



# KINGDOM OF THE NETHERLANDS—ARUBA

## STAFF REPORT FOR THE 2021 ARTICLE IV CONSULTATION DISCUSSIONS—SUPPLEMENTARY INFORMATION

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Prepared By

Western Hemisphere Department

*This statement reports on developments that occurred since the staff report was issued to the Executive Board. This supplementary information does not alter the thrust of the staff appraisal.*

**1. One year into the pandemic Aruba is enduring its fourth wave of infections.**

Since mid-March the number of active COVID-19 infections started increasing again, reaching a peak in early April. Active cases are currently about 0.5 percent of the population, and the total infection rate (including visitors), reached 8.6 percent, closely trailing the US. However, the peak of the wave has already passed, and the healthcare system remains resilient. Vaccinations advance steadily: so far almost 20 percent of the population has been vaccinated, about 9 percent having received the second dose.

**2. On March 29, the Dutch government approved the fifth tranche of budgetary financial support.** This tranche, amounting to about 5 percent of GDP (Afl. 237 million), covers liquidity needs for 2021Q2 and is also in the form of 2-year interest-free loans.

**3. The Aruban government resigned on March 30.** The resignation followed the announcement by the Public Prosecutor that a criminal investigation is taking place into misuse of public money by one of the coalition parties. Early elections have been scheduled for June 25, ahead of the general elections previously scheduled for September. The incumbent government will stay on until then with a caretaking status without introducing significant policy changes, and the 2021 budget proposal was submitted to Parliament on March 31. The Netherlands stated that cooperation on financial support and other issues will not change due to the resignation.

**4. While the macroeconomic outlook is subject to increased uncertainty, the thrust of the staff appraisal remains unchanged.** Although economic activity could be further disrupted by the intensification of the COVID-19 outbreak and reintroduction of containment measures, the fifth tranche of financial support ensures uninterrupted provision of public services and emergency fiscal support in Q2. Given continuity of previously announced policies until early elections take place and continued cooperation with the Netherlands, the above developments do not alter the thrust of staff analysis and appraisal