

## EDITOR'S NOTE

The main motivation of this publication is to present a picture of the economic and investment trends of Aruba to you, which could serve as an aid in strategizing within your own business or project.

The EIT is issued on a quarterly basis and will vary its focus from one issue to the next. The cover page carries more general information on Aruba's economic structure for those less familiar with Aruba. The Economic Trends section presents the current developments in tourism, inflation, trade, taxes as well as an outlook of the GDP. Highlights here are the recovering tourism figures, the out of the ordinary inflation rate and the GDP expectations for the remainder of 2007.

In the Consumer Trends section, the readers are informed of AIB's findings through a survey with regard to the shopping behavior and spending patterns of the population. Many surveyed complain that their wallets can't keep up with price developments in Aruba, while they demand increased quality control in supplied products.

The focus of the Investment Trends section this issue is Green Construction, where the global awareness of global warming and environmentally friendly approaches are becoming increasingly more popular. In Aruba, this can play a role on different investment projects.

Aruba, August 2007 AIB EIT Issue 2

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## ARUBA'S ECONOMY BRIEFLY

### The Economy

Aruba is a small, open economy and, like many other small economies, the island's economy is relatively undiversified. Prior to 1986, the economy was primarily centered around the operations of the oil refinery, then owned by Exxon. When that refinery closed in 1985, the economy was readjusted towards other products and services, principally tourism. Currently, despite the reopening of the refinery by Coastal in 1991, the substantial majority of Aruba's GDP is provided by service activities, while agricultural and industrial activities (including manufacturing and construction) and public utilities (including oil refining activities) contribute a much smaller portion to the GDP.

### Tourism

Tourism as the greatest contributor to the economy, contributes an amount greater than 50% of the nominal GDP. In the 1990's Aruba was experiencing double digit growth in tourist levels, while now this is stabilizing. Since the year 2000, tourist arrivals in Aruba have increased on average approximately 0.5% per annum, with tourism receipts increasing on average approximately 4.8% per annum. Aruba's visitors comprise around 1.3 million yearly, of which 54% are stay-over visitors and 46% are cruise visitors. 72% of these stay-over visitors are from the US, followed by 8% from Venezuela and 5% from the Netherlands.

There are over 7,300 hotel rooms on the island and there are various additional hotel rooms, time-share and condominiums in the pipeline. The condominium development is the most recent real estate development of Aruba and since Aruba has a very high percentage of repeat visitors, the trend for second home visitors appears to be increasing. Currently, the development policy for tourism in Aruba entails the further enhancement of the quality of tourist coming to Aruba, which is reflected on the high level hotel rooms offered on the island.

### Other business activities

Other important contributors to Aruba's economy include the following sectors: Construction, Real Estate, Trade and Other Business Services. It is estimated by the CBS that the Construction sector contributes 8.6% to the GDP of Aruba. The booming economy of Aruba has attracted a lot of investment related activities on the island. Real Estate activities have increased tremendously in the last few years, due to the increased construction activities, housing projects, condominium projects and commercial centers. It is now estimated to contribute 12.6% to the GDP of Aruba. Trade activities in Aruba comprise 14.2% of the GDP of Aruba, and include all retail and wholesale activities. The increased population, including the transient population (tourism), and the increasing demand for a wider variety of products and competition have contributed to the further development of this sector. There are however some concerns of market saturation in some areas, but the free-enterprise policy let's the business sector be driven by the demand supply mechanism that tends to correct itself in time.

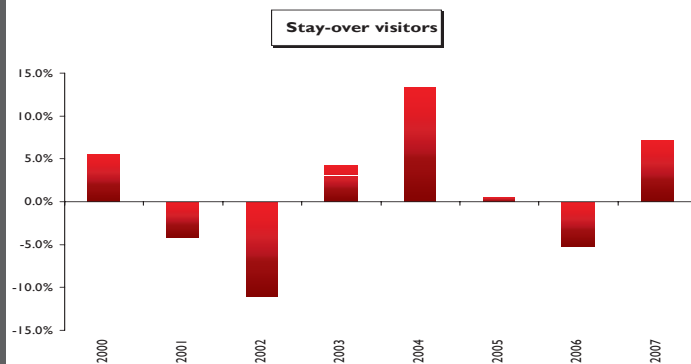
Other Business Services, include car rentals, tours, equipment rental, water-sports companies, etc... This sector has widened further because of the influence of tourism on the island and the fringe effects on the population of Aruba as well as on the recreational activities of Aruba. These together comprise 16.1% of the GDP. Other contributors to Aruba's economy include the oil refinery (Valero), the health sector, education and the public administration.

### Inflation

Inflation in general in Aruba has been quite stable since the 1990s and in 2006 the average inflation was 3.6%, however in 2007 higher inflation rates are expected due to the introduction of the turnover tax. The inflation of Aruba is greatly driven by the international trade partners, as Aruba imports most of its products from abroad. The US, Latin-America and the Netherlands are the most important trade partners of Aruba. The international oil developments also greatly influence the local inflation drivers, as water and electricity, which in turn affect the price of shipping, transportation and most goods.

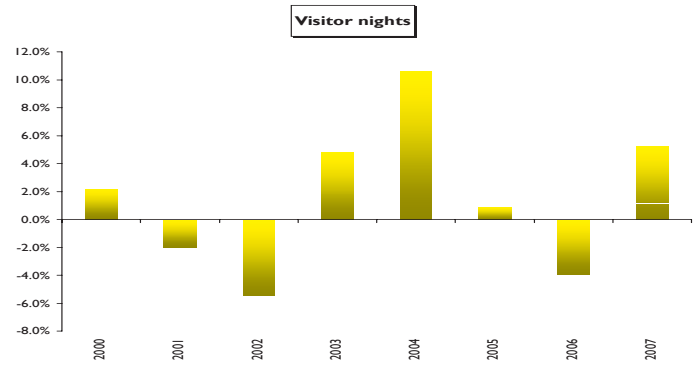
## TOURISM RECOVERING

**Stay-over tourism**, which experienced an upward trend in the last 2 months of 2006, continued its increasing path in the first 4 months of 2007. After double digit increase (15.5%) in stay-over tourist was reported in March 2007 compared to the same month of the previous year, April showed a slight increase of 0.6%, conducting to a year-to-date increase of 7.2% over the first 4 months of the year compared to the same period of the previous year. The recovery in the stay-over tourism is at least in part due to the release of various renovated hotel rooms in Aruba. As the US market had a share of 73.2% in tourism in the first four months of 2007, its 5.1% increase over this period influenced the upward trend significantly. Also, the visitors from Colombia, Venezuela and the European market, especially the Netherlands, experienced increasing trends similar to the US market, while decreases were reported in countries with minor market share in the Aruban tourism market.



**Visitor nights**, increased by 5.3% in the first 4 months of the year compared to the same period in 2006. The average length of stay year-to-date remained near 8.1 nights, while the average occupancy rate is 82.6%, which is higher than the registered average occupancy rate in 2006 (76.9%).

The tourism development in the Caribbean as a whole is estimated to have grown somewhat during the first months of 2007, as can be deduced from statistics published by the Caribbean Tourism



Organization. Within the region, Bahamas, Cuba, Jamaica and Puerto Rico appear to be the major destinations that experienced a decline in this period. While Aruba, the Cayman Islands, Curacao and Martinique, experienced noteworthy growth in stay-over tourism during the reported period. A vast majority of the smaller destinations also experienced increases in stay-over tourism.

**Cruise tourism**, has been decreasing significantly since February 2007, conducting to a decline of 10.7% in the first 5 months of 2007, despite 19.6% rise in ship calls during that period compared that same period a year ago. This negative development can be attributed to the cancellation of the weekly visits of the Carnival Cruise Lines to Aruba as of January 2007.

According to the Caribbean Tourism Organization, besides Aruba, only a few destinations in the Caribbean, like Bahamas, Dominica and Martinique experienced declines in cruise tourism during the first months of 2007. It is mostly the medium sized destinations that increased significantly, while large destinations such as the Cayman Islands and the US Virgin Islands increased modestly.

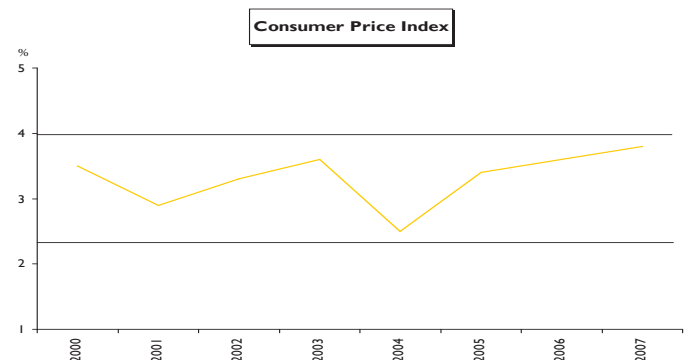
**Tourism receipts**, according to the quarterly report of the Central Bank, decreased by 1.8% in 2006 compared to the previous year, reaching Afl. 1,917.0 million. With the registered rising trend in the visitor nights we expect the tourism receipt to be on the positive side, showing an increase of 5.4% in the first quarter of 2007 compared to the same quarter a year ago.

## INCREASING INFLATION

**Inflation** throughout May 2007, showed an increase of 0.9% compared to the previous month, with the year-over-year inflation rate ending at 4.4%. The latter increased from 4.0% reported in May 2006. However, the average inflation rate over 12 months was 3.8% in May 2007 compared to a higher 3.9% experienced in May 2006. The inflation in the first months of 2007 was greatly influenced by the introduction of the Turnover Tax (BBO) as per January 2007 as well as numerous international factors that contributed to price hikes in gasoline, which in turn influenced our local prices considerably. In an international perspective, Aruba's 12-month average inflation rate in May 2007 was considerably higher compared to some of its largest trade partners, where the US registered this same month an average inflation of 2.7% and the Netherlands of 1.4%, which was slightly higher than the average of the Euro Zone.

In June 2007, the inflation rate is expected to rise further due to sig-

nificant price increases in water, electricity and gasoline. According to the CBS the following price hikes will be visible in June 2007; water prices will jump with 12.5%, electricity with 12.0% and gasoline with 4.1% influencing the CPI in June by 1.22%.



## TRADE

**Trade** activity represents about 14% of the Aruban economy. Total imports increased by 5.1% in May 2007 compared to May 2006. Year-to-date the total imports increased by 5.6% to Afl. 830.9 million compared to the same period of the previous year. The overall increase during the first 5 months of 2007 was mainly attributed to lowered import duties, from 12% to 3%, since January 2007 on the commodity group “Textiles, pearls and precious stones” leading to significant import increases in this group.

**Import duties**, which appeared to have decreased significantly in January 2007, reported for the first 5 months of the year an increase of 8.5% compared with the same period a year ago. This significant increase may have been caused by the restructuring of tariffs in the import duties since January 2007, which may have led also to increase in imports in certain commodity groups as mentioned before.

## TAXES ON THE RISE

The first 5 months of 2007 showed an estimated increase in the total government revenue of 11.8%, where the total government tax revenue increased by 12.4% to Afl. 367.3 million. The turnover tax (BBO) introduced in the beginning of this year accounted for Afl. 43.9 million, which is 12.0% of the total tax revenue. Together with the introduction of the Turnover Tax the Government of Aruba reduced the tariffs of the Wage tax and the Profit tax, which resulted in a decrease of Afl. 33.7 million on Taxes on Income and Profit in the first 5 months of 2007 compared to the same period a year ago. The taxes on Income and Profit accounted for 34.4% of the total government tax revenue in the first 5 months of 2007, which is down from 49.0% the same period a year ago. The new tax reforms contributed a net (43.9-33.7) 10.2 million to government tax.

“An economist is a man who states the obvious in terms of the incomprehensible”, by Alfred A. Knopf.

## BANK LOANS EXPANSION



**Credit** at the end of May 2007 to enterprises, increased by 5.5% compared to April 2006, although decreasing by 1% compared to the previous month. Credit to individuals grew by 4.4% during May 2007 compared to May a year earlier. Of the credit to individuals, the mortgages grew by 4.8% and the consumer credit grew with 4.0% in May 2007 compared to the same month of the previous year.

## GDP EXPECTATIONS

According to the quarterly bulletin of CBA, the real GDP growth estimate for 2006 was 2.5%, which is based on the Fitch Ratings estimate of June 2006.

However, the Partial Economic Activity Index (“PEAI”), which represents the economic activities in seven industries contributing to 71.3% to the GDP, decreased in 2006 with 1.2% compared to the corresponding period a year earlier. Contributors to this decrease were primarily disappointing results in the Trade, Hotels & Restaurants and Public Administration & Education Industry mitigat-

ed by the Housing and the Construction sectors. Even though, the construction sector contracted somewhat in 2006 compared to 2005, this was still on a high level. The decreases in various sectors reflect a slight contraction in the economy that is attributable to a number of factors, including declines in visitor arrivals and an increase in import duties introduced in the middle of 2006.

Preliminary estimates of the CBA for the Aruban economy in 2007, show a conservative 1% real GDP growth, mainly due to the introduction of the turnover tax in January 2007 and the uncertainties of the effects this will have on the Economy of Aruba.

Something for Aruba?.....

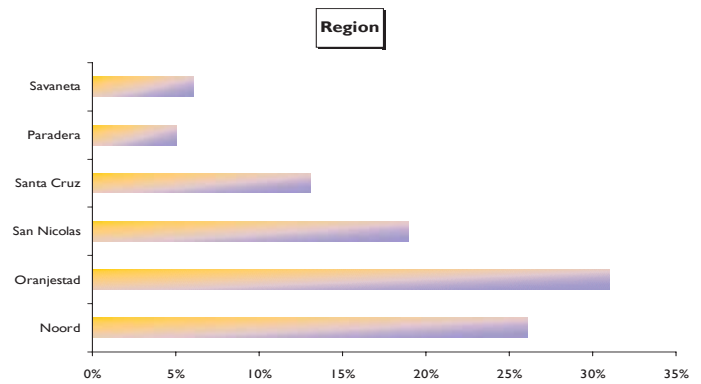
According to a study in the Netherlands of Green4sure “Het groene energieplan”, the best results in the small and medium enterprises were attained with vigorous methods, like the EPN (Energie Prestatie Norm, legislative requirements regarding energy performance of new buildings), while with these methods the costs for the government and other parties involved were the lowest. Other methods applied for the small and medium enterprises in order to reduce CO<sub>2</sub> emission is the fiscal deduction possibility for low-energy investments or investments in durable energie.

## CONSUMER SHOPPING BEHAVIOR

### Introduction

AIB Economic and Financial Services conducted a survey regarding the shopping pattern of consumers and their market perception during the month of June 2007. The survey is held on a quarterly basis to monitor the consumer market closely, and this is the second of the series. The survey is adjusted when new information is sought.

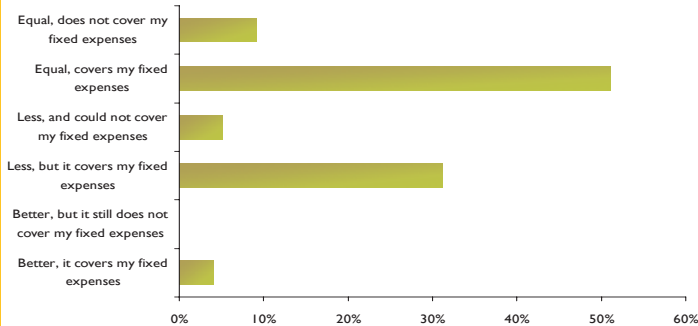
Not much has changed in the consumer market since the last survey in March, 2007. The consumers still perceive the cost of living to have increased drastically, especially with regards to the primary needs such as food and clothing. The next sections show more information on the findings of this survey. There are a total of 36,000 households in Aruba, where a total of 100 households were surveyed successfully divided among the various regions. The average household size of surveyed consumers was 3.1, matching the actual average household size of Aruba. Of the households surveyed 38% included households with children. The survey included mostly closed questions with pre-classified options to provide an answer.



\*The geographic distribution of Aruba's households according to Censo 2000 slightly differs from this survey, the results were not weighted to adjust for actual geographic distribution.

The 100 households surveyed were divided over 6 regions as seen in the chart above, where the majority of the people surveyed resided in Oranjestad followed by Noord with 31% and 26% respectively.

### Your Income's Ability to Cover Your Fixed Monthly Expenses is:

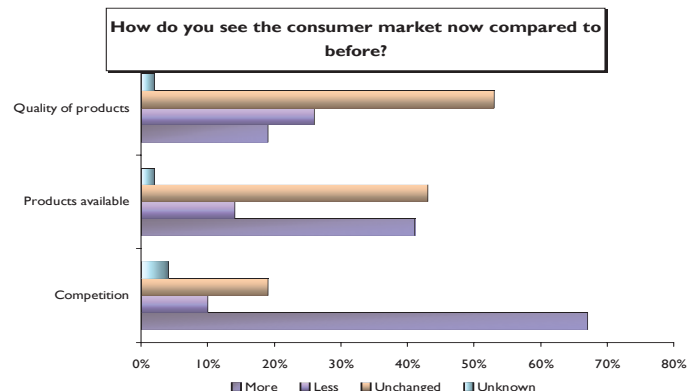


When asked about their incomes' ability to cover their fixed monthly expenses, 14% mentioned that they were not able to do so. This differs greatly from the previous survey which was more negative (28%). Even though 86% claim to still be able to cover their fixed

monthly expenses, 31% state that it is getting more difficult to cover their expenses. This is an increase from 11% compared to the previous survey. As this survey is an indicative survey, variations from one quarter to the next are likely as a new sample size is drawn, which might not be fully representative but serves as an indication for 100 households throughout Aruba.

"The quality of the products in Aruba is decreasing", that's the opinion of 26% of the surveyed consumers. While this number is less than that reported in the previous quarter, the trend of selling expired products is increasing according to these 26%. They believe that government monitoring is needed, not only on prices but also on product quality.

67% of the consumers found that competition has increased in the 2nd quarter of 2007. The availability of products, according to 43%, remains unchanged, while 14% think that there is a decrease in product availability. As far as product quality is concerned, 53% say that it has remained unchanged from the previous quarter, while 26% believe that the quality of products decreased.

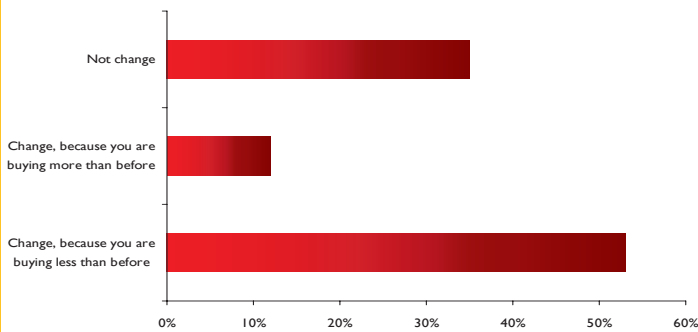


"Remarkable is the fact that even though a great majority of the surveyed consumers believe there to be more competition, according to them this is not translated in a reduction of prices".

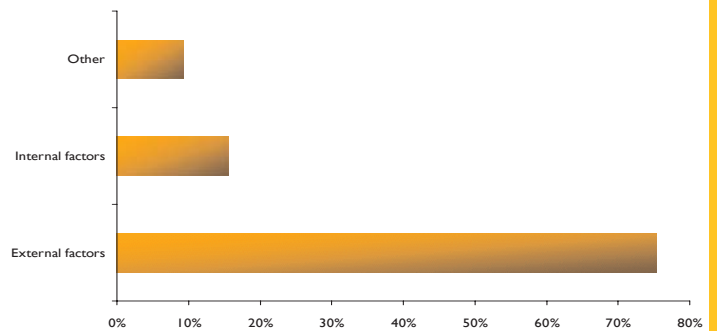
From a business perspective, this may imply that businesses are confronted with increased costs which are passed onto the consumers and are thus not (or perhaps cannot be) absorbed by a decrease of their profit margins.

power of the consumers. Of the 65% that claimed a change in their shopping behavior, 75% of those say that it is due to external factors such as the price and the economy in general. This is down 2% from 77% in the 1st quarter of 2007. The other 25% was caused by internal factors such as changes in employment conditions, illness and family structure and other reasons.

Your shopping behavior in the 2nd quarter of 2007 did:



If it did change, what caused the change?

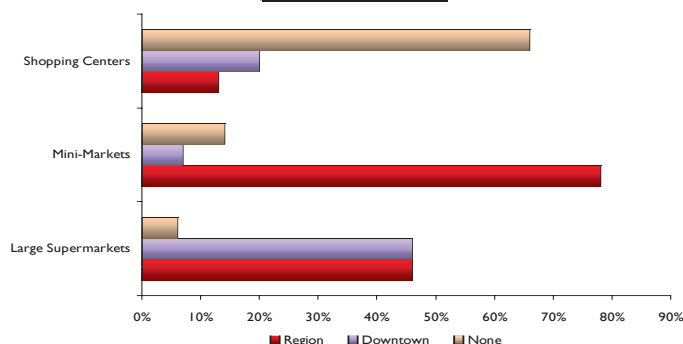


As the chart above shows, 65% of the shopping behavior of the households surveyed in the 2nd quarter changed of which 53% said they are buying fewer products when compared to the 1st quarter of 2007. While many consumers state to be buying fewer products, they are still spending as much, indicating a loss in the purchasing

"Even though many of the surveyed consumers indicated that prices are higher in mini-markets, the cost of having to drive (due to higher price of gas) to a larger supermarket far exceeds the higher pricing margin of mini-markets".

In order to obtain a greater view on the consumers' shopping pattern, the consumers were asked about their shopping locations and respective frequency. 46% of the consumers surveyed visit a large supermarket that is in their own region, while another 46% will go to a large supermarket in the downtown area. Of the ones surveyed, 78% will visit a mini-market that is in their own region, mostly within walking distance. 14% mentioned to never visit a mini-market due to the higher prices.

Where do you shop?



According to the survey, 68% will visit a grocery between 1 to 3 times per month, while 24% will visit between 4 to 6 times per month. Most will only visit a large supermarket for their main monthly purchases. Mini-markets are more frequently visited, with 22% visiting at least 16 times or more in 1 month.

Frequency visits p/m	Large Super markets	Mini markets	Shopping centers
0	6%	14%	66%
1-3	68%	13%	31%
4-6	24%	15%	3%
7-9	0%	16%	0%
10-12	1%	17%	0%
13-15	0%	3%	0%
16+	1%	22%	0%

Shopping centers are not as frequently visited, with a "No Visit" reply of 66%, with the main reasons being the lower discretionary income and the higher prices. Please refer to the table above for the complete findings.

22% of surveyed households visit a mini-market on average every other day".

"22% of surveyed households visit a mini-market on average every other day".

Groceries	
Afl. p/m	%
≤200	3%
201-400	24%
401-600	22%
601-800	24%
801-1000	13%
≥1001	11%
Unknown	3%

Utilities	
Afl. p/m	%
≤150	9%
151-300	33%
301-450	24%
451-600	22%
601-750	4%
751-900	3%
≥1001	3%
Unknown	2%

The consumers were requested to provide their spending on groceries and utilities. In the upcoming quarters it will be monitored whether a noticeable change takes place in spending behavior. In the table above, please find the summarized results of the findings, where the wide ranges covering more than 70% of the total is highlighted.

### Main findings/ conclusions

The BBO is still a main concern for many of the households surveyed which implies that the Aruban consumer still needs to get used to

the idea of paying sales taxes on products and services. A lower discretionary income is a main reason for concern for many consumers. While 86% claim to be able to cover their fixed expenses, most of them also claim that they can only do so by forgoing luxury or otherwise nonessential items. This is in concurrence with the fact that 53% claim to be buying fewer products. The retail industry is the one that suffers the most from this change in buying pattern. This is also obvious by the low number of visits to the shopping centers by the consumers. Saving is difficult for many consumers, putting them at a high risk in case an emergency arises.

Consumers mentioned in the 1st quarter that more attention should be paid to price monitoring by the government, and that concern increased for the 2nd quarter. Many consumers still feel that some companies are taking advantage of the present circumstances and don't feel that the huge increase of prices is justified.

The high price of gas has also had a great effect on the consumers' discretionary income.

*Discretionary income is the amount of an individual's income that is left for spending after essentials and fixed payments (like mortgage, food, shelter).*

## “GREEN” CONSTRUCTION

### Awareness

The famous former president to be, Al Gore, has dedicated his life to the awareness of Global warming. His movie "An inconvenient Truth" became very well-known amongst many, while raising controversial discussions amongst others. Global warming, while being presented for years now, is only now gaining respect from actual developers and citizens throughout the world, as countries are integrating environmental policies in their political rule. Entrepreneurial and industrial politics, however, have yet a long way to go, as these are bottom-line in an overwhelming amount of enterprises.

### Environmental & economic sense

Novice investments include increasingly more often environmentally friendly building approaches, or energy saving technologies. The challenge seems to have become the synchronization of these technologies with appeal and profit. The overall perception is that the new technologies on the market currently, which are environmentally encouraging, are somewhat more expensive than the more traditional building methods. In the long-run and for operational budgeting the new technologies prove more efficient and therefore cost beneficial, but initial investment budgets can sometimes lose sight of this. On average an additional 2% to investment in green option will save a lot in operations. Currently almost all large companies claim to have some "green" policy. Most countries have agreed to dedicate more attention to energy savings in their respective country by various means. Yet the world is developing very quickly and construction, a very energy consuming activity, is very active around the world and heightened even in Aruba. Most manufacturing is booming to cater to the increase world population demand.

### China

According to Natural Resource Defense Council (NRDC) in China, people joke that the construction crane ought to be the national bird. In many Chinese cities, it's not uncommon to see dozens of them silhouetted against the evening sky, necks bent like wading birds looking for fish. The cranes are emblematic of China's fast-paced building industry, which is constructing the equivalent of two New York-sized cities every year. The way these thousands of new buildings are designed will have a major impact on Chinese energy consumption -- buildings already account for nearly half of it -- as well as quality of life for China's growing urban population. Miles apart, this counts for even a small country as Aruba, where energy consumption and development go hand in hand.

Though the technicalities should be examined carefully by experts in the field, there are a number of considerations that could be made when constructing a building to match the climate and to be most energy-efficient. In the same China, a new 8 story building could serve as an example of a building which maximizes its resources. For

starters one of the things that few people realize is that the importation of material from far away countries contribute to a lot of energy consumption through transport. In general it is recommended to import from the closest possible location to minimize environmental burden. The "green construction" should start at the on-set of planning, last through construction and remain with the building during operations.

The sample building from NRDC taken for this article has the following features:

### Alternative energy used in the region:

**Grenada**, a hotel-resort community installed the first windmill, where the owners of the villas and resort are enjoying savings of up to 20% in electricity.

**Jamaica**, the Petroleum Corporation (PCJ) developed a "wind farm" in rural Jamaica.

**Barbados**, about 32,000 solar water heaters are installed in homes, commercial businesses and hotels, saving about USD 16 million for the consumers.

**St. Lucia** is planning to install a landfill gas-to-energy plant, which will be using methane generated in the landfill, in order to produce power to be integrated in the electricity grid of St. Lucia.

"The significant problems we face cannot be solved by the same level of thinking that created them", by Albert Einstein.

*A new office tower in the heart of Beijing is helping to demonstrate how China can continue to grow while minimizing the environmental impacts of all this new construction. Created under the guidance of NRDC experts and the American-Chinese Coalition Organized for Responsible Development in the 21st Century (ACCORD21), the eight-story office tower is the first internationally certified green building in China. Since becoming operational in 2005, the 130,000-square-foot building has used **73 percent less energy and 60 percent less water than a conventional office.***

### Lighting

*Reflectors bring daylight into the building's interior to save electricity. Ledges above south-facing windows provide some shading from the hot sun. Other lighting innovations include dimmers, occupancy sensors that turn lights off when a room is empty, and energy efficient light fixtures.*

### Layout

*Open interior spaces, such as this airy lobby, allow for natural lighting and ventilation, which reduces the burden on electric lighting and heating and cooling systems. Computer energy modeling showed that this cross-shaped floorplan allows for maximum efficiency in lighting, ventilation, heating and cooling.*

### Energy efficiency

*Since energy use can account for 50 percent of a building's operating costs and create nearly all of its carbon dioxide emissions, saving energy was a major focus of the building's designers. Solar panels on the roof produce power for 5 percent of the building's needs. A rooftop heat recycling system captures nearly 78 percent of heat loss. More energy savings are gained from energy efficient elevators, the insulating effect of a vegetated roof and efficient light fixtures. Windows can be opened to allow fresh air to enter when temperatures are moderate. When they're closed, a film on the glass panes prevents heat from passing through, keeping out heat in the summer and holding warmth inside during Beijing's cold winters. A variable flow air conditioning system works only as hard as it needs to, saving energy at periods of low demand. During construction, energy was saved by buying locally produced materials whenever possible.*



#### Location

The building's central location makes it an instant energy-saver. The location allowed builders convenient access to infrastructure such as electric

and gas lines. For the building occupants, amenities such as shopping, restaurants and Yuyuantan Park are within walking distance, as is the subway and several bus lines. And precious open space was preserved by building on a previously developed site.

#### Water use

The roof garden is not only a very pleasant place to be, but its vegetation keeps the building cooler in summer and warmer in winter than a conventional roof-saving heating and cooling costs as well as greenhouse gas emissions. The vegetated roof also helps manage rainwater flow. Nearly 80 percent of the rainwater that falls on the building is captured in cisterns and reused for irrigation. In addition, the building's pavement at ground level is made of permeable material, which allows much of the rainwater to soak into the soil rather than running off into drainpipes and sometimes flooding the neighborhood.



#### Our Services

##### Corporate Lending

- Senior Debt
- Mezzanine Financing
- Project Financing
- Bridge Loan
- Syndication/ Underwriting
- Bank Guarantees

##### Program & Project Management

- Regulations Setup
- Funds Administration
- Funds Placement
- Project Management
- Effect Disimbursement

##### Economic & Financial Services

- SME Program
- Feasibility Studies
- Surveys and Research
- Mergers & Acquisitions
- Venture Capital
- Capital Raising
- Valuation
- Advisory to the Government

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#### Eco Corner:

**According** to the study "Climate Change Futures" (by the Center for Health and the Human Environment, the United Nations Development Programme (UNDP), and Swiss Re), 27% of coral reefs worldwide have been degraded by bleaching while another 60% are deemed highly vulnerable. Reefs in the Caribbean islands of Jamaica, Haiti and the Dominican Republic are now over 80% dead, this development is certainly a threat for our tourism industry.

The **biofuel buzz** has pushed agricultural commodities into the spotlight and is attracting a new kind of investor to what have traditionally been niche markets.

#### 5 ways for businesses to save energy:

1. Reduce lighting where possible, i.e. turn lights off or dimm in unused conference rooms.
2. Install occupancy sensors and reduce lighting by 40% by turning off lights automatically in unoccupied areas.
3. Replace incandescent bulbs with compact fluorescent lamps or replace in the exit signs with LED fixtures.
4. Use sleep mode for office equipment when not in use.
5. PCs, monitors, printers, copiers and scanners should be turned off at night and over weekends if they aren't needed.

## Summary Economic Indicators

As of and for the year ended December 31,

2001 2002 2003 2004 2005 2006 2007\*

(in millions of Afl. except percentages and where otherwise noted)

### DOMESTIC SECTOR

Population	92,676	93,945	96,207	99,109	102,149	103,484	
Nominal GDP**	3,399	3,421	3,599	3,819	4,041	4,288	n.a.
Nominal GDP per Capita** (in Afl. per person)	36,676	36,415	37,409	38,533	39,560	41,436	n.a.
Percentage Change in Real GDP**	-0.7	-2.6	1.5	3.5	2.4	2.5	1.0
Inflation (percentage change in Consumer Price Index)	2.9	3.3	3.6	2.5	3.4	3.6	3.8
Unemployment Rate <sup>(1)</sup> (percentage)	6.5	8.1	7.8	7.3	6.9		n.a.

### TOURISM

Tourism receipts <sup>(2)</sup>	1605.1	1616.7	1523.9	1889.6	1953.0	1917.0	599.0
Total Visitor Arrivals (in thousands)***	1,176.2	1,197.6	1,184.2	1,304.5	1,285.3	1,285.8	521.3
Stay-over Visitors (in thousands)***	691.4	615.4	641.9	728.2	732.5	694.4	254.9
Visitor nights (in thousands)***	5,144.6	4,862.6	5,097.6	5,639.9	5,692.7	5,470.5	2,005.7
Cruise Visitors (in thousands)	484.8	582.2	542.3	576.3	552.8	591.5	266.5

### EXTERNAL SECTOR

Total exports (F.O.B.) (excluding oil sector exports) <sup>(4)</sup>	266.45	229.58	146.96	142.25	182.20	221.20	65.69
Total imports (C.I.F.) (excluding oil sector imports) <sup>(5)</sup>	1,496.86	1,507.42	1,515.18	1,563.59	1,841.03	1,884.43	830.86

### PUBLIC FINANCE

Total Revenue	731.8	754.7	988.6	835.9	908.9	983.4	411.8
Total Expenditure <sup>(3)</sup>	717.0	866	919.3	1180.2	1033.8	1095.7	230.9
Overall Surplus/(Deficit) <sup>(3)(6)</sup>	-141.8	-76.1	150.9	-224.7	-152.1	-62.4	-31.6
Overall Surplus/(Deficit) as a Percentage of GDP <sup>(7)</sup>	-4.2%	-2.2%	4.2%	-5.9%	-3.8%	-1.5%	-0.7%

### PUBLIC DEBT AND INTERNATIONAL RESERVE

Total Public sector Debt <sup>(8)</sup> as a Percentage of GDP <sup>(7)</sup>	43.1%	47.1%	41.1%	44.5%	46.3%	46.5%	47.0%
Net International Reserves in months of imports <sup>(3)</sup>	6.3	7	6.6	6.2	5.5	5.2	5.5

### PARTIAL ECONOMIC ACTIVITY INDEX (PEAI)

Utilities	112.3	113.3	115.5	116.2	120.6	120.6	n.a.
Construction	87.9	82.4	93.8	87.6	128.2	124.7	n.a.
Trade	88.9	87.1	83.2	86.0	82.8	79.9	n.a.
Hotels & Restaurants	107.5	101.5	105.5	116.1	118.0	115.1	n.a.
Transport	107.7	107.3	105.0	114.5	112.1	112.1	n.a.
Housing	110.5	113.6	116.5	119.5	123.5	127.6	n.a.
Public administration & Education	113.2	104.2	104.3	106.2	109.6	106.2	n.a.

\* year-to-date up to May 2007

\*\* GDP estimates

\*\*\* Year-to-date up to April 2007

(1) Includes all persons without jobs, whether actively seeking employment or not.

(2) Gross receipts from stay-over and cruise tourism as well as other tourism-related income as recorded on a cash basis in the balance of payments for the 1st quarter of 2007.

(3) 2007 up to 1st quarter.

(4) Recorded on a "Free on Board", or "F.O.B.", basis as sold at the time the exported goods are shipped.

(5) Recorded on a "Cost, Insurance and Freight", or "C.I.F.", basis.

(6) including the change in unmet financing requirements

(7) Up to 1st quarter in 2007 and measured against nominal GDP estimates of 2006.

(8) Debt totals are maintained by the Ministry of Finance and Economic Affairs and the information on outstanding debt is provided to the Central Bank. The Central Bank, in certain circumstances, analyzes and reports data differently than the Ministry of Finance and Economic Affairs, resulting in certain immaterial differences in debt totals and/or categorizations.