



Press release

October 23rd, 2026

CAft: "Make choices regarding tourism while the budget permits"

Oranjestad – The Board of Financial Supervision Aruba (CAft) advises the Aruba government to make a fundamental choice regarding the future of tourism, and to integrally incorporate this choice into the budget, the multiannual investment agenda and tax regulations. Aruba's economy is so closely interrelated with tourism that this choice will affect all Ministers. Tourism is the primary driving force of economic growth, yet at the same time, it is also the greatest risk to the sustainability of public finance.

Financial economic situation

From an economic standpoint, Aruba is still doing well, although after years of strong recovery in tourism, growth is leveling off. In recent years, the debt ratio of the public sector has dropped significantly to 64 percent in 2025. The operating result and the country's result remain positive. Aruba is highly vulnerable to economic shocks; in 2020, for example, Aruba was one of the most severely affected economies. The uncertain global economic situation and the aging population are significant risks to public finance.

Tourism: driving force and risk

For years, tourism has been the main driving force of the Aruban economy. Over the past 20 years, tourism activity has virtually doubled. Further growth of the number of tourists is reaching its limits, limits that are already perceivable. There is a structural shortage on the labor market, the utility sector is reaching its capacity limits, there is increasing traffic congestion and the housing market is under increasing pressure. The main obstacle is not the lack of plans, but rather a lack of implementation of these plans. The CAft emphasizes that considering the current financial room, now is the time to invest and to reform. Precisely while the pressure on public finance is still limited.

Choose direction

The CAft stresses the importance of Aruba making choices now. If the focus is on attracting more visitors, the pressure of tourism on the country will continue to grow, while focusing on the value per visitor and diversification of the economy could bridge the gap between growth of tourism and growth of prosperity. In that context, Tourism 3.0 is a valuable starting point of the public debate. Establishing new institutions to shape tourism policy may hinder effective tourism policy. Establishment of new funds financed by means of earmarked taxes could lead to fragmentation of government expenses. Recently, Aruba initiated regulation of short-stay lodging. The CAft is aware of the importance of effective regulation and enforcement in this policy area, and recommends further development thereof. In collaboration with the IMF, Aruba is exploring the replacement of the BBO by a VAT system. The introduction of a VAT system contributes to broadening the base to include the informal sector.

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Photographer:

Cft

Photo caption:

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Note for the editor – not for publication

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