

THE WAVERLEY SERIES

ARUBA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

LORD WAVERLEY

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ARUBA — AT A GLANCE

Capital	Oranjestad
Nominal GDP	Grew 5.9% in 2025 to Afl. 7,861 million; projected to surpass Afl. 8 billion in 2026 and reach Afl. 8.408 billion in 2027 (4.1% nominal growth)
Real GDP growth	Projected at 2.6% for 2026 and 1.9% for 2027
Inflation	Mild deflation of approximately -0.1% in 2025, down from a 5.5% peak in 2022; 2026 projections range from roughly 0.5% (DEACI baseline) to 3.0% depending on Middle East conflict-linked energy price developments
Tourism	Stay-over visitors grew from 1.4 million to 1.5 million in 2025, a 7% increase; tourism exports expanded 6.4% over the same period
Household and government spending	Private consumption rose 7.5-9% and public consumption rose 9.8% in 2025, depending on the data vintage cited
Investment activity	A specific, officially acknowledged weak spot: investment declined an estimated 2.9% in 2025 and is projected to fall a further 4.7% in 2026, with several hospitality and real estate projects reported on hold
Fiscal measure	The government introduced a strategic reduction in fuel excise duties in April 2026 to mitigate the impact of higher fuel prices on households and businesses
Kingdom support	The Netherlands' 2026 budget commits nearly EUR 28 million in Landspakketten funding across all six Dutch Caribbean islands, including Aruba, supporting rule of law, reforms, food security and SME financing
Governing framework	An autonomous constituent country within the Kingdom of the Netherlands, with the Netherlands responsible for defence and foreign affairs; a stable parliamentary democracy with no political crisis or transition concerns identified for this period

Aruba continues delivering genuinely strong, low-inflation growth, with nominal GDP up 5.9% in 2025 and stay-over tourism arrivals rising 7%, even as investment activity, the one indicator official sources themselves have flagged as concerning, declined for a second consecutive projected year with several hospitality and real estate projects reported on hold. Nearly EUR 28 million in fresh Dutch government funding across the Kingdom's Caribbean islands this year reinforces Aruba's long-term stability, while a July 2026 Chamber of Commerce business event explicitly grappled with the island's next development phase: moving 'from volume to value, from dependence to diversification.' Investors should read Aruba as a genuinely stable, well-governed small-island economy whose main structural question is not political risk but whether it can convert its tourism strength into broader, more resilient investment activity.

1. INVESTMENT & FDI

A specific, officially acknowledged investment slowdown stands out against otherwise strong economic indicators, even as Dutch Kingdom funding and a renewed diversification agenda point toward a broader investment base ahead.

Investment activity declined an estimated 2.9% in 2025, and the Department of Economic Affairs, Commerce and Industry (DEACI) projects a further 4.7% decline in 2026, with several private and public projects, particularly in hospitality and real estate, reported delayed or postponed; investment levels are described as an important indicator of future growth momentum, making this specific weak spot worth monitoring directly. The IMF's December 2025 Article IV consultation concluded that enhancing core infrastructure and improving the business climate remain critical to mobilising private investment, while separately flagging that Aruba faces data-adequacy challenges, particularly around timely national accounts dissemination, that will require continued capacity development at the Central Bureau of Statistics. Against this, the Netherlands' 2026 budget commits nearly EUR 28 million in Landspakketten funding across all six Dutch Caribbean islands, including Aruba, specifically supporting rule of law, reforms, food security and SME financing, which Invest in Aruba describes as reinforcing the island's long-term stability and resilience.

- **A specific, honestly reported investment weak spot:** the two consecutive years of declining investment, with named sectors and projects on hold, represents a genuine, sourced concern distinct from Aruba's otherwise strong consumption and tourism indicators.
- **A direct IMF diagnosis linking infrastructure and business climate to investment mobilisation:** the Fund's explicit statement that these two areas remain critical for private investment provides a clear, institutional framework for assessing what would need to improve to reverse the current investment decline.
- **A specific, acknowledged data-quality gap:** the IMF's direct flag on national accounts dissemination timeliness means investors conducting detailed due diligence should be aware that some official Aruban economic data may lag international best-practice standards.
- **Continued, substantive Kingdom-level financial support:** the nearly EUR 28 million in Dutch government funding represents a genuine, quantified external support mechanism reinforcing Aruba's institutional stability independent of the current investment-activity softness.

2. TRADE & BUSINESS

Strong, verified tourism growth continues anchoring Aruba's trade performance, even as the island's own business community is now actively debating how to reduce dependence on tourism volume alone.

Stay-over visitors grew from 1.4 million to 1.5 million in 2025, a 7% increase according to the Aruba Tourism Authority, with tourism exports expanding 6.4% over the same period. Private consumption rose by an estimated 7.5-9% in 2025 depending on the data vintage cited, supported in part by pension benefits, while public consumption rose 9.8%. In April 2026, the government introduced a strategic reduction in fuel excise duties specifically to mitigate the impact of higher fuel prices on households and businesses amid Middle East conflict-linked energy cost pressures.

- **Genuinely strong, verified tourism-sector performance:** the 7% stay-over visitor growth and 6.4% tourism export expansion represent real, quantified strength in Aruba's core economic sector.
- **Robust household and government spending supporting near-term demand:** the strong consumption growth on both the private and public sides reflects genuine near-term economic confidence, complementing the tourism-sector strength described above.

- **A direct, targeted policy response to energy cost pressure:** the April 2026 fuel excise duty reduction represents a concrete, near-term fiscal measure aimed specifically at protecting household and business purchasing power amid external price volatility.

3. MAJOR ECONOMIC DEVELOPMENTS

Genuinely low inflation and continued nominal growth define Aruba's near-term outlook, even as the government's own scenario planning acknowledges genuine external vulnerabilities.

Inflation eased to mild deflation of approximately -0.1% in 2025, down sharply from a 5.5% peak in 2022, reflecting lower energy costs, reduced gasoline and diesel excise duties, and stabilising global price pressures; DEACI's own November 2025 baseline projects average 2026 inflation at just 0.5%, though separate analysis citing Middle East conflict effects projects a higher 3.0% figure, illustrating genuine forecast sensitivity to energy-price developments. Finance Minister Geoffrey Wever confirmed in mid-2026 that the economy is on track to surpass Afl. 8 billion in 2026, with 2027 nominal growth projected at 4.1%. DEACI has developed multiple explicit stress-test scenarios reflecting Aruba's structural exposure to external shocks: a 'Longer Resolution' scenario, in which continued Middle East conflict could reduce nominal GDP growth to just 0.8%, and a 'Terror Attack' scenario modelling a tourism-sector shock that could produce a GDP decline of 2.9%, alongside earlier scenarios examining potential Strait of Hormuz closure and broader US-China trade war impacts given Aruba's dependence on US tourism and imports.

- **A genuinely low, well-managed inflation trajectory:** the fall from a 5.5% peak to near-zero or mild deflation represents real, substantial price stability, providing a favourable operating environment for businesses despite some forecast divergence for 2026 specifically.
- **Unusually direct, transparent scenario planning around external shocks:** DEACI's explicit modelling of terror-attack and prolonged-conflict scenarios, with specific quantified GDP impacts, represents a notably candid approach to communicating downside risk that investors should read as a sign of institutional rigor rather than alarm.
- **A structurally acknowledged dependence on US tourism and import markets:** the scenario planning's explicit focus on US-linked trade and tourism shocks underscores that Aruba's economic performance remains closely tied to conditions in this specific source market.

4. MAJOR PROJECTS & INFRASTRUCTURE

Strategic projects in energy, IT and tourism infrastructure are expected to drive Aruba's next growth phase, even as some hospitality and real estate projects currently remain on hold.

- **Energy, IT and tourism infrastructure projects:** specifically identified as expected future growth drivers despite the near-term investment softness described in Section 1, these sectors represent the government's stated priority areas for renewed capital deployment.
- **Renewable energy investment tied to Aruba's 2035 sustainability target:** the island's goal of becoming fully sustainable by 2035 creates a specific, dated framework for renewable-energy infrastructure investment opportunities.
- **Delayed hospitality and real estate projects:** several such projects remain on hold according to DEACI's own reporting, representing both a near-term investment-activity drag and a potential future catalyst should conditions prompt their resumption.

5. CONFERENCES, FORUMS & EXHIBITIONS

The Aruba Chamber Business Event 2026 brought together the island's business community to directly confront the challenge of economic diversification beyond tourism.

- **Aruba Chamber Business Event 2026, The St. Regis Aruba Resort:** held under the theme 'Beyond Tourism: Building Aruba's Next Economy, From Volume to Value, From Dependence to Diversification,' this event drew nearly 300 entrepreneurs, government representatives and other stakeholders; Chamber of Commerce Board President Diederik Kemmerling directly stated that Aruba has reached a decisive turning point, with the next development phase demanding difficult decisions and a shared vision.

6. BUSINESS & INVESTMENT EVENTS

Specific proposals emerging from the Chamber Business Event, including a dedicated diversification fund, offer a concrete framework for Aruba's next economic-development phase.

- **Proposed Aruba Future Fund:** this concept, discussed at the Chamber event, would automatically reserve a fixed percentage of tourism-related taxes to invest in economic diversification, housing and local entrepreneurship, representing a specific, structural financing mechanism now under public discussion.
- **Fintech, digital economy and creative-industry investment priorities:** specifically highlighted at the event alongside proposals to simplify business registration, expand micro-financing access, and integrate financial literacy, digital literacy and artificial intelligence into education.
- **Proposed regional collaboration with Bonaire and Curaçao:** structural cooperation among these three islands to strengthen regional competitiveness was specifically highlighted as a strategic priority.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Continued Dutch Kingdom financial support and IMF Article IV engagement define Aruba's most consequential current institutional relationships.

- **The Netherlands:** the nearly EUR 28 million in 2026 Landspakketten funding across all six Dutch Caribbean islands represents Aruba's most substantial current external institutional financial relationship, directly supporting rule of law, reforms, food security and SME financing.
- **IMF:** the December 2025 Article IV consultation's specific recommendations on infrastructure, business climate and data-adequacy improvements represent Aruba's most recent substantive multilateral policy dialogue.
- **United States:** as Aruba's dominant tourism and import source market, US economic conditions remain structurally central to Aruba's economic performance, as reflected directly in DEACI's own scenario-planning framework.
- **Bonaire and Curaçao:** the proposed structural collaboration discussed at the Chamber Business Event reflects a growing recognition of shared regional interests among the Dutch Caribbean islands specifically.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

The Chamber of Commerce's own diversification agenda directly targets SME financing access and digital-economy skills as central to Aruba's next development phase.

Beyond the proposed Aruba Future Fund described in Section 6, the Chamber Business Event specifically emphasised simplifying the process of starting a business, expanding access to micro-financing, and incorporating financial literacy, digital literacy and artificial intelligence into the educational system as concrete priorities for broadening private-sector participation. Participants also stressed that economic success should not be measured exclusively by GDP growth, but by indicators reflecting well-being, quality of life and community opportunity, alongside keeping housing more affordable for local residents.

- **A specific, multi-pronged SME development agenda:** the combination of simplified business registration, expanded micro-financing and digital/financial literacy education together represent a concrete, actionable framework for broadening Aruba's private-sector base beyond tourism-linked enterprise.
- **An explicit shift toward broader development metrics:** the Chamber's stated preference for measuring success through well-being and quality-of-life indicators, not GDP growth alone, reflects a genuine, articulated shift in how Aruba's own business community is framing future economic priorities.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Renewable energy, fintech and digital-economy development, and a proposed diversification fund define Aruba's most concretely discussed new investment channels.

- **Renewable energy investment:** tied directly to Aruba's 2035 full-sustainability target, this sector offers a specific, dated framework for energy-infrastructure investment opportunities.
- **Fintech and digital economy development:** specifically identified at the Chamber Business Event as a priority growth area, alongside the creative and cultural industries.
- **Proposed Aruba Future Fund:** should this mechanism, described in Section 6, move from proposal to implementation, it would represent a structural new vehicle for diversification-linked investment financed directly through tourism-tax revenue.
- **Land purchase for future development:** identified by independent investment analysis as potentially profitable, particularly in emerging areas where infrastructure is expanding.

SUMMARY ASSESSMENT

Aruba continues delivering genuinely strong, low-inflation growth, with nominal GDP up 5.9% in 2025 and stay-over tourism arrivals rising 7%, even as investment activity, the one indicator official sources themselves have flagged as concerning, declined for a second consecutive projected year with several hospitality and real estate projects reported on hold. Nearly EUR 28 million in fresh Dutch government funding across the Kingdom's Caribbean islands this year reinforces Aruba's long-term stability, while a July 2026 Chamber of Commerce business event explicitly grappled with the island's next development phase, moving 'from volume to value, from dependence to diversification.'

Investors should read Aruba as a genuinely stable, well-governed small-island economy whose main structural question is not political risk, given its status within the Kingdom of the Netherlands, but whether it can convert its tourism strength into the broader, more resilient investment activity its own business community and the IMF have both directly identified as the next necessary step.