



GOBIERNO DI ARUBA

Economic Outlook 2020 - 2021



Department of Economic Affairs,
Commerce and Industry of Aruba

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I. Summary

The effects of the worldwide COVID-19 pandemic have been of an unprecedented impact on the economy of Aruba. Especially being a small island state which is highly dependent on tourism, the main factors behind the negative projection for 2020 are the slowdown in tourism. Based on the data available up till October 2020, it is estimated that the Aruban Economy will contract with 32.7 percent in 2020 compared to 2019.

The sharp decline in tourism revenue is estimated to have a large impact on the macroeconomic indicators: Export of Goods and Services (51.1 percent), Private Investment (36.9 percent), Import of Goods and Services (29.2 percent), Private Consumption (8.5 percent), and Public Consumption (14.7 percent).

Taking into account the uncertainties with regards to the duration of the pandemic and travel restrictions, the Department of Economic Affairs, Commerce & Industry (DEACI) produced three projections for 2021. These are based on the Aruba Tourism Authority (ATA) projected scenarios, which include an “optimistic” scenario, a “cautiously optimistic” scenario, and a “conservative” scenario.

The Nominal GDP in 2021 is estimated to fluctuate between an increase of 0.6 percent and 8.5 percent compared to 2020. Total Consumption will fluctuate between a decrease of 0.7 percent and 0.4 percent compared to 2020, with an expected Private Consumption increase between 0.0 percent and 0.3 percent.


A decrease of 3.3 percent in Private Investments is expected for all three scenarios compared to 2020. This is due to many uncertainties surrounding the recovery of the local and global economy, although the global economy is expected to pick up in 2023.

The Export of Goods and Services is estimated to increase between 10.7 percent and 33.9 percent compared to 2020. As a result, the Import of Goods and Services is expected to increase between 4.5 percent and 11.2 percent compared to 2020.

The Nominal GDP in 2020 is projected to be at 67 percent of the level of the Nominal GDP in 2019, while in 2021 the optimistic scenario for the Nominal GDP will be at 73 percent of the level of the Nominal GDP in 2019. Note that this slow economic recovery in 2021 is compared to 2020, but is still far from reaching the economic levels of 2019. In order to reach a full recovery, the same levels of 2019 must be met.

The level of tourism income in nominal terms in 2020 is estimated to be at 38 percent of the level of 2019, while in 2021, the optimistic scenario will reach 58 percent of the level of 2019.

Finally, as for the government financial support to the private sector in 2021, we assumed that the conditions under which the compensations (wage subsidies for employees, benefits for self-employed, FASE and SME) are given will be the same as 2020. These assumptions for 2021 are subject to change and is based on the developments surrounding the government financial support.



II. Economic Outlook projections 2020 – 2021

DEACI structurally monitors the economy and advises the Minister of Finance, Economic Affairs and Culture on current and future economic developments. Since March 2020, DEACI has been producing several scenarios with the Macro-Economic Model (MARUBA) to forecast economic developments that emerged from the pandemic.

The MARUBA model is based on the National Accounts and reflects the functioning of the Aruban economy, which is used to forecast economic developments of the island. It is important to highlight that during the months April and October 2020, the MARUBA model has been extensively reviewed by two Technical Assistance missions by the Caribbean Regional Technical Assistance Centre (CARTAC/IMF). During these missions, suggested recommendations for improvement of the model were implemented and subsequently approved with a validation letter for each mission. These letters support the use of the MARUBA as a tool to conduct macro-economic and fiscal projections for policy analyses.

After revising the projections based on new developments and data, DEACI is proud to present the final Economic Outlook 2020-2021.

The economy of Aruba has been severely affected by the outbreak of COVID-19 and the subsequent lockdown in March 2020. In response to the COVID-19 crisis, the government put in place a range of financial assistances for businesses and employees in the private sector that were most affected by the crisis. The reopening of the borders in June, in combination with tourists slowly returning to the island was still not sufficient for a solid economic recovery in 2020.

Tourism and investments were highly affected resulting in a unprecedented decrease in the economy. The estimations for 2020 and the forecast for 2021 are based on the analysis of the available data and stakeholder's information. In this Outlook, we take into consideration that the tourism sector is slowly recuperating and Private Investments remain limited for both 2020-2021. In addition to this critical scenario, the financial support given by the government to the private sector is included up to December 2020 and in 2021.

In the following chapters, the projected Nominal GDP for 2020 and 2021 will be discussed along with three scenarios, which includes the macro-economic components for 2021 using the baseline from 2020. These projections are based on data available up until October 2020.

The scenarios consist of an “optimistic” scenario, a “cautiously optimistic” scenario, and a “conservative” scenario.

The assumptions made are derived from the worst and best tourism-related scenarios and are based on projections made by ATA, investment trends, and developments in particular sectors.

Following the above mentioned assumptions, a brief overview is provided of the international market, presenting information on global forecasts, inflation in the Caribbean, Netherlands and the United States, and the oil prices (current and forecasted).

Gross Domestic Product (GDP)

It is important to mention that in the estimations for 2020 and the projections for 2021, the government financial support to the private sector is included. Secondly, a cautiously optimistic scenario, derived from the scenarios from ATA, is taken as the baseline for 2021. This scenario, with a growth of 5.6 percent, is close to the IMF projection and lies between the conservative (growth of 0.6 percent) and the optimistic scenario figures (growth of 8.5 percent). The IMF is assuming a real GDP growth of 4.0 percent for tourism-dependent Caribbean islands). Finally, the analyses in this Outlook only include factors that are likely to occur in 2020 and 2021. Please refer to page 10 for the assumptions used for the 2021 projections.

Compared to 2019, the projections for the year 2020 and 2021 show a large contraction of the Nominal Gross Domestic Product (GDP). As shown in Table 1, the estimated Nominal GDP will have a decrease of 32.7 percent in 2020 compared to 2019 and a projected growth of 5.6 percent in 2021 compared to 2020 (baseline).

The Nominal GDP for 2021 (Afl. 4277m) will be at 71 percent of the level of 2019 (Afl. 6013m), while the Nominal GDP in 2020 (Afl. 4049m) will be at 67 percent of the level of 2019.

The Nominal GDP decrease in 2020 compared to 2019 is induced by a sharp decline in all macro-economic indicators: Export of Goods and Services (51.1 percent), Private Investment (36.9 percent), Import of Goods and Services (29.2 percent), Private Consumption (8.5 percent), and Public Consumption (14.7 percent).

The main driver of the expected growth in 2021 compared to 2020 is an increase in Export Goods and Services of 25.4 percent due to more tourism revenue compared to 2020. Nevertheless, a marginal growth in Private Consumption of 0.2 percent is expected. As a result, Import of Goods and Services is expected to increase by 8.7 percent in 2021.

With regards to Private Consumption, the greatest influence comes from employees of vulnerable companies whose purchasing power was greatly affected by the COVID-19 pandemic.

Since April 2020, the government has been providing financial support to this group of employees through wage subsidies, FASE, and specific financial support to Small and Medium-sized Enterprises (SMEs). Furthermore, it is expected that a similar form of government financial support will be provided to this group in 2021, depending on how tourism develops. The current projection shows that tourism recovery will not be sufficient to reach the 2019 wage levels.

For Private Investment, a delay in significant tourism and infrastructural projects took place in 2020. Additionally, due to the COVID-19 pandemic Shelter in Place measure, a two-month recess in the construction sector, which took place in the months April and May, is included in the calculation.

Furthermore, it is expected that investments that should have started in 2021, will be postponed until 2022 and 2023. This is mainly due to the uncertainties surrounding the recovery of the local and global economy. The latter is expected to pick up by 2023.

Finally, graph 1 illustrates the trend of the percentage growth of the Nominal GDP for Aruba over the past 8 years. Note that the Nominal GDP for the years 2018, 2019, 2020 and 2021 are based on DEACI's projection.

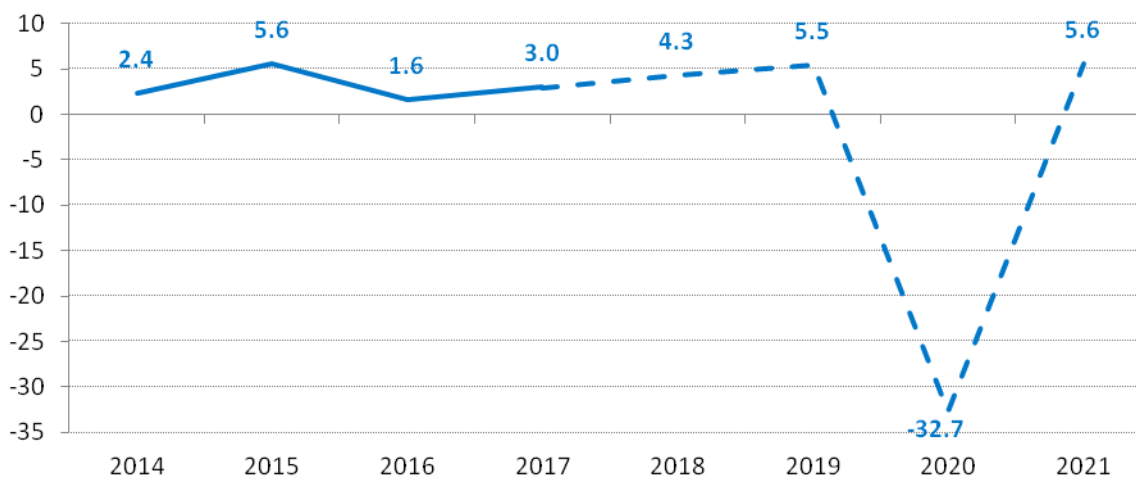
Table 1: Percentage growth of Nominal GDP and its main indicators for the years 2019-2021.

	2019	2020	2021
Nominal (in % change)		Baseline	Scenario "Cautiously Optimistic"
Inflation (%)	3.9*	-1.3	0.6
Gross Domestic Product (in Afl. M)	6013	4049	4277
GDP in % change	5.5	-32.7	5.6
Private consumption (%)	2.9	-8.5	0.2
Public consumption (%)	8.1	-14.7	-3.1
Total Consumption	4.0	-10.0	-0.5
Private investments (%)	6.7	-36.9	-3.3
Public investments (%)	144.8	13.1	-50.5
Total investments	8.4	-35.6	-5.6
Export Goods and Services (%)	3.5	-51.1	25.4
Import Goods and Services (%)	2.7	-29.2	8.7
	2019	2020	2021
Tourism			
Total Stayover Visitors (number*1000)	1124	392	618
Total Cruise Passengers (number*1000)	832	255	267
Export from Tourism (in Afl. M)	3725	1417	1978

Source: Department of Economic Affairs, Commerce and Industry of Aruba, Dec.2020.

*Central Bureau of Statistics, Dec.2020.

Graph 1: Percentage growth of Nominal GDP for the years 2014-2021.



Source: Department of Economic Affairs, Commerce and Industry of Aruba, Dec. 2020 for the years 2018-2021.

National Accounts, CBS 2019 for the years 2014-2017.

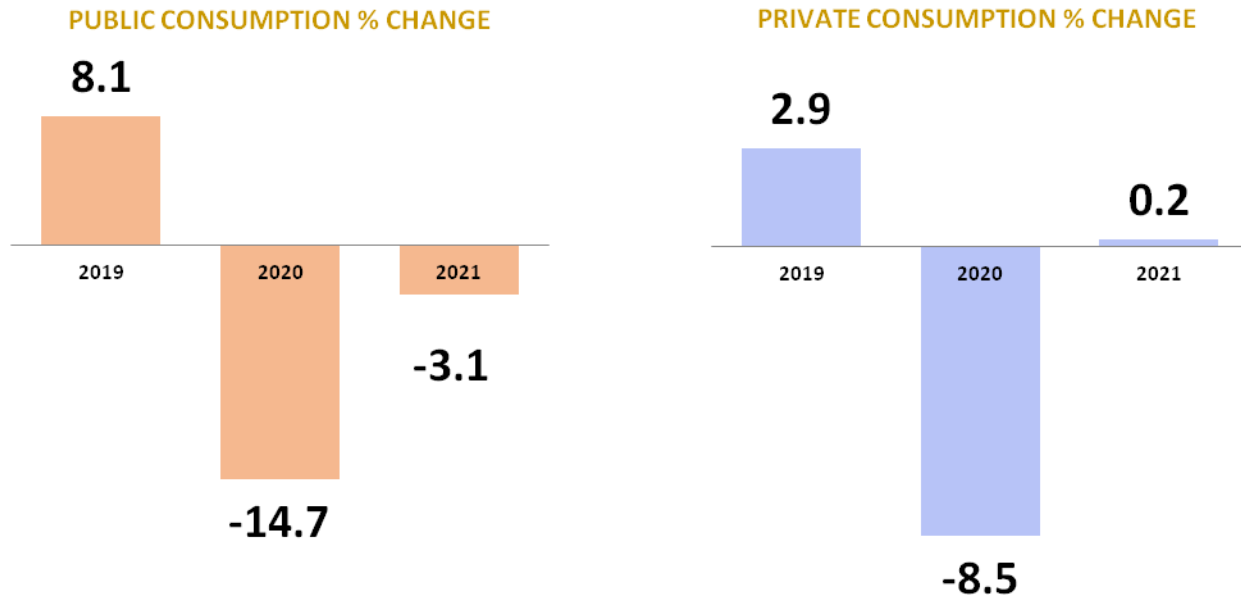
Consumption

The Total Consumption in nominal terms is projected to decline with 10.0 percent in 2020 and a slight decline of 0.5 percent for 2021 (Table 1).

Private Consumption, in nominal terms, has an estimated drop of 8.5 percent for 2020 and a small growth projected of 0.2 percent for 2021 (Graph 2). The decline in Private Consumption in 2020 is strongly impacted by the decrease in salaries of employees in the private sector due to the pandemic. The expected increase in investments and tourism exports in 2021 will not contribute sufficiently to Private Consumption. In these projections, the financial support provided by the government to the private sector is included.

Finally, the projections of Public Consumption is based on the latest data received in December 2020 from the Department of Finance, which will lead to a nominal decrease of 14.7 percent in 2020 and a further decline of 3.1 percent for the year 2021 (Graph 2). This decrease is mainly attributed to less consumption of goods and services by the government, a decrease of 12.6 percent in wages of the public sector as result of measurements taken in response to the pandemic and the large drop in public revenues. It is assumed that these measures will be maintained in 2021.

Graph 2: Public and Private Consumption in percentage change for the years 2019-2021.



Source: Department of Economic Affairs, Commerce and Industry of Aruba, Dec. 2020.

Investment

Total Investment in 2020 shows a nominal decrease of 35.6 percent and for 2021 a nominal decrease of 5.5 percent (Table 1) is forecast.

In 2020, Public Investment shows a slight increase of 13.1 percent in nominal terms. The government allocated a total amount of Afl. 40 million for investments to stimulate the economy in 2020. The policy guidelines described in the “Financial Economic Memorandum (FEM)” 2018-2021 and the government financial position, puts a cap on the total Public Investments to a maximum of Afl. 20 million in 2021. Consequently, in 2021, there is an estimated decline of 50.5 percent for public investments. (Graph 3)

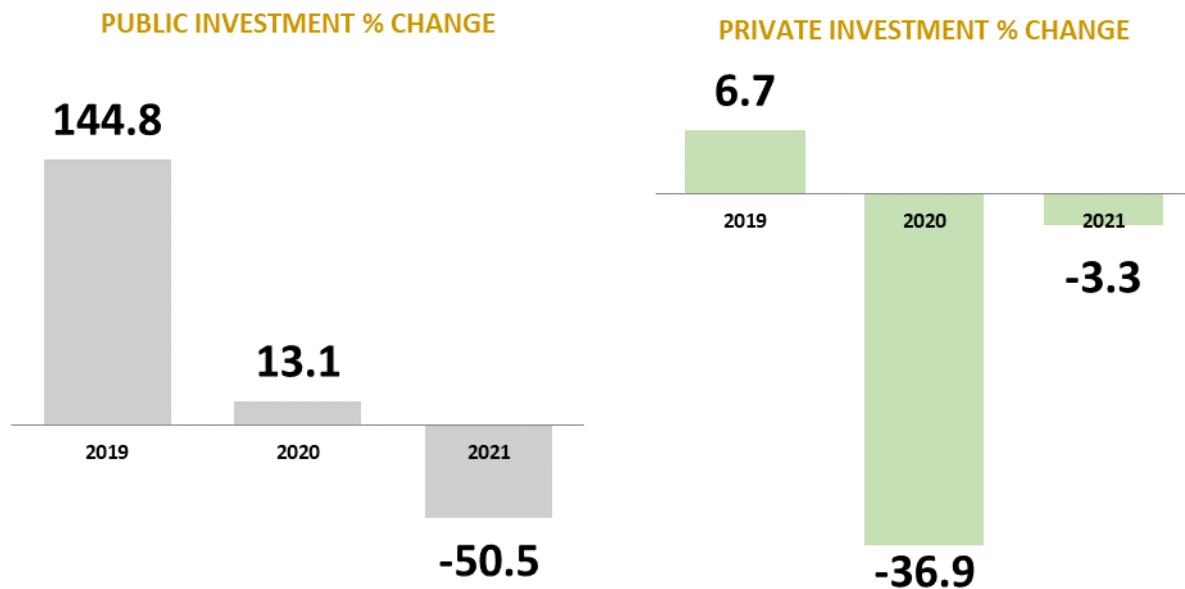
As a result of presumed delays in 2020 and 2021, private investment shows a nominal decrease of 36.9 percent in the year 2020 and a projected decline of 3.3 percent for 2021 (Graph 3).

Private Investment will decrease considerably in upcoming years, which is mainly due to constructions for the tourism-related sector and infrastructure, which are affected by the pandemic.

Some investment projects planned in 2020 were delayed or did not start. Furthermore a 2 months’ recess in construction is included (April and May 2020) due to the pandemic’s Shelter in Place measure.

It must be noted that a higher risk factor has been applied to some projects planned for 2021. Some investments planned to start in 2021 are assumed to be postponed until 2022 and 2023, which is due to the uncertainties surrounding the recovery of the local economy and global economy, which is expected to pick up by 2023.

Graph 3: Public and Private Investment in percentage change for the years 2019-2021.



Source: Department of Economic Affairs, Commerce and Industry of Aruba, Dec. 2020.

Export

Figures for 2020 indicate a decline for Exports of Goods and Services in Aruba. Total export is estimated to decline by 51.1 percent in 2020 and 2021 an increase of 25.4 percent in nominal terms (Graph 4).

Tourism service export, which is considered the main contributor to Aruba's economy, indicates a nominal decline of 62.0 percent in 2020 and for 2021 a growth of 39.6 percent (Graph 4). The development of total tourism revenue depends on the recovery in total stay-over and cruise visitors, and the spending capacity of these visitors.

Numbers of stay-over visitors for 2020 until October are very conservative with an estimated decrease of 65 percent for 2020. The estimated average length of stay is 7.4 percent for 2020.

These results are in line with ATA's October 2020 report, where they indicated a decrease of 68.1 percent in stay-over visitor arrivals until October 2020 compared to the same period for 2019.

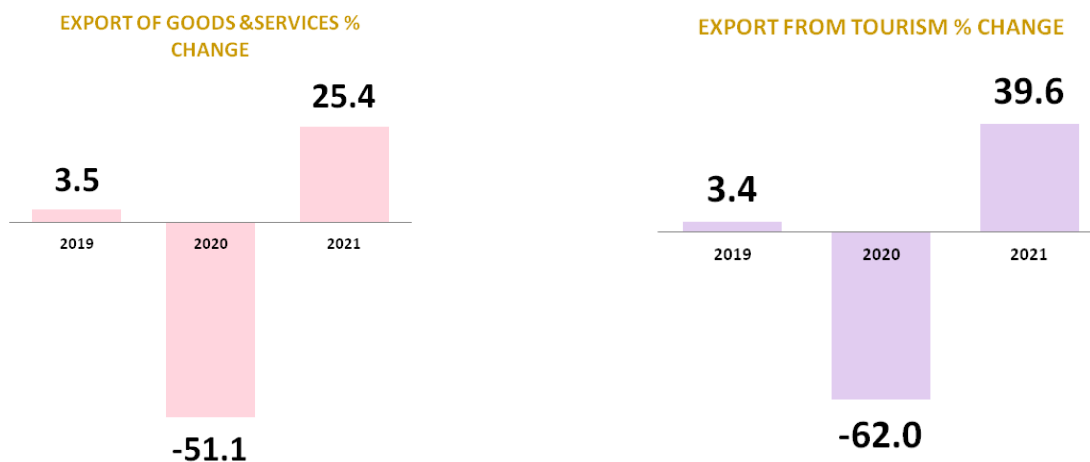
Note that the number of visitors is mainly determined by US arrivals (92.9 percent visitors are from the USA). Additionally, a 7.8 percent in length of stay is recorded until October 2020 compared to the year 2019.

For 2021, the numbers of stay-over visitors is estimated to grow by 57.7 percent compared to 2020. Compared to 2019, this is still a decline of 45 percent due to the fact that global tourism industry will experience an overall slow recovery.

Cruise passengers is estimated to finish the year 2020 with a drop of 69.4 percent compared to the year 2019 (Graph 5). It is expected that in 2021 it will grow by 4.7 percent compared to 2020, reaching 68 percent less passengers than 2019. This slow recovery in 2021 is based on the assumption that the first quarter of 2021, the cruise industry will still be on halt.

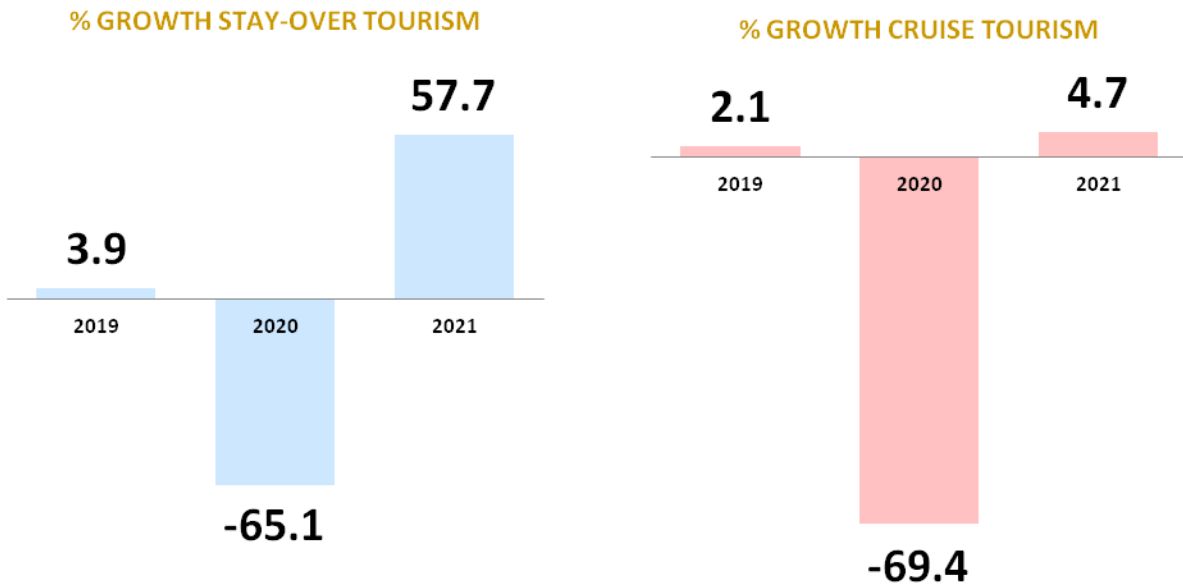
However, as it relates to tourism arrivals for 2021, these estimations remain subject to change. The uncertainties surrounding the pandemic is the most important factor influencing the tourism industry globally for 2021.

Graph 4: Total Export Goods and Services and Export from Tourism in percentage change for the years 2019-2021.



Source: Department of Economic Affairs, Commerce and Industry of Aruba, Dec. 2020.

Graph 5: Tourism growth in percentage for the years 2019-2021.



Source: Department of Economic Affairs, Commerce and Industry of Aruba, Dec. 2020.

Import

Since the '80s tourism has been the key economic driver for Aruba. This has created a complex relationship between the increase in tourism consumption and Imports, where the higher the dependency on tourism, the higher the dependency on Import of Goods and Services.

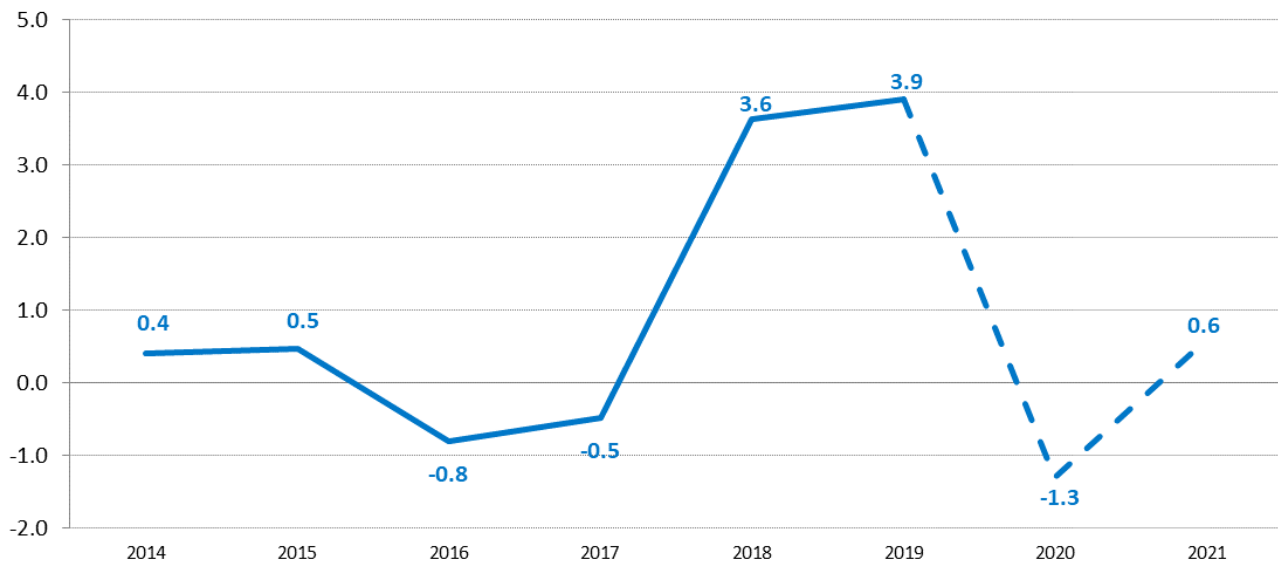
For 2020 and 2021 an estimated nominal decrease of 29.2 percent and an increase of 8.7 percent in Imports are respectively expected. These changes in 2020 and 2021 are explained by the expected decrease (in 2020) and slight increase (in 2021) of Private Consumption, tourism-related exports, and the decrease in Private Investment (for 2020 and 2021), each individually influencing the Import of Goods.

Consumer Price Index (CPI)

For the CPI's period average, a drop of 1.3 percent for 2020 is estimated (Graph 7).

According to the Central Bureau of Statistics (CBS), the decrease in prices that had the greatest influence on the CPI in October 2020 was registered for the sectors "Recreation and culture" (0.7 percent), "Housing" (0.2 percent) and "Miscellaneous goods and services" (0.3 percent) (Press Release Consumer Price Index October 2020, CBS). Finally in October 2020, utilities, gasoline and diesel showed a decrease in price of 0.2 percent compared to the month before (Press Release Consumer Price Index October 2020, CBS).

Graph 7: Inflation change (period average) for the years 2014-2021.



Source: Department of Economic Affairs, Commerce and Industry of Aruba, Dec. 2020 for the years 2020 and 2021. CPI figures 2014-2019 are derived from the Central Bureau of Statistics (CBS)



III. Scenarios 2021

Tourism plays a vital role in Aruba's economy and is the largest contributor to its GDP. Therefore, three scenarios for the GDP in 2021 using tourist arrivals, cruise visitors, and other tourism-related indicator have been prepared.

Key Tourism Indicators

Optimistic

Stay-over visitors for 2021 will grow by 72 percent compared to 2020. However, compared to 2019 there is a decline of 40 percent in visitor arrivals. This is based on a temporary projected "Optimistic" scenario for 2021 received from ATA dated November 20, 2020. Note that this projection can fluctuate from day-to-day.

Although cruise visitors in 2021 will grow by 57 percent compared to 2020, cruise arrivals compared to 2019 will decline by 52 percent. This is based on the "best" projected scenario for 2021 received from ATA dated November 30, 2020. Note that this projection can fluctuate from day-to-day.

Cautiously Optimistic

Stay-over visitors for 2021 will grow by 57 percent compared to 2020 but decline by 45 percent in visitor arrivals compared to 2019. This is based on a temporary projected "Cautiously Optimistic" scenario for 2021 received from ATA dated November 20, 2020. Note that this projection can fluctuate from day-to-day.

Cruise visitors in 2021 will grow by 5 percent compared to 2020 and compared to 2019, a decline of 68 percent in cruise arrivals. This is based on the "mid/realistic" scenario for 2021 received from ATA dated November 30, 2020. Note that this projection can fluctuate from day-to-day.

Conservative

In 2021, stay-over visitors will grow by 29 percent compared to 2020, and compared to 2019, a decline of 55 percent in visitor arrivals. This is based on a temporary projected “Conservative” scenario for 2021 received from ATA dated November 20, 2020. Note that this projection can fluctuate from day-to-day.

Cruise visitors for 2021 will decline by 27 percent compared to 2020 and compared to 2019, a decline of 78 percent in cruise arrivals. The decline in 2021 is due to the expectation that Cruise Operators will still be on halt for the first three months of 2021. This is based on the “conservative” scenario for 2021 received from ATA dated November 30, 2020. Note that this projection can fluctuate from day-to-day.

Other Non-tourism related indicators for all three scenarios

Government sector

Government expenditure is in line with the projected budget of 2021, dated 3 December, 2020. It is assumed that the Governmental cutbacks are maintained, including a cutback in investment (Afl. 20m). Further, government financial support for the private sector, FASE and SMEs will be provided in 2021.

Total private investment

Economic Momentum (demand-driven investments) reflects the same Economic Momentum as in 2020. DEACI also revised the investment data for 2021 for other major tourism and infrastructure projects (investments). A higher risk factor has been applied to some of these projects, considering that projects that should have started in 2021, will be postponed until 2022 and 2023. Additionally, there is no information about new investments in tourism and infrastructure for 2021. This is mainly due to the uncertainties surrounding the recovery of the local economy and the global economy, which is expected to pick up by 2023.

Labor Market

As for the employees in vulnerable companies, financial support will continue assuming that the tourism sector will slowly pick up. It is expected that as this improves, the amount of financial support provided by the government slowly decreases, and employers slowly adjust the payment of labor costs. Still, the projected tourism recovery will not be sufficient to achieve wage levels from 2019. Future developments in the government financial support to the private sector will be monitored and included in future calculations. Lastly, for the non-vulnerable groups, a drop of 12.6 percent in their salary in 2020 will remain similar for 2021.

Financial Compensation

The financial compensation in the “Optimistic” scenario, that will be provided by the government in the form of financial support to private sector employees amounts to a total of Afl. 283.1 m.

The amount calculated in 2021 for government financial support is based on ATA’s “Optimistic” tourism projection for 2021 combined with realized government financial support data in 2020.

The financial compensation in the “Cautiously Optimistic” scenario, that will be provided by the government in the form of financial support to private sector employees amounts to a total of Afl. 323.7 m. The amount calculated for 2021 as government financial support is based on ATA’s “Cautiously Optimistic” tourism projection for 2021 combined with realized government financial support data in 2020.

The financial compensation in the “Conservative” scenario, that will be provided by the government in the form of financial support to the private sector employees amounts to a total of Afl. 392.4 m. The amount calculated for 2021 government financial support is based on ATA’s “Conservative” tourism projection for 2021 combined with realized government financial support data in 2020.

A total of Afl. 31.73 m in compensation by the government to SMEs has been projected. Adjustments have been made based on data published up until October 2020 by the SVB (November 2020).

Fluctuations in 2021 compared to 2020

Table 2 shows the results for the GDP and its components in nominal terms for these scenarios in comparison with the baseline for the year 2020.

Starting with the nominal GDP, in the scenarios for 2021, this will fluctuate between an increase of 0.6 percent and 8.5 percent.

Total nominal consumption indicate a decrease between 0.7 percent and 0.4 percent, with an expected Private Consumption slight increase that will fluctuate between 0.0 percent and 0.3 percent in nominal terms.

With regards to Private Investments, the assumptions were maintained equal in all three scenarios due to the uncertainties surrounding the recovery of the local economy and the global economy. It is expected that Private Investments will have a decrease of 3.3 percent in nominal terms in all three scenarios.

The Export of Goods and Services shows an increase between 10.7 percent and 33.9 percent in nominal terms. Explicitly for tourism-related export, a fluctuation is estimated between an increase of 16.9 percent and 52.9 percent in nominal terms.

As a result, Import of Goods and Services shows an increase that fluctuates between 4.6 percent and 11.2 percent in nominal terms.

Table 2: Percentage change scenarios 2021 Nominal GDP and its main components.

SCENARIOS	2020	2021	2021	2021
Nominal (in %)	Baseline	Scenario "Optimistic"	Scenario "Cautiously Optimistic"	Scenario "Conservative"
Inflation (%)	-1.3	0.6	0.6	0.6
Gross Domestic Product (in Afl. M)	4049	4393	4277	4074
GDP in % change	-32.7	8.5	5.6	0.6
Private consumption (%)	-8.5	0.3	0.2	0.0
Public consumption (%)	-14.7	-3.1	-3.1	-3.1
Total Consumption	-10.0	-0.4	-0.5	-0.7
Private investments (%)	-36.9	-3.3	-3.3	-3.3
Public investments (%)	13.1	-50.5	-50.5	-50.5
Total investments	-35.6	-5.6	-5.6	-5.6
Export Goods and Services (%)	-51.1	33.9	25.4	10.7
Import Goods and Services (%)	-29.2	11.2	8.7	4.5
Tourism				
Total Stayover Visitors (number*1000)	392	674	618	506
Total Cruise Passengers (number*1000)	255	401	267	187
Export from Tourism (in Afl. M)	1417	2166	1978	1657

Source: Department of Economic Affairs, Commerce and Industry of Aruba, Dec. 2020.



IV. International Market

The Global Economy

The one million dollar question remains for many countries: when will the global economy recover back to pre-pandemic levels? Aside from all uncertainties, the continuous spreading of the COVID-19 pandemic has the global economy on a slow recovery. Additional to this dilemma, the degree of validation behind forecasting economic indicators has never before been so uncertain.

According to the IMF global growth is projected at -4.4 percent in 2020 in real terms (WEO, October 2020). In addition, the global growth for 2021 is projected at 5.2 percent (WEO, October 2020).

For neighboring economies and those that have an impact on our economy, like for the United States Real GDP is expected to decline by 4.4 percent in 2020, followed by an increase of 5.2 percent in 2021 (WEO, October 2020). In the European area Real GDP is expected to decrease by 8.3 percent in 2020, followed by an increase of 5.2 percent in 2021 (WEO, October 2020). For the Netherlands a Real GDP is expected to decline by 5.4 percent in 2020, followed by an increase of 4.0 on 2021 (WEO, October 2020).

Finally for Latin America and the Caribbean, the Real GDP is expected to decrease by 8.1 percent for 2020, followed by an increase of 3.6 percent for 2021 (WEO, October 2020).

Global Inflation

Inflation is characterized by the continued increase in the level of prices of Goods and Services that households buy. However, great uncertainty surrounds the global inflation projections for the upcoming years. According to IMF's "World Economic Outlook: A long and Difficult Ascent", inflation is expected to remain low for the advanced economy group, projected at 0.8 percent for 2020 and 1.6 percent for 2021 and broadly stabilizing thereafter at 1.9 percent.

As for Statista (www.statista.com), Global Inflation Rate is expected to grow from 2.99 percent in 2020 to 3.29 percent in 2021. For the Netherlands, inflation is expected to be at 1.2 percent in 2020 with a slight increase in 2021 at 1.3 percent, which is characterized, by great uncertainty and imbalance between supply and demand caused by the fluctuating cases of COVID-19 in the country (CPB, Raming November 2020).

Oil Prices

Same uncertainties apply to the forecast of U.S. and the Caribbean's inflation for 2021.

U.S. inflation is expected to be 1.5 percent in 2020 and for 2021 inflation is estimated at 2.8 percent. Finally, the Caribbean inflation is expected to be 9.3 percent in 2020 and 6.3 percent for 2021. (WEO, October 2020).

According to the U.S. Energy Information Administration (EIA), the latest data for Brent Crude Oil prices shows an amount of \$41.43 per barrel. For 2021, they expect that Brent prices will average \$49 per barrel, up from an expected average of \$43 per barrel in the fourth quarter of 2020. The forecast for higher crude oil prices next year reflects EIA's expectation that while inventories will remain high, they will decline with rising global oil demand and restrained OPEC+ oil production (www.eai.gov).

Graph 8: Inflation Rates World, Netherlands, U.S.A. and the Caribbean.

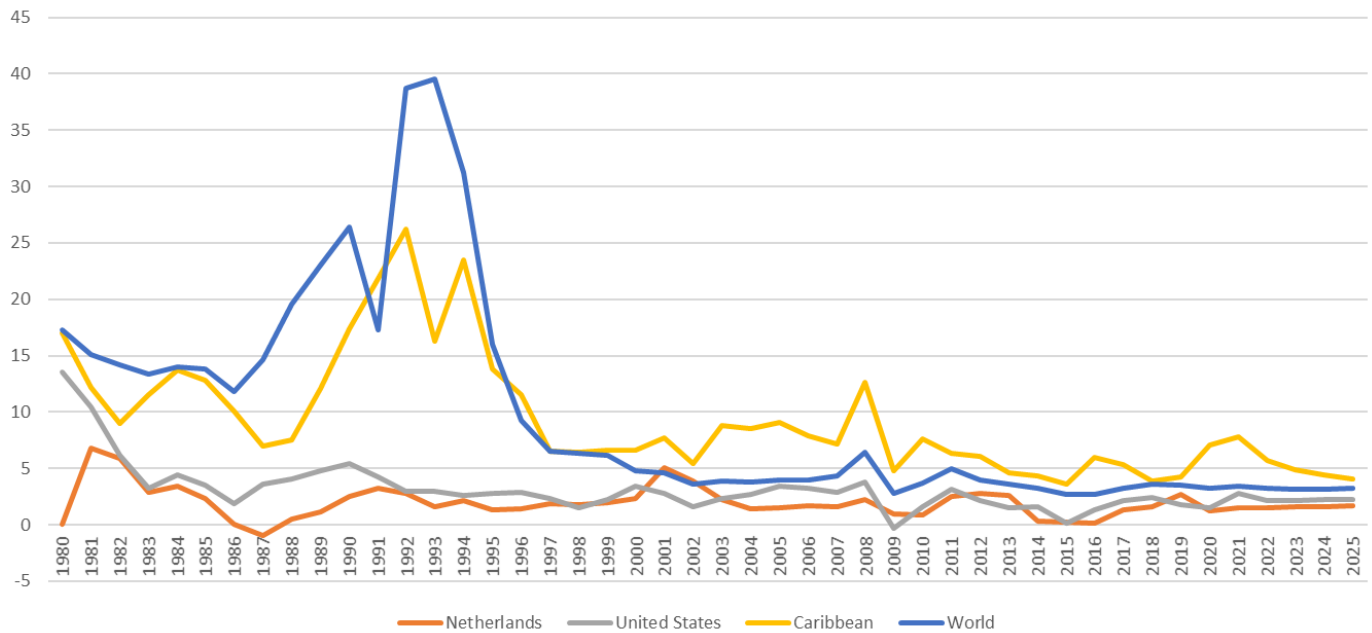


Chart created by DEACI using IMF historical data.

The U.S. Economy and its impact on the Caribbean Region.

The rapid reopening of the U.S. Economy after the first wave has resulted to a spike to the spread of the virus, where consumer confidence has slumped for some of the states. This also had a tremendous impact on the Caribbean region, being one of the most tourism dependent regions in the world.

Graph 9 highlights the impact of COVID-19 related disruptions for Caribbean countries (indicating the maximum, minimum and the average impact on the Real GDP for these countries) in comparison with Aruba being one of the most tourism dependent country in terms of the Tourism Dependency Index (TDI), Aruba's pace of recovery remains uncertain at this time.

Graph 9: Forecast comparison Tourism-Dependent Caribbean Countries.

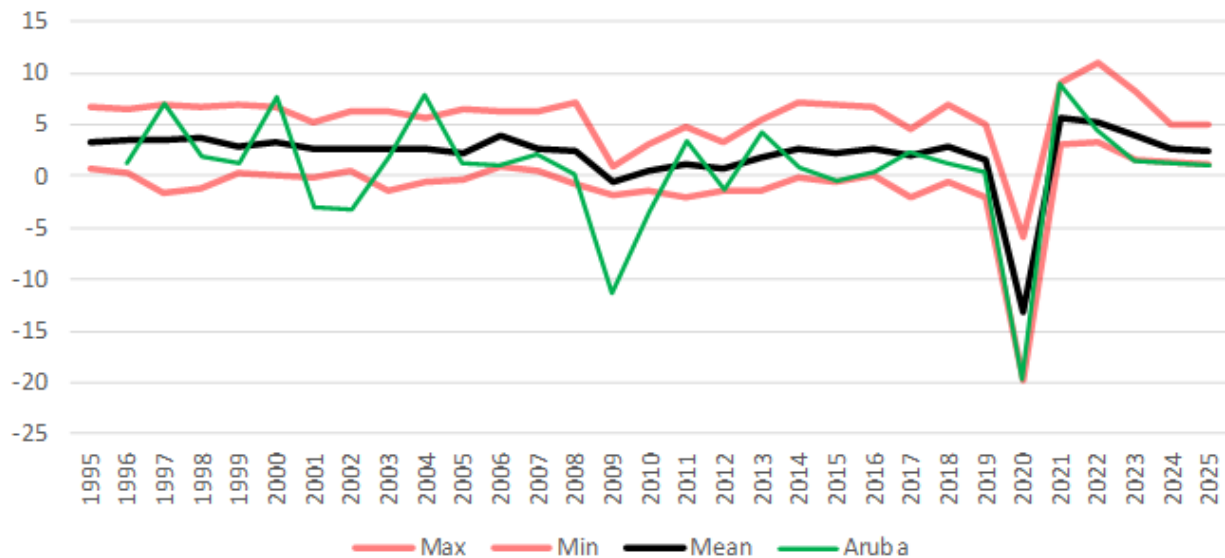


Chart depicts the range of historical and IMF WEO projected real GDP growth rates, for a set of 12 tourism-dependent Caribbean countries, purged of yearly outliers (+/- 1.645 standard deviations)

Source: CARTAC Aruba Mission II, Oct. 2020.



Department of Economic Affairs,
Commerce and Industry (DEACI)
L.G. Smith Boulevard 160
Tel: +297 521 2400
Fax: +297 583 4494
info@deaci.aw

