities included in broad money, such as retail deposits and short-term negotiable instruments. In Aruba, the sector comprises commercial banks only.

4. Aruba's financial system functions as the conduit between savers and borrowers. Net financial positions across financial subsectors—Central Bank of Aruba, ODCs, and OFCs—are broadly balanced. ODCs have negative net financial positions with most sectors, reflecting the broad sourcing of deposits. About 30 percent of ODC assets are held as central bank reserves, which are subsequently invested abroad by the CBA. This is partially explained by the elevated required reserve ratios post-pandemic and limited domestic investment opportunities. ODCs maintain a negative position with NFCs close to 12 percent of GDP. In contrast, OFCs have begun to play a growing role in financing non-financial corporations, holding net claims equivalent to 20 percent of GDP. The high amount of FDI in Aruba suggests that non-resident investors are willing to take risks by investing in Aruba, so the mismatch could be explained by the banks' prudent credit decisions.

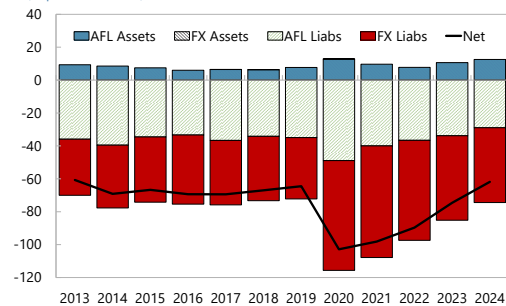
5. The data provided for the subsectors of OFCs permit an analysis of the financial system's interlinkages and highlights the need for capital market development. In 2024, commercial banks had liabilities of 15 percent of GDP to the OFC sector, exceeding their exposure to NFCs. The bank's liabilities to OFCs are primarily short-term deposits, reflecting the OFC's limited investment options and reliance on the banking system for liquidity management. This concentration of financial flows may constrain economic growth, reduce investment efficiency, and expose the OFCs to heightened risk due to limited diversification of counterparties in a concentrated banking sector.

Figure 4. Aruba: Net financial Positions of Other Nonfinancial Sectors: 2013-2024
(In millions of Florins)

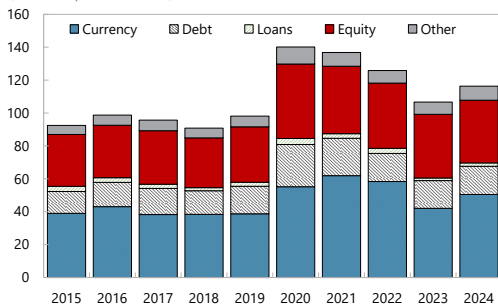
Nonfinancial Corporations: Net Financial Positions
(In percent of GDP)



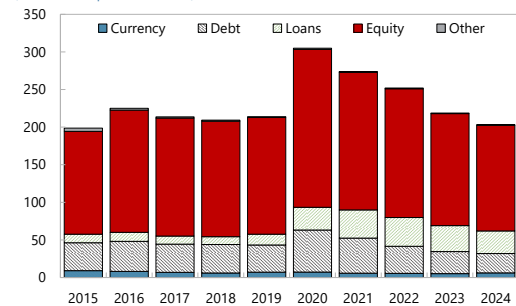
Central Government
(In percent of GDP)



Nonfinancial Corporates: External Positions by Financial Instrument
(Assets, in percent of GDP)



Nonfinancial Corporates: External Positions by Financial Instrument
(Liabilities, in percent of GDP)



Sources: CBA and IMF staff calculations.

6. The net financial position of NFCs has declined in nominal terms (Figure 4), though this does not signal an immediate concern given that most liabilities are equity-based, primarily from FDI. With tourism income largely denominated in US\$, exchange rate risk is limited; however, the sector remains vulnerable to external market volatility and political risks due to its reliance on foreign investors. Recent domestic purchases of hotel shares in 2023 and 2024 have increased NFC equity assets, financed through local borrowing, resulting in a modest rise in leverage that warrants monitoring. The limited use of debt securities for financing reveals the need to deepen domestic capital markets to support more diversified and resilient financing options.

7. Limited data availability constrains a more comprehensive assessment of the NFC sector, underscoring the need for continued vigilance. While available indicators do not suggest significant leverage, liquidity, or currency risks, potential vulnerabilities may lie outside standard balance sheet metrics—such as interest rate exposure or cash flow sustainability. Aruba’s heavy reliance on tourism and the concentration of recent FDI in related sectors heighten the vulnerability to global economic shifts, competitive pressures, and environmental risks.

8. The central government’s net financial position remains consistently negative, reflecting accumulated deficits and underscoring the need for prudent asset and liability management. While recent fiscal surpluses have led to increased government deposits in the financial system, reliance on foreign borrowing—particularly euro-denominated debt—introduces risks related to exchange rate and interest rate fluctuations. Regular debt sustainability analysis and careful monitoring of external exposures are essential to safeguard fiscal sustainability.

9. Continuous balance sheet surveillance is essential to safeguard economic stability amid evolving financial dynamics and external pressures. Aruba’s increasing financial interconnectedness—particularly the sovereign-financial nexus—amplifies risks associated with public sector borrowing and institutional exposures. Prudent fiscal management, regular stress testing of financial institution’s holdings of government debt, and robust regulatory oversight are critical to mitigating these vulnerabilities. Deepening capital markets would support more effective maturity transformation and reduce concentration risks. Finally, enhanced data collection and transparency, including participation in the IMF’s Enhanced General Data Dissemination (e-GDDS), will strengthen risk monitoring and improve the timeliness and quality of macroeconomic statistics.

Annex X. Data Issues¹

Table 1. Aruba: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/							
B							
Questionnaire Results 2/							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	C	A	B	B	A	B	B
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	A	B	B	A		
Granularity 3/	C		B	B	A		
			B		A		
Consistency			B	A		B	
Frequency and Timeliness	D	A	A	C	A		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.

1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.

2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance*, January 2024, Appendix I).

3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. GDP data are published with long delays due to capacity constraints at the Central Bureau of Statistics (CBS), with the latest official figures from 2022. Estimates for 2023-2024 from the Central Bank of Aruba (CBA) and the Department of Economic Affairs, Commerce and Industry of Aruba (DEACI) are inconsistent. CBS does not produce real GDP using the expenditure approach. National accounts data on imports and exports does not align with balance of payments statistics. Official quarterly GDP data are not available. Prices data rely on a 2016 Expenditure Survey, which may no longer be relevant and contains some seasonality bias. Core inflation figures are not reconcilable with overall inflation data. Fiscal reporting covers only the budgetary central government; expanding coverage to general government and updating classifications to *GFSM 2014* is needed. BOP statistics are high quality but delayed due to IT issues at the CBA. IIP and external debt data are annual only. Aruba participates in the Portfolio Investment Positions Survey, the Direct Investment Positions Survey, and COFER. Monetary data are timely and cover the financial system, but are not compiled using the Standardized Report Forms (SRFs). The CBA publishes quarterly FSIs for banks and annual FSIs for insurers and pension funds, but not using the 2016 FSI templates.

Changes since the last Article IV consultation. The CBA began providing the Fund with more granular monetary and financial statistics, including quarterly balance sheets for other financial corporations (bank-like institutions, insurance corporations, and pension funds). There have been delays in the publication of external sector statistics due to an in-progress information systems upgrade at the CBA.

Corrective actions and capacity development priorities. Taking steps to address the shortcomings that contribute to the significant delay in the compilation and dissemination of national accounts statistics is essential. Recent technical assistance from CARTAC identified competing priorities and insufficient resources (specifically staff shortages and the loss of experienced national accounts compilers) as the main cause of the delays. Increasing the number of staff dedicated to national accounts compilation, targeted training, and strengthened collaboration with other government data agencies and stakeholders can help address these issues. To assist in the analysis of public sector fiscal risks, the authorities will need to work toward adoption of the *GFSM 2014* framework. The authorities can consider requesting assistance to help map their new chart of accounts (to be introduced in 2026) to the standardized report forms to produce monetary and financial statistics and financial soundness indicators in line with the latest methodologies.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Due to the significant delay in the dissemination of national accounts data, the team uses CBA estimates for 2023-2024.

Other data gaps. Affordability concerns underscore the need for official data on residential and commercial real estate prices. Indicators on short-term vacation rentals are absent, despite their growing market relevance. Social indicators—particularly inequality—should be developed, including a poverty line to guide targeted social programs. Data on household income and consumption distributions are lacking. Labor statistics need greater detail by sector, education level, and formality. Wages data from the social security bank could support analysis of demand pressures. Estimates of the informal economy's size would also enhance policy design.

Table 2. Aruba: Data Standards Initiatives

Aruba participates in the Enhanced General Data Dissemination System (e-GDDS) and first posted its metadata in August 2017 but is yet to disseminate the data recommended under the e-GDDS.

¹ Prepared by Justin Matz.

Table 3. Aruba: Common Indicators Required for Surveillance
(As of November 4, 2025)

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data ⁶	Frequency of Reporting ⁶	Expected Frequency ^{6,7}	Aruba ⁸	Expected Timeliness ^{6,7}	Aruba ⁸
Exchange Rates	Current	Current	D	D	D	D	...	1D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	Aug-25	Oct-2025	M	M	M	...	1M	...
Reserve/Base Money	Aug-25	Oct-2025	M	M	M	M	2M	1M
Broad Money	Aug-25	Oct-2025	M	M	M	M	1Q	5W
Central Bank Balance Sheet	Aug-25	Oct-2025	M	M	M	M	2M	1M
Consolidated Balance Sheet of the Banking System	Aug-25	Oct-2025	M	M	M	M	1Q	5W
Interest Rates ²	Q2-25	Sep-25	Q	Q	M	Q	...	1Q
Consumer Price Index	Aug-25	Sep-25	M	M	M	M	2M	3W
Revenue, Expenditure, Balance and Composition of Financing ³ —General Government ⁴	...	...	...	...	A	...	3Q	...
Revenue, Expenditure, Balance and Composition of Financing ³ —Central Government	Q2-25	Aug-25	Q	Q	Q	Q	1Q	1Q
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	Q2-25	Aug-25	Q	Q	Q	Q	2Q	2Q
External Current Account Balance	Q1-25	Sep-25	Q	Q	Q	Q	1Q	1Q
Exports and Imports of Goods and Services	Q3-24	Nov-24	Q	Q	M	Q	12W	1Q
GDP/GNP	2022	Sep-25	A	A	Q	...	1Q	...
Gross External Debt	2024	Jul-25	A	A	Q	A	2Q	15M
International Investment Position	2024	Jul-25	A	A	A	A	3Q	9M

¹ Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

² Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

⁶ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

⁷ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

⁸ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".

Annex XI. Updates to Monetary Accounts¹

The Central Bank of Aruba is implementing the IMF's 2016 guidelines to enhance monetary data for financial corporations, with a comprehensive update expected by early 2026.

1. **The CBA is working towards implementation of the IMF's 2016 *Monetary and Financial Statistics Manual and Compilation Guide (MFSMCG)*.** It will include the introduction of a new framework for the compilation and dissemination of monetary data for all financial corporations. The adoption of the new framework entails improvements in the sectorization and classification of accounts and a broadening of the scope of monetary statistics to include Aruba's Other Financial Corporations (OFCs), such as insurance corporations and pension funds. A fully revised set of monetary statistics, compiled fully in line with the *MFSMCG*, is expected after the introduction of a new chart of accounts for financial corporations in early 2026.
2. **In the interim, the presentation of Aruba's monetary statistics has been revised to better align the current dataset with the *MFSMCG* framework.** This includes, inter alia, the reclassification of the CBA's valuation adjustment from net foreign assets to capital account (liabilities), the identification of commercial bank claims on nonfinancial public enterprises (SOEs) and claims on OFCs, and the reclassification of long-term deposits (original maturity greater than 2-years) outside of broad money. The revisions are presented in Tables 4 and 5.

¹ Prepared by Justin Matz.



KINGDOM OF THE NETHERLANDS—ARUBA

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION DISCUSSIONS—INFORMATIONAL ANNEX

November 5, 2025

Prepared By

The Western Hemisphere Department (in consultation with
other departments)

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FUND RELATIONS

Membership Status

The Kingdom of the Netherlands is an original member of the Fund, joining on December 27, 1945. On February 15, 1961, The Kingdom of the Netherlands accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Articles of Agreement for all territories. Aruba maintains an exchange system free of multiple currency practices.

Financial Position in the Fund as of September 30, 2025		
General Resources Account	SDR Million	Percent of Quota
Quota	8,736.50	100.00
Fund Holding of Currency	6,479.74	74.17
Reserve Tranche Position	2,258.27	25.85
SDR Department	SDR Million	Percent Allocation
Net cumulative allocation	13,210.17	100.00
Holdings	13,730.35	103.94
Outstanding Purchases and Loans	None	

Latest Financial Arrangements				
Type	Date of Arrangement	Expiration date	Amount Approved (SDR million)	Amount Drawn (SDR million)
Stand-by	Sept 12, 1957	March 12, 1958	68.75	0.00

Overdue Obligations and Projected Obligations to Fund 1/ (SDR million; based on existing use of resources and present holdings of SDRs)					
	Forthcoming				
	2025	2026	2027	2028	2029
Principal
Charges/Interest	...	0.06	0.06	0.06	0.06
Total	...	0.06	0.06	0.06	0.06
1/ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.					

Implementation of HIPC Initiative

Not Applicable

Implementation of Multilateral Debt Relief Initiative (MDRI)

Not Applicable

Implementation of Catastrophe Containment and Relief (CCR)

Not Applicable

As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief Trust (CCR).

Exchange Rate Arrangements

The exchange rate arrangement is a conventional peg. The Aruban florin has been pegged to the U.S. dollar at Afl. 1.79 per U.S. dollar since January 1, 1986. Prior to that, Aruba's currency was called the Antillean guilder, which maintained a peg against the US dollar (1 U.S. dollar = ANG 1.79) since 1971.

Aruba maintains an unapproved exchange restriction arising from the foreign exchange tax on payments by residents to non-residents (1.3 percent of the transaction value).¹

Last Article IV Consultation Discussions

The Executive Board concluded the 2023 Article IV Consultation Discussions with Aruba on July 27, 2023, [IMF Country Report No. 23/284](#). Aruba is on a 24-month discussion cycle.

Resident Representative: None

¹ In light of new information regarding Aruba's foreign exchange system, the tax is being reassessed under Article VIII.

Technical Assistance		
Department	Dates	Purpose
CARTAC	November 2025	Fiscal Risk Strengthening
FAD	October 2025	Public Financial Management Workshop
CARTAC	October 2025	Public Financial Management: Medium-term budgeting
CARTAC	September 2025	Macroeconomic programming and analysis
CARTAC	September 2025	Debt Management: Debt reform
CARTAC	September 2025	Price Statistics: Consumer Price Index
MCM	September 2025	Systemic Risk Analysis: Credit risk modeling
CARTAC	July 2025	External Sector Statistics
CARTAC	March 2025	National Accounts Statistics
CARTAC	February 2025	Revenue Administration: Tax performance
CARTAC	October 2024	Public Financial Management: Fiscal Rules
MCM	October 2024	Systemic Risk Analysis: Financial Stability Report
CARTAC	October 2024	Public Financial Management: Debt management strategy
CARTAC	October 2024	National Accounts Statistics
CARTAC	September 2024	Revenue Administration: TADAT training
CARTAC	May 2024	Revenue Administration: VAT implementation
CARTAC	March 2024	Price Statistics: Consumer Price Index
CARTAC	January 2024	National Accounts: Quarterly GDP
CARTAC	September 2023	Revenue Administration: Customs
FAD	August 2023	Public Financial Management: Fiscal Risks
CARTAC	July 2023	Public Financial Management: Budget preparation
CARTAC	May 2023	Debt Management: Strategy
CARTAC	May 2023	Macroeconomic programming and analysis
CARTAC	May 2023	Price Statistics: Consumer Price Index
CARTAC	May 2023	Revenue Administration: Customs
CARTAC	March 2023	Revenue Administration: Customs
MCM	February 2023	Financial Supervision and Regulation: Supervision
MCM	January 2023	Financial Supervision and Regulation: Scoping mission
CARTAC	December 2022	Revenue Administration: Tax administration
CARTAC	December 2022	Revenue Administration: VAT implementation
CARTAC	November 2022	External Sector Statistics; Quarterly external debt
CARTAC	October 2022	Revenue Administration: Customs
CARTAC	May 2022	Revenue Administration: Strategic management framework
CARTAC	April 2022	Systemic Risk Analysis: Diagnostic and scoping mission
CARTAC	March 2022	National Accounts: GDP statistics
CARTAC	February 2022	Revenue Administration: Customs
MCM	February 2022	Macroeconomic programming and analysis
CARTAC	January 2022	External Sector Statistics: International Investment Position