



Investment Strategy 2019-2024



I am happy to present the Investment Strategy 2019-2024 to the local and international entrepreneurial community. This strategy presents Aruba's Promising Sectors, which are the investment objectives for Aruba towards diversification.

This Investment Strategy comes at a crucial time for Aruba. The economy of Aruba being a small island economy is highly dependent on the international market fluctuations and international politics. Over the years Aruba has been able to manage the international events and fluctuations making it possible for the economy of Aruba to experience a high economic development.

However, it is my conviction that concerted actions towards developing Aruba's Promising Sectors will lead to a balanced and sustainable economic growth for the coming decades. Furthermore, this Investment Strategy is part of my Economic Policy, which entails a vision towards strength and resiliency as the bedrock of a balanced and sustainable economic growth for Aruba. History has shown that Aruba can recuperate rapidly and return to a steady growth. I believe that with the strategy set out before you, we will be able to turn the tide once more.

In this strategy we present a baseline assessment of the total jobs and businesses in each Promising Sector. What I want to achieve with this strategy is a significant increase in the total numbers of jobs created and businesses opened in the Promising Sectors by 2024.

Furthermore, this strategy will contribute to the implementation of the SDG Agenda 2030 in Aruba. This strategy will support "productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small and medium-sized enterprises", as SDG 8 states. Aruba will focus on activities that will stimulate the diversification of the economy, stimulate the creation of opportunities for new business ventures both within and outside existing industries, stimulate a sustainable, high value, responsible and balanced tourism, promote capital-intensive and technology-driven activities, increase efficiency in the labor force and attract highly skilled workers. New industries shall be in harmony with the government's human-centered approach and the quality of the environment and attractiveness of the island.

Investment Strategy 2019 – 2024

Foreword

Minister of Finance,
Economic Affairs and
Culture

H.E. Xiomara Ruiz-Maduro

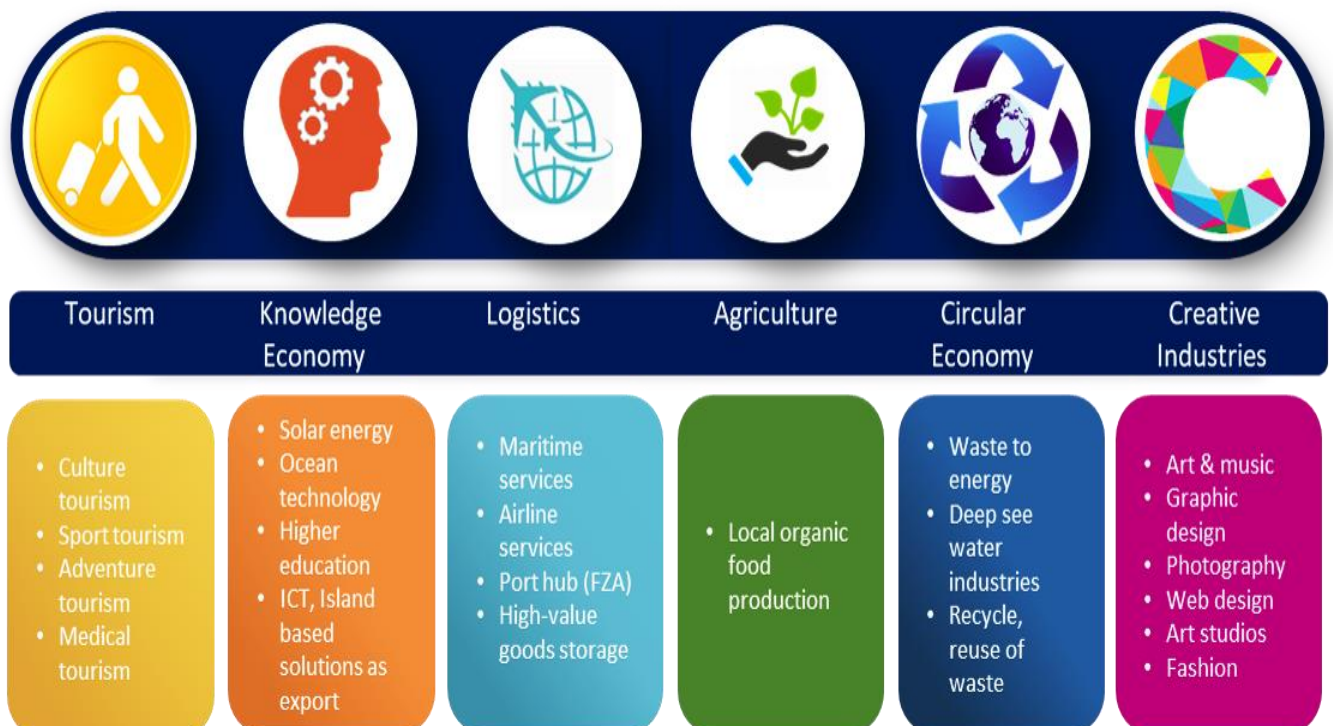
I Introduction

The investment strategy before you will outline the Promising Sectors as part of Aruba's Economic Policy for the coming years. This document will bring clarity to the investor, the Aruban business community, the policymaker and the Aruban citizens on the government's goals. This strategy comes forth from the vision of the government to improve the investment climate in Aruba and to stimulate a strong, innovative, competitive, resilient and diversified economy, which contributes to a higher quality of life for all citizens. A sustainable economic growth, the creation of decent employment, fair competition and ease of doing business are the main objectives of this vision.

The government, recognizes the role of investment as a primary driver of economic growth and development. The diversification effort varies in degrees of technology depth but can be summarized in six Promising Sectors: Tourism, Knowledge Economy, Logistics, Agriculture, Circular Economy, and Creative Industries.

Agriculture, Logistics, Circular Economy and Creative Industries. The key-sectors and their specific sub-sectors for focus are presented below.

As developing countries have become since 2010 primary FDI destination and have become important FDI recipients, Aruba acknowledges that with a clear strategy, a holistic consideration for sustainable development and an effective promotion and facilitation, Aruba may become part of the global FDI flows in other sectors next to tourism. As part of the Kingdom of the Netherlands, Aruba in addition considers the importance of the security and treatment of the investors' interests. Lastly, this strategy will not only consider foreign investment, but wants to achieve with the improvement of the investment climate, that local investors take part in Aruba's diversification.



As you read this investment strategy you will notice that the Government of Aruba is taking an active facilitating role within the economy and is giving a clear direction on investment promotion, integrated and coherent development and promoting participation of domestic companies. The facilitating role of the government will induce more quality – and not only quantity- of investment to create decent employment, with specific emphasis on youth employment.

Priority will be given to investments that are highly skilled, capital intensive and export oriented and foster innovation. A red carpet will be in place for investments in the promising sectors to reduce the red tape when requesting the necessary licenses and permits for companies that fall under this list. The promising sectors will be stimulated in predefined areas as established in Aruba's

Spatial Development Plan (ROP) 2019 and its regulations (ROPV) for 2020-2024. The investor will receive all necessary information and support in order to start his or her investment. Investment incentives will also be offered to develop the Promising Sectors.

In addition, the government of Aruba is making efforts to actively move towards implementation of the UN Sustainable Development Goals, Agenda 2030. There is a desire between Aruban stakeholders to pursue sustainable development, taking into account the human-centered approach and the quality of life of the Aruban citizens. Businesses have the opportunity to contribute effectively to sustainable development. Aruba has embraced and committed to implement the Agenda 2030 of the SDGs. A National Strategic Plan (NSP) will design the path.



Implementation of the Sustainable Development Goals in Aruba

The Sustainable Development Goals (SDGs) are the global blueprint adopted by all countries at the United Nations to achieve a better and more sustainable future for all. The SDGs form a cohesive and integrated package of global aspirations the world commits to achieving by 2030. The ambitious vision is a universal call to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

The government of Aruba is committed in implementing the SDGs in Aruba through the National Strategic Plan (NSP) 2019-2022, NOS PLAN, NOS FUTURO. The NSP identifies nine programs, each with their own strategic objectives, desired outcomes and actions that will advance Aruba's progress towards achieving the global goals.

Learn more about the SDGs online at:

SDGAruba.com

Sustainabledevelopment.un.org/sdgs



There is a distinction between **1) stipulating the strategic investment priorities, 2) choosing the right investment incentives and 3) implementing investment promotion.** The Minister of Finance, Economic Affairs and Culture has proposed with the support of the Department of Economic Affairs, Commerce and Industry the six Promising Sectors after an extensive consultation process from May 2018 to October 2018. This has also been elaborated into this Investment Strategy by aforementioned Department. The introduction of investment incentives as mentioned in this investment strategy has been a concerted effort of different governmental organizations, which work with the investors in the field. The investment promotion and the assistance given to facilitate investment in Aruba is the responsibility of the Aruba Investment Agency (ARINA).

The Aruba Investment Agency, ARINA, is the one stop shop for investors. ARINA will facilitate the contacts between the investors and relevant organizations in Aruba. In order to ensure continued relevance and effectiveness of Aruba's investment strategy, there is a framework consisting of institutions cooperating with each other to implement the investment strategy. ARINA is the catalyst in this framework to foster cooperation and efficiency in procedures of importance for the investor. This framework consists of among others:

- the Department of Economic Affairs, Commerce and Industry, in charge of establishment of businesses (local and international investors), national economic policy, international trade policy, national strategic planning, competition policy and measuring investment strategy effectiveness,
- the Department of Taxes, in charge of regulatory tax incentives and conditions for investment,
- the Department of Infrastructure and Planning, in charge of the granting of use of long-lease land,
- the Department of Foreign Affairs, in charge of the complex international investment strategy regime consisting of bilateral investment treaties, free trade agreements with investment provisions and regional agreements,
- the Departamento di Integracion, Maneho y Admision di Stranhero (DIMAS) is the organization in charge of handling applications for permits, declarations and statements for entry and stay in Aruba,
- the Department of Labor (DAO) and Departamento di Progreso Laboral (DPL), in charge of the labor market policy and labor market check,
- the Central Bank of Aruba, in charge of the monetary policy and FDI statistics,
- the Plenipotentiary Minister in the Hague and the Plenipotentiary Minister in Washington, in charge of investment leads and diplomacy,
- the Free Zone Aruba NV, in charge of managing and promoting a specific incentive,
- the Chamber of Commerce, Aruba Trade and Industry Association, San Nicolas Business Association and Aruba Hotel and Tourism Association as representatives of the private sector.



II Reasons to invest in Aruba

Quality of Life

With its high standard of living, strategic location and paradise-like climate, Aruba is the perfect place to set up a business.

Aruba has a lot to offer business investors:

Stability

As part of the Kingdom of the Netherlands, Aruba offers political stability, an excellent legal system and an extensive network of the Kingdom embassies the world over. The governmental system of Aruba is based on western democratic principles with the King-appointed Governor as the sovereign's representative on Aruba, the Prime Minister and his Ministers, and a 21-member Parliament, who are chosen by votes for a term of four years.

Safety and Security

Setting up a company and doing business in Aruba is supported by a solid legal system backed up by the Supreme Court in The Hague in the Netherlands, providing even the most demanding entrepreneurs with confidence. Aruba is also a safe place to live and do business.

Strategic Location

Aruba is at the crossroads connecting North America -South America, Latin America-Europe (or: north-south, east-west) and offers the ideal location to have your office and do business in the region, with the USA and with Europe. A state-of-the-art seaport and airport facility complements with an excellent transportation of goods and people.

Business Climate

Aruba's economic policy fosters an open, market-driven economy, fueled by excellent service sector, a well- educated workforce and an investment-friendly environment. A multilingual workforce with knowledge of the American, European and Latin American culture, and an exceptional quality of life makes Aruba the perfect location to establish your business.

Connectivity

Aruba's utilities, telecommunications, water and energy are global frontrunners. Connected through multiple submarine cables and equipped with a state-of-the-art backbone for telecom, Aruba ranks amongst the highest in reliable and fast telecom facilities in the region.

Reasons to invest in Aruba

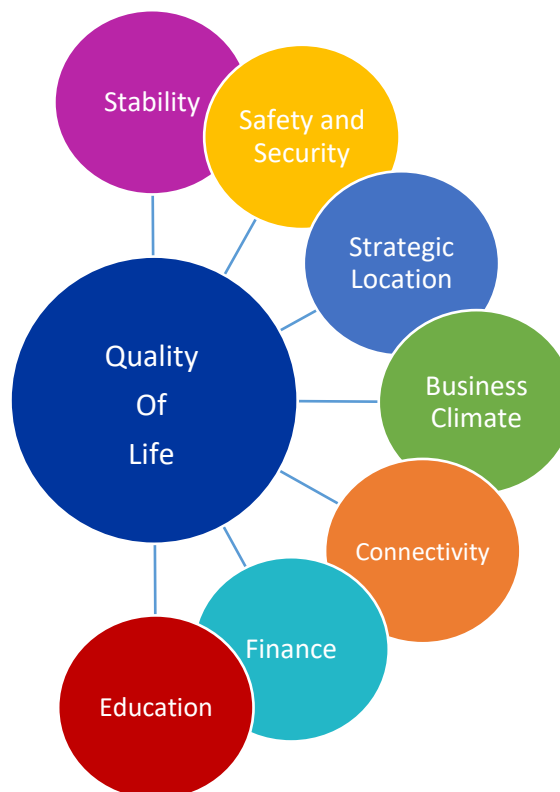
Finance

Businesses need banks and solid financial surroundings. Aruba's financial system meets the highest international standards. The Aruban florin is pegged to the US dollar and you can open US dollar accounts, facilitating international payments. The local credit institutions are well equipped with trust, insurance, and investment departments providing local and international services.

Education

Education plays a key role in the development of Aruba. The education system of Aruba,

which is organized along similar lines as the system in the Netherlands, provides an excellent education at all levels. The Government finances the national education system almost entirely. In addition the education system offers private schools, such as the International School of Aruba. At present the educational system consists of the primary education, the general secondary education, vocational schools and higher education. The University of Aruba offers Bachelor and Masters Level, which are accredited by NVAO (Nederlands-Vlaamse Accreditatieorganisatie).



A photograph of a tropical beach scene. In the foreground, there are green palm fronds and some low-lying plants. In the background, a building with a blue roof and white walls is visible, with a sign that reads "Non USA Departures". The sky is blue with some clouds.

III Strategic investment priorities

Tourism as a Promising Sector

To ensure tourism's substantial economic benefits, diversification within the tourism sector needs to entail growing the quality instead of the quantity. A diversification strategy for Tourism should also support in sustaining and cultivating a consistent source of visitor arrivals and expenditures over periods of varying economic cycles and/or unforeseen events.

To maintain the tourism's substantial economic benefits and to let it grow further, it will be important to innovate and to create value in tourism in order to continue to enhance Aruba's position in the international tourism market. Niche development, such as the development of cultural, sport, adventure and medical tourism will be an important tool to achieve this. The development of San Nicolas as a cultural center will also support the niche development and enhance Aruba's attractiveness and international competitiveness.

Cruise tourism will be developed with a parallel strategy of higher value and lower impact. Attracting high-end visitors within cruise tourism and focusing on the niche development towards enhancing the cruise tourism experience on the island will also create opportunities for investment. Aruba offers a cruise terminal that will become an attractive area and integral part of the Port City and Schoenerhaven developments.

Tourism should also grow in ways that contribute to our community's economic, social and environmental wellbeing in Aruba, with a **balance** between the needs of the visitors, community and tourism industry. Therefore the development of niches, such as cultural, sport and adventure tourism will be aimed primarily towards local investors and local entrepreneurs. However, the development of medical tourism will rely on local and foreign investments. Furthermore, from the visitor perspective the government's goal through the Aruba Tourism Authority (ATA) is to continue to increase the determination to visit and continuously improve our visitors' experience throughout the customer journey. From the community and destination perspective ATA will further increase its focus on community and industry relations, safeguarding Aruba's core assets, preserving the cultural and natural assets and stimulating local entrepreneurship and investments.

The Aruba Tourism Authority, as the Destination Marketing and Management Organization for Aruba, guided the development of a strategic framework for sustainable destination development: a Destination Development Plan (DDP) for 2017- 2021, aptly named

“Cu Mira Pa Futuro”. Along with an extensive group of tourism stakeholders who contributed their knowledge and expertise during various sessions, the Aruban community provided valuable insights and recommendations that shaped and informed the DDP action plan which contains pragmatic items for different (tourism) stakeholders and is a living document, always shifting under the effects of time and priorities.

As part of the action plan set forth in the DDP, the Aruba Tourism Authority initiated at the end of 2017/ beginning of 2018, a tourism carrying capacity study for the Island of Aruba, with the purpose to develop a pragmatic High-Value, Low-Impact Tourism growth model that will guide sustainable tourism growth which is economically viable, environmentally friendly and socially equitable. The study mainly focused on the economic dimension, however, sociological and psychological dimensions were considered as well.

i. Cultural Tourism

Cultural tourism is the nature of traveling in order to understand and become familiar with the way of life and history of a specific destination accompanied by a range of cultural factors which can be presented in the context of tourism. It is thus the combination of tourism combined with the commercialization of Aruba’s creative sector. Niches include local food and beverage, entertainment, architecture, hand crafted and manufactured products, and every element representing characteristics of the way of life of a destination. It can also include cultural exchange, e.g. food tourism experiences such as lunch with the locals, hands-on crafting of local goods.

ii. Sport Tourism

Sport tourists are those that travel to a particular destination to play and compete in a

particular sport whether it be professionally, as an amateur, or as a leisure activity. Whether sports is the main objective of travel or not, sport events of various kinds and sizes attract tourists as participants or spectators and destinations try to add local flavors to them to distinguish themselves and provide authentic local experiences. A niche that extensively uses the unique natural resources of the island is Kite-Surfing. Other examples are golf, beach tennis and marathon running. Attracting international sport events to take place in Aruba in an ample scope of sports and focusing on specific competitions for young children/youth can also be a specialized niche.

iii. Adventure Tourism

Adventure tourism is a major tourism segment. In this investment strategy it will be defined as leisure trips that feature a physical activity, such as cycling and hiking. It is important that adventure activities should not be damaging to the local flora and fauna, but instead create possibilities that tourists can help protect the environment while enjoying it.

iv. Medical Tourism

This niche entails travel that focuses on preventive to rehabilitational and curative treatments, offered in Addiction Centers, Obesity Centers, Cancer Treatment Centers and Mental Health Wellness Centers. Holistic Health Care is also considered as a business opportunity that falls under Wellness Tourism for the purpose of promoting health and well-being. In this niche Aruba wants to attract the tourist that is proactive in seeking to improve or maintain health and quality of life. The niche that is focused on tourist/patients that reactively receive treatment for a diagnosed disease or condition also falls under this category.

Tourism	Tourism Cultural Total	Tourism Sport Total
Jobs	209	212
Share in Total Jobs	0.4%	0.4%
Total Monthly Gross Wages <small>(Avg.)</small>	412,795	708,820
Share in Total Monthly Gross Wages	0.2%	0.4%
Total Businesses	18	8
Share in Total Businesses	0.5%	0.2%
<i>Promising Sector Tourism (Cultural, Sport), Central Bureau of Statistics Aruba (CBS), 2017</i>		

Knowledge Economy as a Promising Sector

Knowledge economy based on science and technology will be the tool for innovation, competitiveness and internationalization of Aruba's economy. It will also create new job opportunities and jobs for the future for the young population. To attract economic activities that can develop this sector the government offers a **clear** vision on Energy Generation, use of Renewable Energy, Energy Distribution, Energy Storage and Efficient use of Energy. Attracting knowledge institutions and stimulating partnership with the University of Aruba, especially the SISSTEM Faculty, and other renowned knowledge institutions will develop the human resources needed. It will also facilitate research and innovation. SISSTEM is a bachelor and master degree program at the University of Aruba for Sustainable Island Solutions through Science, Technology, Engineering and Mathematics.

The sub-sectors within Knowledge Economy have been chosen based on a **national necessity model for sustainable development solutions** on the one hand. On the other hand a sub-sector such as **Higher Education for Export** is based on worldwide trends and Aruba's attractiveness and characteristics inherent to a tourism destination. Other business opportunities within this sector are ICT-related to tackle innovation and efficiency in different areas.

A national necessity model can be easily translated in island based solutions that will support Aruba's strategy for sustainable development. The intention is to develop new technologies and to test technologies, adopt them locally and to tackle challenges on the island. These solutions when they have been realized can be exported as sustainable island solutions for other Small Island Developing States (SIDS).

i. Renewable Energy

This subsector is already underway in Aruba, as can be noted by the extensive use of solar panels and wind turbines. To develop this as a subsector, localized development and support will need to result in a more extensive use of the right solar panels and the most effective wind turbines for Aruba's climate. New models and technologies for solar and wind energy are produced in different parts of the world. Those models can be tested and marketed making use of the climate of Aruba. This subsector fits in a national framework for energy efficiency to firstly support Aruba's sustainable development. The knowledge and experience obtained through this process can eventually be exported.

Within a framework for energy efficiency for Aruba, the demand for cooling in Aruba's warm weather can be met with another kind of renewable energy, which is cooling through ocean technology. The development of this technology in Aruba will support Aruba's local challenges and can be exported as proven technology to other markets. The objective is to not only buy this technology, but have it established on Aruba for export. Opportunities for investment are not limited to the above-mentioned, but can include other innovative technology.

ii. Higher Education for Export

The global education market continues to expand. The development of massive open online courses and other forms of blended learning in higher education offer new opportunities for Aruba. The University of Aruba is working in collaboration with several international universities to create a blended learning opportunity with international accreditation on the island. This will allow international students to study on the island, but also in their home-country and achieve a qualification that enables their career. The first initiative has already been taken by developing the SISSTEM Bachelor Program for the academic year of 2019-2020. The SISSTEM is a cooperation with the University of Leuven and financed by the European Development Fund. More investments in higher education are encouraged.

iii. **ICT, Island Based Solutions as Export**

This subsector includes use of innovative technology (Artificial Intelligence, BlockChain, Cloud and Data services) to create and apply new solutions to e-Government, e-commerce and other productivity toolsets for use in Aruba and regionally. It also includes a shared electronic communication platform in the maritime and port sector. The development of this subsector is aimed at attracting start-ups and angel investors to create solutions that will enhance efficiency in innovation in any sector deemed relevant in Aruba.

Sustainable island solutions that require innovation often depend on product and services not currently being offered elsewhere or offered in an inferior manner. Attracting startups in Aruba's ecosystem will bring the

necessary know-how to be tested in Aruba. A startup, definition adopted by the Government of Aruba, is a (starting) technology enabled company developing products and/or services that are globally scalable, derived through a scalable, repeatable and sustainable business model.

The facilitating role of the government will result in a business climate that is attractive for start-ups. These successful solutions will be for the local and international market. The government of Aruba is also taking steps to provide public services through E-government. This will open new opportunities for more business initiatives in the ICT sector and the knowledge acquired from this process can be an export product for small island states. In addition, proven technology as island based solutions are also welcome.

Examples of Startups:

- Data Scientist (programming, machine learning)
- Data Analyst (programming, dashboard, visual, theoretical interpretations)
- Data Architect (robust programming/coding)
- Software Developer/Engineer
- Artificial Intelligence Engineer/Designer/Architect
- Blockchain Developer/Engineer
- Quantum Computing Engineer
- Cybersecurity Engineer
- Smart City (Internet-of-Things) Engineer
- Machine Learning Specialist / Engineer
- UX Designer (web/app/dashboard designer)
- Software Architect
- Scrum Master (process facilitator in development teams)
- Hardware Engineer
- Software Product Project Manager (company level manager)

Knowledge Economy	Total
Jobs	715
Share in Total Jobs	1.4%
Total Monthly Gross Wages (Avg.)	5,033,829
Share in Total Monthly Gross Wages	2.8%
Total Businesses	32
Share in Total Businesses	0.9%

*Promising Sector Knowledge Economy,
Central Bureau of Statistics Aruba (CBS), 2017*

Agriculture as a Promising Sector

As the local demand for affordable fruits and vegetables increases and consumers are more conscious of their health and wellness, it becomes more attractive to stimulate local agricultural production as a Promising Sector for Aruba. Therefore, the subsectors to be developed are local organic food production and specialization of an export crop in Aruba.

Within this Promising Sector, local entrepreneurs are invited to invest in production of fruits and vegetables for the local and tourism market, using innovative technology to overcome challenges like Aruba's arid climate and limited space. This development may also result in spin-offs such as agro-tourism.

Aruba already has a success story within this Promising Sector, which is the production of Aloe and the export of Aloe Vera products by the Aruba Aloe Company. This company has succeeded to globalize its products through trial and error.

To ensure that the agricultural sector can be developed to generate more economic activities and more jobs, the government is stimulating local entrepreneurship within this sector. The agricultural sector in Aruba is still very informal. Local entrepreneurs are educated in how to start a company and are provided with the right information on Aruba's business climate. The Business Development Unit of Idea together with support of Santa Rosa (the Department of Agriculture) in Aruba are the organizations that are stimulating entrepreneurship within this sector, providing local entrepreneurs with relevant information on starting their own business in this sector.

Business opportunities lie in the development of products within the niches for wellness, sustainability and organic production. The possibility to produce one or more crops solely for export will also be supported. This promising sector is aimed primarily for local investors.

Agriculture	Total
Jobs	25
Share in Total Jobs	0.0%
Total Monthly Gross Wages (Avg.)	53,631
Share in Total Monthly Gross Wages	0.0%
Total Businesses	10
Share in Total Businesses	0.3%

*Promising Sector Agriculture,
Central Bureau of Statistics Aruba (CBS), 2017*

Logistics as a Promising Sector

The development of this Promising Sector is aimed to attract investment to enhance Aruba's maritime and air connectivity even further. This will support Aruba's trade, hub function and tourism sector. Maritime services, airline services and distribution services in Aruba, will provide many business opportunities and thus economic activities in Aruba.

i. Maritime Services

Aruba has a strategic location in the Southern Caribbean maritime routes and has a prime location for anchoring of vessels due to the sheltering of the seas and wind, providing many opportunities for entrepreneurs and investors in the maritime services. The business opportunities can be sought in Ship-To-Ship Operations, ship repair and maintenance activities, mobilization and demobilization of offshore projects, bunkering of ships anchoring in Aruba's waters; also yacht services and brokerage.

ii. Airline Services

As the Aruba Airport Authority has embarked on an expansion masterplan, Gateway 2030, the state-of-the-art airport will enhance air connectivity. This may eventually lead to spin-offs and offer possibilities for Aruba as a maintenance and repair hub.

iii. Distribution services

With a safe and secure Multi Cargo Sea Terminal in Barcadera, a connection-in-progress between Aruba and Curacao with a fast ferry service, a strategic location in the Southern Caribbean maritime routes, a stable political climate and the Free Zone as an important incentive, Aruba should be able to develop itself as a hub for the region with the right investments. High valued goods can be stored in Aruba and shipped to a point of consumption in the region.

Logistics can also be developed between point of origin and point of consumption in Aruba and the region, especially taking into account the growing market of internet businesses. This will offer business opportunities in logistics management in Aruba, as well as the provision of transportation, warehousing and security of the goods.

Logistics	Total
Jobs	1,759
Share in Total Jobs	3.4%
Total Monthly Gross Wages (Avg.)	6,370,327
Share in Total Monthly Gross Wages	3.5%
Total Businesses	72
Share in Total Businesses	2.0%

*Promising Sector Logistics,
Central Bureau of Statistics Aruba (CBS), 2017*

Circular Economy as a Promising

The definition of Circular Economy is very broad and is aimed at minimizing waste in an economic system and making the most of the resources. This regenerative approach is in contrast to the traditional linear economy, which has a 'take, make, dispose' model of production. In order to tackle Aruba's landfill, investment is encouraged in recycling and waste to energy technology. The intention is to also focus on the re-use of different types of products and recycling in order to export.

i. Waste to Energy, Recycling

The ability to convert waste into recycled energy and into materials for re-use, is technology that is readily available at the moment. The intention is to attract this technology to Aruba.

Although the population of Aruba is relatively small, the waste generated by the population and the tourism industry is quite representative. Developing this Promising Sector will not only stimulate economic activity, but will also support a sustainable waste management for the island.

In addition, another niche can be developed; e.g. recycling and/or re-use of food waste, old tires, plastic waste and scrap metal. There are businesses in Aruba that are already operating in this niche, however in limited quantity. There are more opportunities for new businesses in this niche and in recycling and/or re-use of other waste materials.

ii. Deep Seawater Cooling

The technology using deep seawater as renewable energy is primarily used for cooling. However, there are many opportunities to re-use the seawater for other purposes. This can be used for fish farming, greenhouses and tropical winter attractions. These are all spin-offs that sustain a circular lifecycle and prolong the lifecycle of a product used for cooling of houses, buildings and hotels; and that offer economic opportunities and activities for SMEs.

Circular Economy	Total
Jobs	368
Share in Total Jobs	0.7%
Total Monthly Gross Wages (Avg.)	1,075,406
Share in Total Monthly Gross Wages	0.6%
Total Businesses	10
Share in Total Businesses	0.3%

*Promising Sector Circular Economy,
Central Bureau of Statistics Aruba (CBS), 2017*

Creative Industry as a Promising Sector

It is proven that culture and the arts have commercial opportunities. The development of the culture and the arts towards a creative industry can be profitable as well as for the entrepreneurs as the economy as a whole. The creative industry stimulates SMEs, freelancers and startups in a variety of subsectors, which can be categorized in Arts; Media and Entertainment; and Creative Professional Services¹. The creative industries also

stimulates innovation and competitiveness in a country. Creativity triggers innovative ideas, innovative products and services, and innovative processes. The success of the creative industry can be measured through the creation of jobs, salaries, value to the GDP, intellectual property and export value. Business opportunities also include music production, recording studios and concert events.

This promising sector will be aimed primarily for local investors. However, foreign investors and startups that can bring innovation and knowledge transfer in this industry are also encouraged. Aruba with its pleasant weather and economic stability can offer startups in the Creative Industries a hub to cater the region and the world. With the support of the capacity building from the COSME Program and the Aruba Chamber of Commerce as the project leader, Aruba is building itself to become an Aruba Incubation Island².

Creative Industry	Total
Jobs	168
Share in Total Jobs	0.3%
Total Monthly Gross Wages (Avg.)	484,694
Share in Total Monthly Gross Wages	0.3%
Total Businesses	43
Share in Total Businesses	1.2%

*Promising Sector Creative Industry,
Central Bureau of Statistics Aruba (CBS), 2017*

¹ Sociaal Economische Raad (December 2018), Het stimuleren van de culturele sector en creatieve industrie.

² The COSME Program existed from 2014-2018. The funds were made available by the European Union (EU). The program's overall objective was to contribute to the sustainable and climate-resilient economic diversification and prosperity of Caribbean OCTs. This by improving the competitiveness of Small and Medium-sized Enterprises (SMEs) in the participating territories.



IV Aruba's Business Climate

SMEs play a crucial role in the growth and development of Aruba's economy as they comprise approximately 4000 SMEs in Aruba. In addition, SMEs represent 97 percent of all active businesses, 52 percent of employment in the private sector and 52 percent of the total amount of wages and salaries in the private sector.

Entrepreneurship has become more and more an imperative tool to attain a dynamic environment of sustainable economic development in Aruba. In this regard an Entrepreneurs Development Policy has been developed to create the right ecosystem for businesses. The challenge that is mostly expressed in the Aruban business community is the high cost of doing business in Aruba due to bureaucracy. The aforementioned has been confirmed by an SME Policy Index Study in 2016 done by consultants of the EU COSME Program, where Aruba has scored higher than the 12 OCTs' average on almost all relevant policy principles, with the exception of "Responsive Administrations".³ The relatively low score for Aruba on "Responsive Administrations" was caused mainly by the long and complex procedures to get permits and licenses.

These bureaucratic procedures disturb the business ecosystem causing red tape in some government institutions. The government is aware of this and is working to simplify these procedures to increase the quality and efficiency of government services. High on the agenda of the Government is the implementation of E-government which will facilitate digital government services to all citizens and businesses.

Businesses in the Promising Sectors will receive priority when complying with all criteria. The aim is to increase the number of business and the number of jobs in the Promising Sectors and increase the participation in GDP of those sectors.

In the following graphs the total number of businesses and jobs per Promising Sector are presented and it can be concluded that there is a need for growth in these sectors. By 2017 a total of 3,456 jobs were identified as being part of the Promising Sectors. These jobs represented 6,6% of total jobs in Aruba. At the same time the total businesses were by 2017 a total of 193 businesses, which represented 5,5% of total businesses in Aruba. The aim is to increase with 30% the number of businesses and the number of jobs in these sectors by 2024.

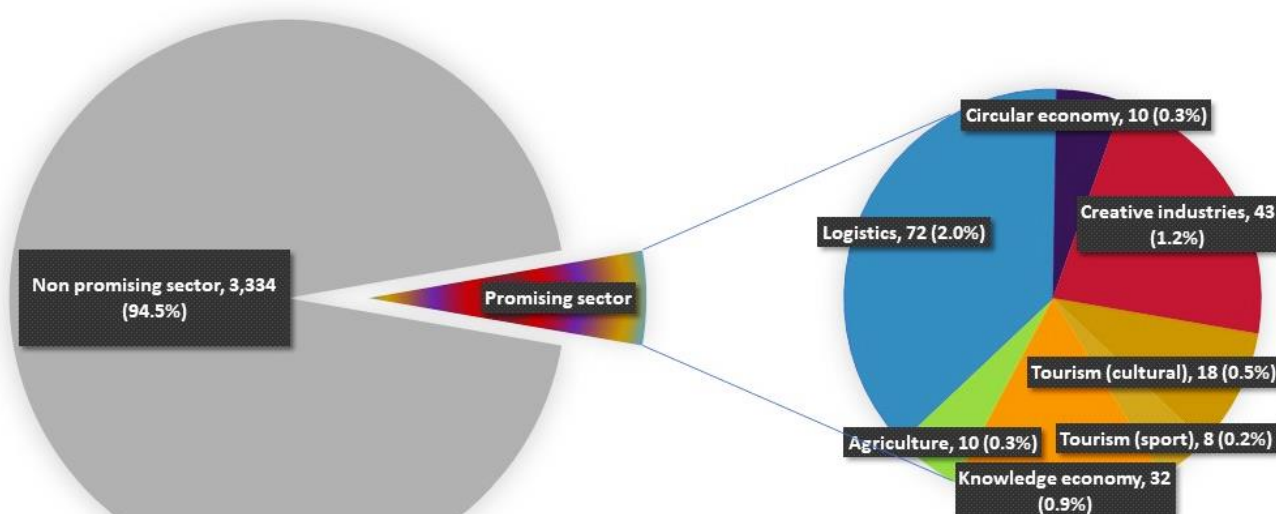
³ The 12 OCTs in the COSME Program are Anguilla, Aruba, Bonaire, British Virgin Islands, Cayman Islands, Curaçao, Montserrat, Saba, Saint Barthelemy, Sint Eustatius, Sint Maarten, Turks and Caicos.

JOBS BY GENDER AND PROMISING SECTOR, CENTRAL BUREAU OF STATISTICS (CBS), 2017

		Male	Female	Total
PROMISING SECTORS	Tourism (Cultural + Sport)	187	234	421
	Knowledge Economy	564	151	715
	Logistics	1,094	665	1,759
	Agriculture Economy	17	8	25
	Circular Economy	305	63	368
	Creative Industry	91	77	168
Total Promising Sectors		2,258	1,198	3,456

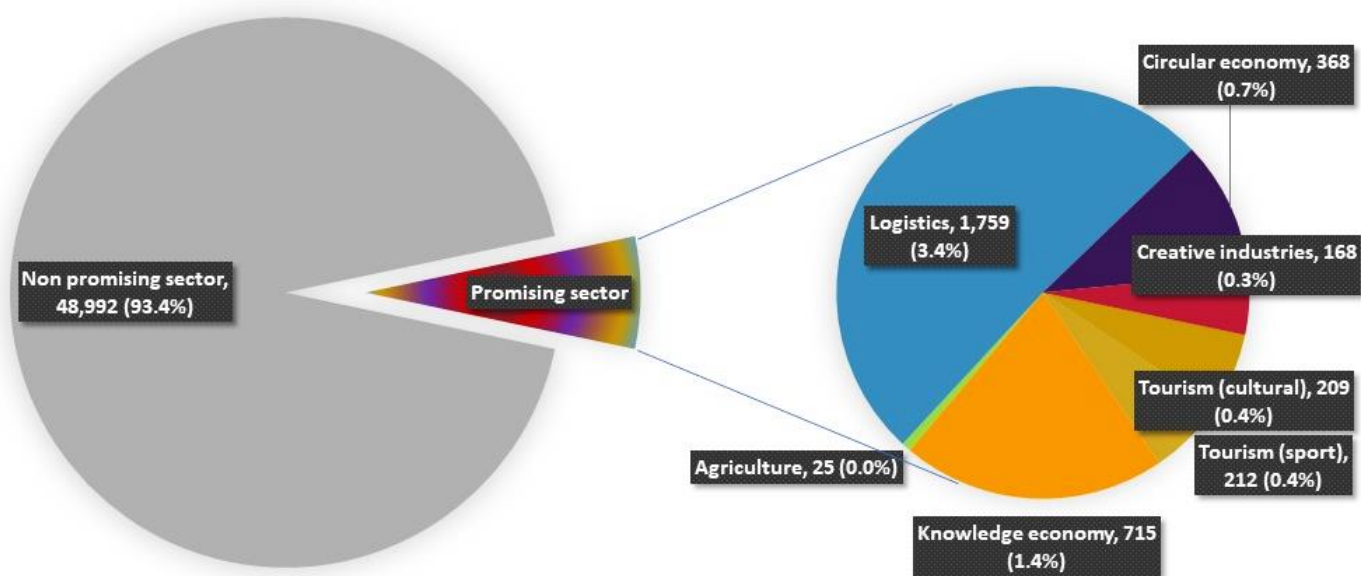
*Jobs by Gender and Promising Sector,
Central Bureau of Statistics Aruba (CBS),
2017*

NUMBER OF BUSINESSES (in absolute terms and as percentage)



Central Bureau of Statistics Aruba (CBS), 2017

NUMBER OF JOBS (in absolute terms and as percentage)



Central Bureau of Statistics Aruba (CBS), 2017



V Investment regulations and incentives

Business linkages in the Promising Sectors

It is important to have in mind that the key driver of change is the private sector in Aruba. The government will be acting as a facilitator. However, business linkages between investors and the government and its entities can be the catalyst in the diversification of Aruba's economy. The government through its entities, Utilities Aruba NV, Water en Elektriciteits Bedrijf NV, Elmar NV (Energy distributor), Aruba Ports Authority NV, Aruba Airport Authority NV and Free Zone Aruba NV, will be open for business opportunities from local and foreign investors to develop the Promising Sectors. The University of Aruba (UA) and other knowledge institution, together with Futura will also be important stakeholders for investors to develop innovative technology within the Promising Sectors.⁴ A triple helix model that will facilitate R&D will be the basis to attract new technology.

Right Conditions

Local and foreign investors can be assured to find the right conditions to foster their entrepreneurial spirit in Aruba. The government of Aruba will take the following actions.

- ✓ Create an eco-system to stimulate entrepreneurship as elaborated in the Entrepreneurs Development Policy.
- ✓ Create an eco-system for government enterprises to innovate and to be more open to business linkages with investors.
- ✓ Invest in the position of University of Aruba and other knowledge institutions as a center of research and development for the Promising Sectors.
- ✓ Foster innovation in all aspects of Aruban society.
- ✓ Invest in local human capacity to develop new skills for the development of the Promising Sectors.
- ✓ Offer premium port and airport facilities.

Tax and Investment Incentives

Aruba offers an attractive fiscal framework for all businesses.⁵

- ✓ 25% Profit Tax
- ✓ 6% Belastingen op Bedrijfsomzetten (Turnover Tax) (BBO/BAZV/BAVP)
- ✓ 50% tax deduction on loans for companies in the Promising Sectors
- ✓ 300% tax deduction on education expenses for 2020, 2021 and 2022

⁴ Aruba Futura Foundation was established in 2018 with the purpose to aid in the design, development and implementation of a national innovation strategy for Aruba, www.futuralab.org.

⁵ Alivio Fiscal 2, October 26, 2020, www.impuesto.aw.

Investment regulations and incentives

- ✓ Small Enterprises Incentive (KOR): Exemption of BBO/BAV/BAVP for sole proprietorship or freelancers with a turnover of less than Awg 84.000 as of January 1, 2021
- ✓ 200% tax deduction on marketing and promotion expenses for 2020, 2021 and 2022
- ✓ Accelerated depreciation of business assets
- ✓ 10% Investment allowance
- ✓ Dividend tax of 10%; dividend tax is currently final tax in the income tax
- ✓ Expat Incentive

To specifically stimulate the Promising Sectors the Government offers additional incentives:

- ✓ A dedicated industry area with available long-lease land as established in Aruba's Spatial Development Plan (ROP) 2019 and its regulations (ROPV) for 2020-2024.
- ✓ Exemption from import duties for goods solely for the business activities of agriculture, horticulture, fisheries, breeding and livestock or fish farming. (Art. 128, LV in, uit en doorvoer, AB 2000 no GT10)

Good Governance

- ✓ Investment incentives will be made conditional on social and environmental performance. Environmental, labor and other regulatory standards shall not be lowered to attract investment in the promising sectors.
- ✓ Investment incentives shall be granted on the basis of a set of pre-determined, objective, clear and transparent criteria.
- ✓ Processes shall be adapted to facilitate prompt and clear decisions on granting incentives.

San Nicolas: Investing in Aruba's Sunrise City

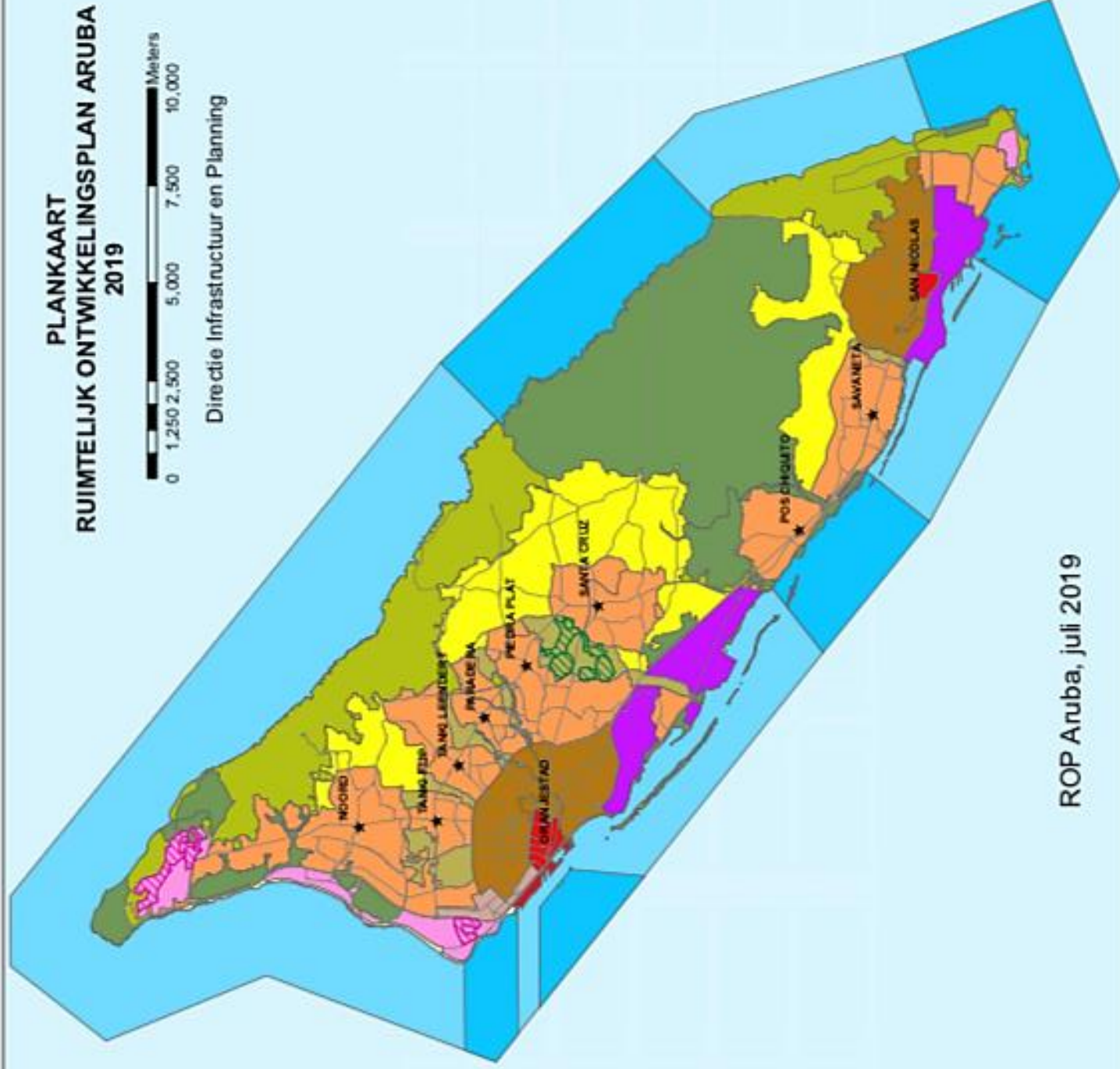
San Nicolas is trending. After Forbes named San Nicolas, "The Street Art Capital of the Caribbean", it has become more obvious that the time is now to stimulate and to revive the downtown and surrounding areas of San Nicolas.

As Aruba's second-largest city after Oranjestad, San Nicolas is currently the epicenter for art with an outdoor gallery of 44 murals. This is turning San Nicolas as Aruba's cultural city and will attract more investment in Creative Industries. Furthermore, San Nicolas will welcome in 2020 the development of a new 900-room hotel in the Baby Beach area. The first phase is planned to be completed by 2022 with 600 rooms and two years later an additional 300 rooms will be realized. This will be a catalyst for new business activities in the San Nicolas area. With the development of San Nicolas, it can also be an area to attract investments in Medical Tourism. The renovation of the medical center in San Nicolas (IMSAN) will be finished in 2020. The cooperation between IMSAN and Baptist Health International of South Florida will offer the infrastructure to develop medical tourism in San Nicolas. The San Nicolas area also offers agriculture lands to develop export crops. The coastal areas of San Nicolas can be a prime location for port development, logistics and maritime services.




















**PLANKAART
RUIMTELIJK ONTWIKKELINGSPLAN ARUBA
2019**

Directie Infrastructuur en Planning



Legend

- | | |
|---------------------------------------------------------------------------------------|------------------------------------------|
|  | Centrumgebied |
|  | Economische gebied |
|  | Harmonfont |
|  | Landelijk gebied |
|  | Marine Park |
|  | Natuur en landschap |
|  | Natuurgebied |
|  | Overige kustwateren |
|  | Stedelijk woongebied |
|  | Strand |
|  | Toeristische zone |
|  | Transformatiegebied |
|  | Woongebied met waarden |
|  | Woongebied met waarden - overgangsgebied |
|  | Hoofdmijn en omgeving |
|  | Golf Course |
|  | woonkern centrum |

ROP Aruba, juli 2019



VI Investors profile

Since the Status Aparte of Aruba in 1986 the focus of the government has been to attract foreign direct investment to develop the tourism sector and to consolidate the refinery sector. This has been done successfully and Aruba has been able to boost its export revenues and to generate a large number of jobs. This has led for these two sectors to be a major contributor to the GDP of Aruba. Although since 2012 the Oil refinery has stopped its operations due to external factors.

In this investment strategy the intention is to intensify the focus towards the development of the Promising Sectors in order to diversify Aruba's economy into an innovative and competitive economy that also takes into account a sustainable development for Aruba.

- The investment that needs to be attracted for the Promising Sectors will consist of local investment and foreign direct investment.
- Startups will be included in Aruba's entrepreneurial ecosystem to bring the necessary know-how to be tested in Aruba. A startup, definition adopted by the Government of Aruba, is a (starting) technology enabled company developing products and/or services that are globally scalable, derived through a scalable, repeatable and sustainable business model.
- The investor should have an entrepreneurial mindset and thus embrace innovation, change and continuous improvement. Investors with a business model on social innovation are also stimulated to establish in Aruba to support a sustainable economic development in Aruba.
- Investors are encouraged to establish in Aruba for a period of at least 5 years. The investor in the Promising Sectors is encouraged to be driven towards long-term sustainable solutions for current and future challenges.
- Investment will create highly skilled jobs in which the local population will have the opportunity to work.
- The investor will not depend on the government to finalize the investment capital. The government will only have a facilitating role towards the investment climate.
- Investors shall respect and work within the island's natural resources.
- Investors will have to comply with Aruba's Spatial Development Plan (ROP) 2019 and its regulations (ROPV) for 2020-2024.
- The investment will bring knowledge and an international dimension to Aruba. The investor is encouraged to share the knowledge and expertise with local partners. A triple helix platform will be supported by the government to enhance R & D collaboration. The investor will also support solutions to societal challenges in Aruba.
- The investor is encouraged to incorporate export of products and services in the business model.
- The Government of Aruba adheres to the principle of Good Governance and Integrity and expect this also from investors. The investor shall operate in a culture of accountability with re-enforcement of transparency. Investors in Aruba are encouraged to incorporate Corporate Social Responsibility in its business model to engage in actions that can further social and environmental good, beyond the interest of the firm and that which is required by law.

Investor's Profile



VII Focus Countries

An investment strategy should always have a focus in order to structure the resources used for investment promotion. Even though a choice of focus countries is made to make the investment promotion in Aruba more structured and effective, investors from all over the world that fit the investor's profile are welcomed in Aruba. The proposed focus countries are:

EU (the
Netherlands
and Germany)

Medical Tourism
Knowledge Economy
Logistics
Circular Economy

North America
(Canada, USA))


Knowledge Economy
Agriculture
Logistics
Circular Economy

Latin America
(Colombia
and Panama)

Medical Tourism
Agriculture
Creative Industries
Circular Economy



VIII Positioning Aruba as a Happy Investment Island for the Promising Sectors



Aruba Investment Agency, ARINA, is the first and main point of contact for all Foreign Direct Investment in Aruba. ARINA is an entity that works closely with numerous Ministries of the government in order to make it easier for investors to establish a business on Aruba or use Aruba as a gateway to enter new markets.

The services of ARINA include:

- Providing comprehensive intelligence on Aruba;
- Providing sector and market intelligence;
- Advising and assisting the investor on investment opportunities and policies;
- Introducing the investor to important and relevant contacts;
- Assisting in all government procedures (e.g. licenses and permits);
- Offering site visit assistance;
- Providing information on all procedures and requirements for establishment.
- Maintaining the relations with the current investors.

ARINA offers fast tracks for investors in the Promising Sectors in which permits and licenses will be processed in a much shorter timeframe.

IX Contact

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Departamento di Progreso Laboral

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Central Bank of Aruba

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Free Zone Aruba NV

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Aruba Chamber of Commerce and Industry

www.arubachamber.com

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Aruba Trade & Industry Association, ATIA

www.atiaruba.org

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San Nicolas Business Association

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Aruba Hotel and Tourism Association, AHATA

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