



Government *of* Aruba

Opportunities Ahead / Aruba

Government Initiatives, Investment Opportunities and Economic Prospects

February 2017





FOREWORD

– *M.G. Eman*
Prime Minister of Aruba

We have set out to create a balance between quality of life and sustained economic growth by fundamentally transforming leadership in Aruba with socioeconomic progress based on smart growth capable of addressing the enormous challenges of delivering a lasting prosperity.

As part of Aruba's initial strategic transformation, our administration focused on shifting from a long period of capacity expansion in the tourism sector towards long term gain investments in city and neighborhood renewal, infrastructure investment, citizen engagement and wellbeing.

The socioeconomic balance we have achieved focuses on various social and educational programs as well as infrastructure and technology developments that have not only stimulated the economy, but also focused on the health, happiness and wellbeing of our citizens.

Aruba's growth and sustainability will be based on our ability to achieve economies of scope and dedicate a great amount of focus to projects and programs related to developing the new economic pillar: a sustainable knowledge based economy. To transition towards such an economy, the Government of Aruba has made structural changes by introducing legislation and policies regarding the quality of education and provision of life-long learning programs that are conducive to stimulating the development of human capital. Aruba has made much progress in our path towards 100% sustainability in all aspects.

On the fiscal front, Aruba has demonstrated the ability to set a clear path towards a balanced budget by 2018 through structural changes, fiscal discipline and smart investment. With respect to our energy production, we have set our goal to become independent of fossil fuels in the production of energy and generation of potable water. In order to achieve this, diversification of the economy through Clean Technology initiatives has been taken. By end of 2017 Aruba should be above 50% penetration of renewables in our energy and water production.

With Aruba's technical expertise, and experience in sustainable development in an array of sectors, the island is seeking to establish partnerships and share its knowledge with fellow Small Island Developing States (SIDS) in order to drive their sustainable development priorities in line with the global development agenda.

As a result of the progress we have made since taking office, Aruba currently is on the cusp of reaping the benefits of the initiatives and projects we have completed in a much more pronounced manner than ever before. It is in this context that we invite investors to discover Aruba and share in our prosperity and vision of maintaining a balance between income and societal wellbeing.

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PREFACE

– *Richard A. Arends*
Minister of Economic Affairs and Communication

In its pursuit to continue to expand the development and revamping of Aruba's infrastructure, the government of Aruba is seeking to find partners in the private sector that will capitalize to meet its long term economic and social goals. In doing so, we believe it is crucial to provide the private sector as much clarity and aid to understand the investment opportunities at hand.

This document is intended to serve as a platform for the Government of Aruba to articulate current prospects for the private sector (including developers, investors and contractors) to participate in a plethora of projects and investment opportunities taking place in Aruba. The document is also designed to provide the private sector some context with respect to the overall economic environment in which they are making the investments referred to here. As such, we take this opportunity to invite members of the private sector to review the projects highlighted in this document and ascertain which opportunities best fit their investment profile and economic goals.

For the purpose of this document the input of the following stakeholders were included: Aruba Ports Authority, Aruba N.V., ASTEC, Aruba Airport Authority N.V., Free Zone Aruba N.V., Aruba Tourism Authority, Aruba Trade & Industry Association, Aruba Hotel & Tourism Association, Aruba Chamber of Commerce, Central Bank of Aruba, Utilities Aruba N.V., Refineria di Aruba N.V., Bureau of Innovation, TNO Caribbean, Aruba Investment Agency (ARINA), San Nicolas Business Association and Oranjestad Business Improvement District.

Through its development and incentive programs, the government has created a wide variety of opportunities for investors and entrepreneurs to participate in. The sectors offering said opportunities range from housing to port and maritime services to renewable technologies and the development of a startup ecosystem. Furthermore, it is critical to note that the scale of opportunities at hand also vary widely.

Aruba has taken a long-term view to what a sustainable future entails, and has heeded the call of innovation and diversification to strengthen the competitiveness and resilience of our economy. In the dynamic environment of the 21st century, sustainable economic development for Aruba is attainable by means of entrepreneurship, new industry opportunities, improved business productivity and new investment opportunities. It is our sincere hope that this document will serve as an initial guide for investors in understanding where they can best apply their skills and resources in continuing to develop Aruba towards its national goals.

INTRODUCTION

SECTION

1

At The Cusp of An Economic Tipping Point That Will Lever Up The Aruba Economy

Aruba is at a tipping point where a confluence of major projects and government initiatives providing synergy. The fruition of these projects will in turn have a significant impact on the long term economic profile of Aruba, as well as an improved quality of life for its citizens.



1. First Balanced budget

The macro economic impact of the government reducing its deficits will have its own simulative effect on the economy. Furthermore, a balanced budget implies less pressure on the government to increase the tax burden; thereby mitigating concerns that investors may have with regards to future costs of doing business in Aruba.

2. Rehabilitation of Refinery

In 2017 and 2018 the refinery will have a sizeable impact on the economy as a result of over \$700 million in capital expenditures that will go into making the refinery operational; including putting to work a labor force of almost three thousand workers at the peak of the rehabilitation schedule.

3. Codification of the Three Zone Policy

The codification of the Three Zone Policy (Modernization of Free Zone, Special Zones San Nicolas and Green Zone) in combination with the completion of the Green Corridor and the refinery becoming operational is expected to be a multi-pronged stimulus for San Nicolas, and an economic driver for key knowledge sectors such as green tech and intelligent distribution.

4. Completion of the Green Corridor

The completion of the green corridor will facilitate greater development to the eastern part of the island and also reduce vehicle traffic congestion and the amount of time the population spends commuting to and from work; making infrastructure more productive.

5. Airport Expansion Generating Greater Air Lift

For an island nation, sufficient air lift is crucial to its future economic health. Without the planned airport expansion the Aruba Tourism Authority would face a material hindrance in actively seeking to bring more visitors to the island; as the Airport has already reached its capacity during the peak days and hours of use.

6. Repurposing of Port of Oranjestad

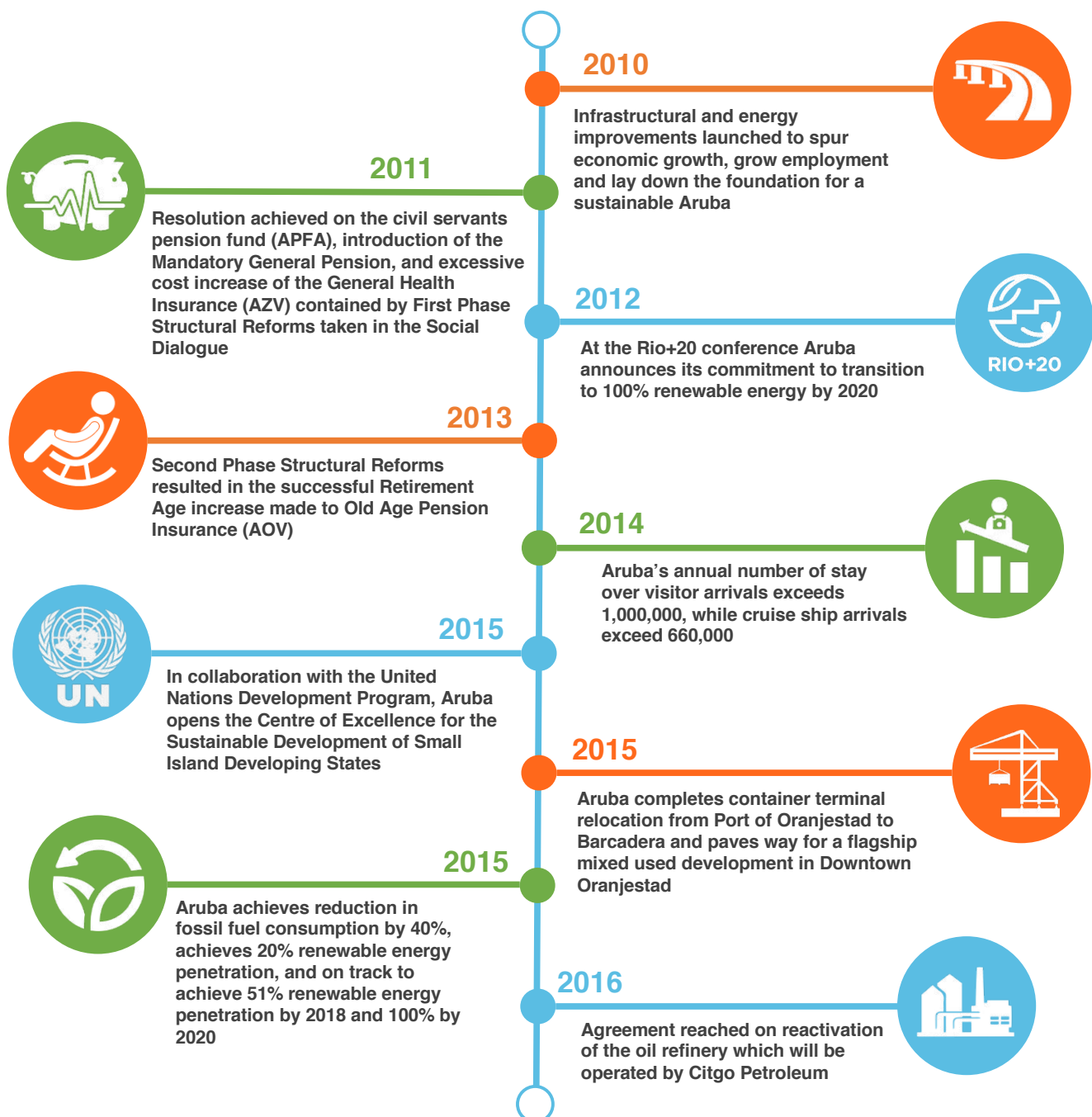
In 2016 the Government of Aruba announced an agreement with the Amsterdam Port Authority to develop a masterplan for the Container Port. The sheer scale of this project is such that it can have a material impact on GDP when development begins. Already investors from all over the world have expressed interest and have made initial proposals to develop the site under a mixed-use master plan.

INTRODUCTION

SECTION

1

Major Milestones & Achievements





SECTION 2 | ECONOMIC DEVELOPMENT INITIATIVES



”

Several large government initiatives focused on 5 key areas of infrastructure development, the growth in the tourism sector, as well as tangible initiatives aimed at diversifying into more value added sectors, will create substantial investment possibilities for investors in Aruba.

ECONOMIC DEVELOPMENT INITIATIVES

SECTION 2

TOP FIVE AREAS OF DEVELOPMENT INITIATIVES

OVERVIEW

The Government of Aruba has made it a priority to enhance “Product Aruba” through initiatives such as “Bo Aruba”, which is the name of the extensive urban infrastructure renewal plan at the heart of the government’s economic development program. Bo Aruba consists of improvements to infrastructure, neighborhoods, schools, government centers, public areas and the two main urban areas; Oranjestad and San Nicolas.

Today Aruba is proud to showcase a portfolio of projects that have been successfully completed, and that are underway to transform Aruba into a model for sustainable economic development.

Aruba’s Top Five Areas of Development Initiatives include:

1

**Green Corridor
and Watty Vos Blvd**



2

**Repurposing of
Port of Oranjestad**



3

**Rehabilitation of
the Refinery**



4

**Barcadera Terminal
and Industrial Zone/
Smart Community Aruba**



5

**Hospital Expansion
and Renovation**



Complete List of Infrastructural Development Projects

1	Green Corridor (Phase 1, 2, 3)	13	Multifunctional Public Offices (MFA)
2	Watty Vos Blvd	14	Waste-to-Energy Plant Expansion (8 MW)
3	Repurposing of Port of Oranjestad	15*	School Renovations (62 Total)
4	Rehabilitation of the Aruba Refinery	16*	Solar School Project (2.5 MW)
5	Barcadera Multi-Cargo Terminal	17*	Smart Public Lighting (12,500 fixtures)
6	Hospital Expansion and Renovation	18	Repurposing of the JFK Complex
7	Barcadera Industrial Zone	19	Airport Solar Park (3.6 MW)
8*	Urirama Wind Park (26.4 MW)	20	Aruba Airport Expansion
9*	Linear Park (Phase 1 and 2)	21*	Linear Park (Phase 4-7)
10	Urban Renewal San Nicolaas	22	Seroe Colorado Solar Park (5 MW)
11	Urban Renewal Oranjestad	23	Paradera Corridor Improvement
12	Smart Community Aruba	24	LNG Regasification and Distribution Plant

*Not plotted on the map

ECONOMIC DEVELOPMENT INITIATIVES

SECTION 2

TOP FIVE AREAS OF DEVELOPMENT INITIATIVES

1

GREEN CORRIDOR AND WATTY VOS BLVD

The Green Corridor Project is Aruba's first Flagship Public Private Partnership. The project is focused on revamping and expanding Aruba's main transport artery and is one of the biggest infrastructure projects of Aruba.

In essence, the project relates to the expansion of the capacity of the existing main road from the Reina Beatrix Airport to San Nicolas from a single carriageway (1x2) to a dual carriageway (2x2) over a distance of approximately 8 kilometers (km).

Within this context, this relates to an expansion of the existing roads over a length of approximately 5 km and the renovation of the existing roads over a length of approximately 23 km. This expansion will not only improve the productivity of Aruba's infrastructure, but it will also create opportunities from public and leisure areas, greeneries and small businesses.



“Aruba has become more attractive for investors that wish to make use of these zones.

The positive results of these three fiscal incentives are visible. Last year 30 companies were granted San Nicolas Special Zone Status”

Honorable Mike E. de Meza

Minister of Tourism, Transport, Energy and Environment on the San Nicolas Special Zone



ECONOMIC DEVELOPMENT INITIATIVES

SECTION

2

TOP FIVE AREAS OF DEVELOPMENT INITIATIVES

1

GREEN CORRIDOR AND WATTY VOS BLVD

The Watty Vos Boulevard Project is Aruba's second Flagship Public Private Partnership infrastructure project focused on transportation. The project was procured through a competitive process which commenced in early 2014.

The project encompasses the design, construction, financing and maintenance of the "Watty Vos Boulevard" route. In essence, the project involves the design and construction of a new arterial road 2x2 around Oranjestad connecting the Multi Cargo Terminal in Barcadera and the hotel area

In total, this involves construction of a 2x2 arterial road over a distance of about 7 kilometers (km), renovation of the existing road over a length of about 17 km in which 13 existing intersections will be designed and reconstructed and 2 overpasses will be designed and build. Furthermore, a bike road of approximately 15.4 km will be designed and built along almost the entire Watty Vos Boulevard route.

This flagship infrastructural work will create opportunities for local businesses, FDI and sme's.

Opportunities For

- Commercial real estate and business opportunities along the new corridors
- Enabling and facilitating the relocation of the existing port of Aruba to Barcadera
- Improving traffic flows and shortening travel times and improving road safety through delivery of new infrastructure between Reina Beatrix and L.G. Smith Boulevard / J.E. Irausquin Boulevard
- Increasing traffic flow and reduce travel time for citizens and visitors
- Improving the appearance and traffic safety in low-rise hotel zone



ECONOMIC DEVELOPMENT INITIATIVES

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TOP FIVE AREAS OF DEVELOPMENT INITIATIVES

2

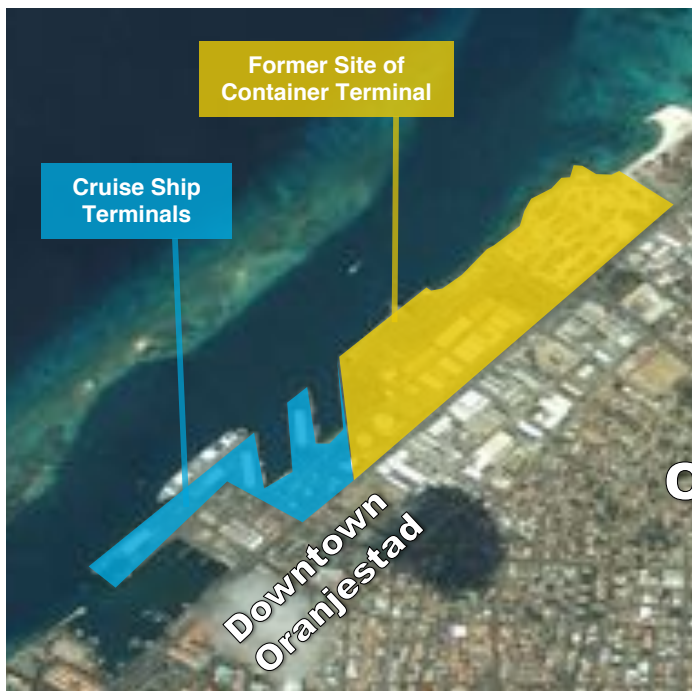
REPURPOSING OF PORT OF ORANJESTAD

When the container terminal was relocated from Port of Oranjestad to Barcadera in 2015, a momentous opportunity was created to develop a large-scale commercial development with the potential to have substantial positive results on the economy of Aruba.

The Government of Aruba has recently announced a partnership with the Port of Amsterdam International to develop a masterplan for this site.

The sheer scale of this project is such that it can have a material impact on GDP when development begins.

Already investors from all over the world have expressed interest and have made initial proposals to develop the over 2 million square foot site.



This is the start of a new era for Aruba... The simple fact that we separate the harbor cargo from cruise harbor will attract new development”

Louis Posner
Chairman of the Board of Aruba Ports Authority N.V.

Oranjestad

ECONOMIC DEVELOPMENT INITIATIVES

SECTION 2

TOP FIVE AREAS OF DEVELOPMENT INITIATIVES

2

REPURPOSING OF PORT OF ORANJESTAD

The development of the site of the Port of Oranjestad channels some of Aruba's long term strengths such that the project can truly be synergistic with those fortes. **Therefore, the project should harness:**

- Its strategic location between two great continents to serve as a hub
- The existing tourism infrastructure
- Its global recognition as a beautiful island destination
- The waterfront aspect of the site in question
- The bottom up innovation taking place in several local organizations to provide Aruba a more educated and savvy technology workforce, etc.

Also, commensurate with the government's approach to not only focus on material success, the project should emphasize:

- The quality of the lives of its citizens
- Happiness of its families
- A renovation of the sense of public space
- And the very way Aruba's citizens and visitors experience green spaces, parks, recreation centers, etc.
- Own critical mass

The government wishes to maintain some basic parameters when contemplating a proposed solution for this project. These parameters include:

- A green park running parallel to the waterfront for the entire length of the project. This green ribbon would be a continuation of linear park
- Preserve ocean views from the urban areas across the street from the project by allowing streets perpendicular to the project to continue to the green spaces bordering the waterfront (see masterplan below).
- The project should complement the retail areas developed as part of Urban Renewal of Downtown Oranjestad and not compete with those areas.

Opportunities For

- Convention center developers
- Marina developers
- Residential developers
- Office developers
- Restaurant operators
- SMEs in financial services, marine services & yachting, science and technology
- Equity investors
- Debt Providers
- Culture



ECONOMIC DEVELOPMENT INITIATIVES

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TOP FIVE AREAS OF DEVELOPMENT INITIATIVES

3

REHABILITATION OF THE REFINERY

Overview

The Aruba Refinery was commissioned in 1929 by Standard Oil and has been owned and operated by several companies since then; most recently by Valero Energy Corporation. Due to unfavorable market conditions, in 2012 Valero announced the shutting down of the refinery which at the time represented a significant percentage of the country's GDP.

In September 2016 Aruba's parliament approved the reactivation of the refinery which will be operated by Citgo Petroleum.

The Aruba Refinery will need an investment of approximately USD \$700 million over a 36 month period to become operational, and although there is speculation in the market as to the probability of this transaction moving forward, there are sound arguments for an optimistic outlook, as described on the subsequent page.

Snapshot of CITGO's Business Plan

Investment Amount	USD \$700 million
Feedstock Type	Ultra heavy crude plus Naphtha
Feedstock Reserve Volume	in excess of 250 Billion barrels
Refining Process	Upgrading extra heavy crude to synthetic crude
Nominal Refining Capacity	209,000 barrels per day
Construction Schedule	24 to 36 months

Opportunities For

- Construction and engineering service contractors
- Transportation and storage services companies
- Jobs including but not limited to welding & cutting, ironwork, millwrights, field technicians, engineering, systems operators, gaugers, project managers and supervisors, maintenance staff etc.

"It is a dream of many and Aruba is going to make it"

Jan Ebbing Director TNO Caribbean – Citgo Algen



ECONOMIC DEVELOPMENT INITIATIVES

SECTION 2

TOP FIVE AREAS OF DEVELOPMENT INITIATIVES

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BARCADERA MULTI CARGO TERMINAL AND INDUSTRIAL ZONE

Barcadera Multi-Cargo Container Terminal

Aruba's new Multi Cargo Sea Terminal in Barcadera began operating in February 2016 equipped with comprehensive camera surveillance system, Terminal Operating System (TOS) which will provide customers with up to date information regarding the status of their cargo, among other state of the art systems. Aruba Stevedoring Company (ASTEC) NV, the local stevedoring company is responsible for all operational activities at the container port.

Barcadera Industrial Park

Adjacent to the new Multi Cargo Sea Terminal in Barcadera is over 1 million square feet of area which is controlled by Aruba Ports Authority (APA) and will be available via sublease to companies interested in establishing logistics, industrial and/or marine services operations in Aruba.

Smart Community

The Smart Community is the first step on the road towards sustainable living in Aruba. In collaboration with TNO Caribbean, 20 smart-homes project will be constructed together with local stakeholders, companies and the government.

"The Smart Community is a fine example of how Aruba, but also we as TNO can offer added value to innovative companies"

Robert Jan Moons
Caribbean Branch Office TNO

Opportunities For

- Shipping lines
- Distributors
- Logistics companies
- Shipping agents
- Supply chain managers
- Warehousing
- Light industrial manufacturing
- Trucking operators
- Industrial marine services companies
- Maintenance and repair services companies
- Free zone activities
- Agriculture



ECONOMIC DEVELOPMENT INITIATIVES

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TOP FIVE AREAS OF DEVELOPMENT INITIATIVES

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HOSPITAL EXPANSION & RENOVATION

Dr. Horacio Oduber Hospital (HOH), located in Oranjestad, was constructed 40 years ago, and at the time it boasted all the most modern facilities. Since then, however, as the island population increased greatly and science advanced enormously, the hospital required an overhaul in order to function optimally and comply with present requirements.

In 2013 a major expansion and renovation of the Dr. Horacio E. Oduber (HOH) hospital commenced –the largest hospital project in Aruba to date.

The purpose of the project is to improve medical attention for Aruba's citizens and visitors, turning the HOH into a top-level facility.

The extension will comprise the construction of a new six story polyclinic, with 96 rooms for patient admittance, another three story building destined to medical consultations and outpatient services and a central power plant and storage building to extend the existing electrical and mechanic infrastructure among other facilities and structures.

A renovation, conducted in two phases, was completed, renewing the current six story polyclinic, which has 60 rooms and areas dedicated to the specialties of pneumology, cardiology, neurological attention, labs, pharmacy and pre and postoperative care.

Opportunities For

- Construction and engineering service contractors
- Healthcare service providers
- Healthcare educational programs
- Wellness tourism
- Medical offices
- Accelerators



“The changes are not only significant for the community of Aruba, but also for the 1000+ employees”

Ezzard Cillie
Chief Medical Officer Dr Horacio E. Oduber Hospitaal

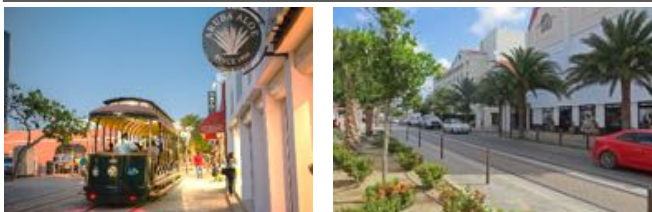
ECONOMIC DEVELOPMENT INITIATIVES

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OTHER MODERNIZATION INITIATIVES AND INFRASTRUCTURE DEVELOPMENT

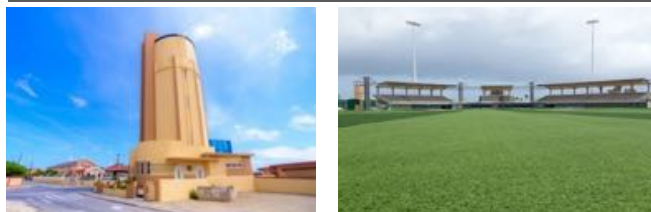
Urban Renewal Oranjestad



The Urban Renewal of Oranjestad consisted of improvement of streetscape designs, construction of a trolley system, renovation of commercial structures along Main Street, and relocation of container terminal outside of Downtown.

Amount:	USD \$28 million
Project Type:	Urban Renewal
Opportunities For:	Retail shops, pop-up shops, restaurants, themed bars/night clubs, art galleries, tourist attractions

Urban Renewal San Nicolas



The Urban Renewal of San Nicolas consisted of improvement of streetscape designs, lighting, renovation and conversion of the water tower into a museum, renovation of commercial structures and construction of new housing.

Amount:	USD \$42 million
Project Type:	Urban Renewal
Opportunities For:	Retail shops, restaurants, themed bars/lounges, hotels, art galleries, residential development

Airport Solar Park



Aruba's first solar park consists of 14,400 solar panels with 4.47MW total installed capacity covering the car park of the International Reina Beatrix Airport. The solar park is an independent power producer.

Amount:	USD \$6.7 million
Project Type:	Energy
Opportunities For:	Solar PV R&D, electric vehicle charging infrastructure providers

Smart Public Lighting



Revamping of the island's entire public lighting system including 12,500 smart light fixtures in its roads and public buildings. This initiative is expected create an estimated energy savings of 60% and reduce maintenance costs substantially.

Amount:	USD \$4.5 million
Project Type:	Infrastructure/Roadway
Opportunities For:	Construction/engineering services, road safety, energy efficiency

ECONOMIC DEVELOPMENT INITIATIVES

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OTHER MODERNIZATION INITIATIVES AND INFRASTRUCTURE DEVELOPMENT

Urirama Wind Park



The new Urirama Wind Park will have an installed capacity of 26.4 MWs and expected to produce on average 18% of Aruba's electricity needs. Upon commissioning, Aruba will become the world leader in relative percentage of wind sourced energy.

Amount:	USD \$84 million
Project Type:	Energy
Opportunities For:	Construction/engineering services, equity investors, debt providers, green tech R&D

Smart Community Aruba



Smart Community Aruba is 20 unit residential neighborhood that functions as a living laboratory for companies from around the world to research, test, demonstrate and certify the latest sustainable technologies for communities.

Amount:	USD 4.5 million
Project Type:	Innovation
Opportunities For:	Green tech R&D, green tech manufacturers and integrators, education, construction/engineering services

Airport Expansion



Aruba Airport Authority N.V. is planning a major redevelopment project designed to address the airport's capacity constraints, customer experience, and sustainability, in order to set the airport on a path of continued growth for the decade ahead.

Amount:	USD \$200 million
Project Type:	Infrastructure/Transportation
Opportunities For:	Construction/engineering services, retail shops, visitor services, debt provider

Waste to Energy Plant & Expansion



Ecogas, a local Aruban company completed Aruba's first waste to energy plant in 2013 with a capacity of 4MW. Ecogas is now in early development stages for the expansion of the plant, adding up to an additional 8MW of capacity for Aruba.

Amount:	USD \$100 million
Project Type:	Energy
Opportunities For:	Construction/engineering services, waste to energy R&D, debt providers



Multi-Functional Public Service Offices

In 2015, the Government of Aruba inaugurated its first Multi-Functional Public Services Offices (“MFA”) building in Noord (pictured in the background).

These facilities will centralize the Government’s services to its citizens and ultimately create more cohesion in the community, as they will serve as community meeting places.

Each MFO is fitted with solar panels, public gardens and free Wi-Fi hotspots.

Bringing these facilities and services closer to each of Aruba's communities will be another step the Government has taken to enhance the health, happiness and wellbeing of its citizens.

ECONOMIC DEVELOPMENT INITIATIVES

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ENERGY SUSTAINABILITY INITIATIVES

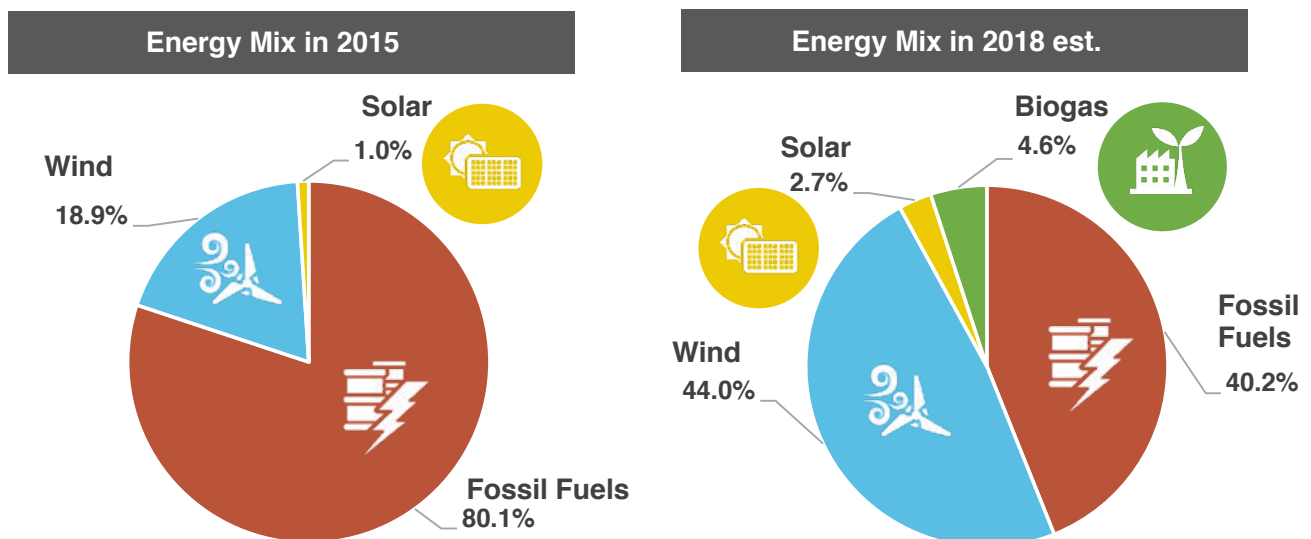
OVERVIEW

Aruba has maintained a clear focus on sustainability through which the integration of renewable energy became a priority. This focus culminated in the 2012 announcement of Aruba's vision to have 100% renewable energy penetration by 2020. Hence, the political will was present to start making the energy-mix more sustainable. However, changing the energy-mix is easier said than done.

There have been several projects completed, and many more lined up to be completed or to be started during 2017 in order to enhance the energy-mix of Aruba. The expectation is that by 2018 there will be approximately 70 MWp of wind turbines feeding energy into the power grid.

With respect to solar PV, WEB Aruba (Aruba's water and energy production company) is executing a centralized project of 5 MWp and a decentralized project using rooftops of schools and public building of 2.5 MWp. This means that in 2018 the total installed solar PV power is estimated to be around 13 MWp including the DG installations.

In 2017 EcoGas N.V. will start delivering biogas made from municipal solid waste to WEB and is expected to supply enough in 2018 to cover around 5% of the total energy demand. [Figure 1](#) below depicts the energy-mix as it is now and how it will be based on these projects, with the result that the renewable energy (RE) penetration on a yearly basis will be catapulted from almost 20% to more than 50% (and close to 70% occasionally).



ECONOMIC DEVELOPMENT INITIATIVES

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ENERGY SUSTAINABILITY INITIATIVES

SUSTAINABLE ENERGY ACCOMPLISHMENTS

Wind and solar has taken the lead in Aruba and projections suggest that 50% of Aruba's energy will be provided by these sources by end of 2017. Aruba is looking at different clean baseload and storage for the next 50% on the road to achieve 100% renewable energy penetration

One of the first **waste to energy plants** that has been built in the Caribbean region is both owned and operated by a private company in Aruba. Today this plant generates 2MW of renewable energy, and will generate up to 7MW upon completion of an underway expansion.

In order to manage the intermittency and peaks in energy consumption, **energy storage facilities (ice, hydro and flywheels)** are being built to ensure that a constant and reliable energy supply can be delivered.

The dependence on heavy fuel oil usage has been reduced by 40% through more energy efficient engines and systems, which in turn has also lowered CO2 emissions and operational costs drastically.



Snapshot of All Sustainable Energy Initiatives

Solar

- Airport Solar Park; 3.4MW
- Seroe Colorado Solar Park (*in progress*); 5MW
- School Solar Panels Project; 2.5MW
- Private Domestic Solar Panels; 1 MW

Wind

- Vader Piet, 30MW
- Urirama (*in progress*), 26.4MW

Waste to Energy

- Phase 1; 2MW
- Phase 2; 6 to 10MW

Energy Storage

- Flywheel and Battery Energy Storage Systems
- Pumped Hydro System (*being explored*)
- Tesla Energy Storage Systems (*being explored*)

Efficiencies in Energy Consumption

- Philips Partnership to revamp entire public lighting system
- LED Roadway Project – 12,500 smart light fixture replacements (60% energy savings)
- Electric Public Transport – hydrogen powered trolleys and electric buses implemented

Efficiencies in Energy and Water Production

- RECIP Engines installed (*consume less heavy fuel oil than steam turbines*)
- Reverse Osmosis Systems (SWRO) installed (*consume less energy than conventional MSF units*)
- Natural Gas as alternative to HFO (*being explored*)

ECONOMIC DEVELOPMENT INITIATIVES

SECTION

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GATEWAY ARUBA: CROSSROAD BETWEEN EUROPE AND THE AMERICAS

Aruba offers excellent opportunities for investors and entrepreneurs to channel business into the Caribbean, the Americas or Europe.

In recent years, Aruba has developed into the ideal stepping stone to Europe for companies from Latin America and the United States, and vice versa. Aruba's favorable geographic location between major international routes is just one of the many reasons for this development.

With a well-equipped seaport, a modern airport with excellent flight connections to the US, Europe and Latin America, state-of-the-art telecommunication facilities, a multilingual workforce with knowledge of the American, Latin American and European cultures, and an exceptional quality of life, Aruba is the perfect location from which to explore new growth markets.

With the aim to further promote Aruba as a gateway between Latin America and the European Union, the Government of Aruba hosted an international trade conference in 2013: "Europe meets the Americas; Aruba your business gateway".

What Aruba Offers

- Strategic geographic location.
- Safe, secure and reliable judicial system.
- Autonomous country in the Kingdom of the Netherlands.
- Extensive air and maritime connections with Europe, the Americas and the Caribbean region.
- Strong financial sector that complies with international standards.
- Knowledge Hub for renewable energy, sustainable tourism, intelligent distribution and many creative industries
- FATF/OECD compliance

What's Being Done

- The Government of Aruba is developing the island as the Gateway between Europe and the Americas, especially directed towards Panama, Colombia and the Caribbean region.
- To build a sustainable economic future, the island is working on a third economic pillar besides tourism and the oil industry, building relationships with international partners aiming to scale up their business to create mutual beneficial economic value.
- Aruba is the ideal partner for industry who may wish to develop, test or demonstrate sustainable solutions.

The Opportunities

- The brand new Barcadera Multi-Cargo Container Terminal offers ample opportunity for transshipment. The surrounding industrial area has seen a tremendous growth in the light industries sector.
- In the second city of Aruba, San Nicolas, fiscal policies are in place for incentivizing new business development.
- The Government of Aruba has also created a Green Zone to attract energy or green specific companies.
- Aruba's Freezone has an abundance of advantages for companies aiming to expand operations in the region or elsewhere.

ECONOMIC DEVELOPMENT INITIATIVES

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TOURISM PRODUCT ENHANCEMENTS

TOURISM SECTOR OVERVIEW

According to the WTO travel to the Caribbean has been growing at an average of 3.7% per annum since 2009. (This is stopover arrivals and does not include cruise visitors).

Overview of Aruba's Tourism Sector

Overall arrivals were down in 2016, mainly attributed to the acceleration of the crisis in Venezuela and a moderate growth of the U.S. The growth from the U.S. was significant in view of ever-increasing competition in the region, especially the strong growth in the two largest countries in the Caribbean (Cuba and the Dominican Republic). The 2017 target is set at a 1% growth, taking into account increased airlift out of the US, as well as a continued decrease of visitor arrivals out of Venezuela.

Cruise passenger arrivals are expected to close the year 2016 with an increase of 5.6%.

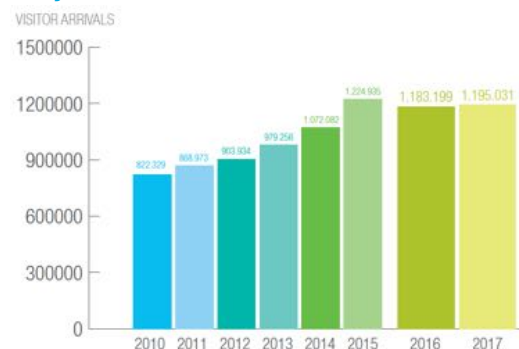
Over the last several years abnormal growth from the Venezuela market came mostly from “economic tourists”, attempting to circumvent foreign currency controls in place in their country and acquire U.S. Dollars through a variety of means. A very significant amount of these visitors spend a minimum amount on food, lodging and transportation, and do not appear to make as positive a contribution to Aruba's economy as tourists from other markets.

Tourism receipts are expected to decline in 2016 as a result of the same factors which have affected stay-over arrivals. A 1% target for 2017 is based on elasticity values of 1 when comparing Tourism Receipts versus tourist arrivals.

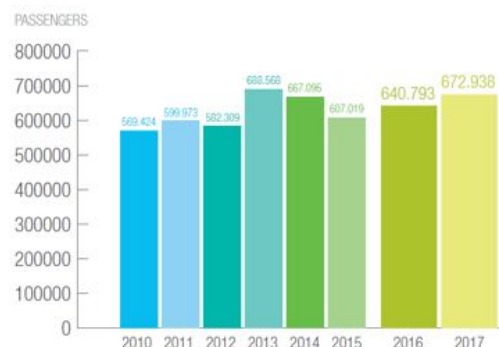
Feeder Market Diversification

In light of contraction of primarily Venezuela and Brazil, The Aruba Tourism Authority (A.T.A.) plans to intensify its diversification efforts in the US, Colombia, Argentina and Chile with special focus on Mexico and Peru as new markets. For Europe, the markets of the Netherlands, UK, Scandinavian countries and Italy will remain as the core focal points.

Stay-over Visitor Arrivals



Cruise Passenger Arrivals



Tourism Receipts



ECONOMIC DEVELOPMENT INITIATIVES

SECTION

2

TOURISM PRODUCT ENHANCEMENTS

INITIATIVES BEING IMPLEMENTED

Increasing the Share of Affluent Travelers

A.T.A. has as its mission “to increase the share of affluent travelers and the economic value of tourism”. Shifting to a higher end tourist class is key to the sustainability of Aruba’s Tourism sector. To that end the ATA is focusing on:

- Upgrading of existing hotel product and attraction of high-end, boutique and lifestyle hotels
- Creating opportunities for a higher spend (new niche markets: including wellness, culinary, golf, yachting)
- Increasing on demand economy (enhance technology to engage in on-island experience)
- Developing and equipping human capital (including tourism education in schools)
- Fostering a leadership position in consumer behavior intelligence
- Engaging in pre, during and after trip direct marketing initiatives
- Creating greater linkages between tourism and other sectors
- Air lift improvement

Furthermore, the A.T.A. will increase efforts to grow the share of stay-over visitor arrivals with a household income of US\$ 100k+, with a heavier focus on those with a household income of US\$ 125k+ and US\$ 150k+, while increasing this amount in specific US designated market areas (DMA’s) such as New York in line with the higher average household incomes. Increased efforts will also be geared towards expanding the share of Affluent Travelers within specific Latin American and European markets.

Infrastructural and Policy Change Initiatives

Aruba’s tourism is also expected to benefit from the plethora of urban renewal and infrastructure projects and policy changes that have taken place over the last seven years. These initiatives are aimed at enriching the visitors’ experience on the island, and include:

- Caps on new all-inclusive hotels to encourage new brands and a higher value-added hospitality sector
- The Urban Renewal of Oranjestad and San Nicolas
- Linear Park
- As well as forthcoming projects such as the repurposing of Port of Oranjestad and The Green Corridor





SECTION 3 | FOUR TOP SECTORS

”

The economy of Aruba is 70% dependent on the tourism industry. Aruba is actively working on initiatives to diversify the economy by focusing on “Four Top Sectors” which are integral to the country’s long term strategic goals.

FOUR TOP SECTORS

SECTION

3

INTRODUCTION

The Government of Aruba continues to place a great deal of emphasis on the sustainable diversification of the island's economy. To that end, the government has focused on strategic sectors that enable Aruba to harness its hub location while attaining more value added employment for Arubans.

Aruba is developing a new pillar of the economy — a knowledge economy — to bring greater diversification, economic stability, growth and sustainability. This includes focusing on niche industry sectors which Aruba is actively developing, or is specially positioned to develop strong competencies in, and exporting that knowledge, particularly as a service (e.g. consultancy, project/process management, etc.). This also includes fostering an entrepreneurial environment in Aruba which can breed new innovative enterprises from within its citizenry.

Cornerstone Institutes and Events

- Centre of Excellence on Sustainable Development for SIDS
- Green Aruba Conference
- Aruba Learning Event in collaboration with our partners: Carbon War Room - Rocky Mountain Institute, Clinton Climate Initiative and IRENA
- P3a Conference in partnership with UN-OHRLS
- University of Aruba
- TNO Caribbean Branch
- TEDxAruba
- Europe Meets the Americas Conference

The focus on the following industry sectors are central to Aruba's long-term sustainable growth strategy:



Green Technology

- Green Gateway
- Regional R&D and training facilities
- A 'living lab' environment



Maritime & Logistics

- Barcadera Freezone
- State-of-the-art harbors
- Modern airport
- New distribution facilities



Creative Industries

- Art
- Design
- Information Technology
- Lifelong Learning



Value-Added Tourism

- Knowledge Export
- Stimulation Of Heritage & Culture
- Aruba Certification Program
- Agriculture

FOUR TOP SECTORS

SECTION 3

1. GREEN TECHNOLOGY

Scaling Aruba's Applied Knowledge in Green Technology To Develop New Industry

Aruba is harnessing its natural resources ranging from solar and wind to generate renewable energy. It is utilizing innovative technologies with its waste to energy plant in order to reduce waste while simultaneously generating energy as well as building a expertise in the area of operation and maintenance of costly seawater desalination technology and water treatment and recycling.

The Government of Aruba has developed a Public Private Partnership (PPP) model for small scale economies. A PPP approach has been used to secure financing for various renewable energy and sustainable development projects. The investments made in these cutting edge technologies, has made Aruba home to various state of the art facilities, while its engineers have built a broad knowledge base and expertise with regards to transitioning from fossil fuels to renewable energy.

As a living lab, Aruba provides training and research & development opportunities for companies and scientists around the world.

Global Challenges Need Increased Regional And International Collaboration

The Government of Aruba is actively partnering and collaborating with world renowned institutions in the public, private and educational sector to pursue mutual ambitions to drive innovation in energy sustainability.



FOUR TOP SECTORS

SECTION

3

1. GREEN TECHNOLOGY

Building Knowledge In The Sector

TNO Caribbean Branch Office. Since 2009 the Government of Aruba started to seek international partners to transform itself into a leading sustainable society. TNO, a renowned not-for-profit organization for applied scientific research in the Netherlands established its Caribbean Branch Office in Aruba in 2011. TNO's Caribbean Branch in Aruba has not only been a central and instrumental part in Aruba's achievements thus far, but continues to take advantage of the nearly constant supply of sun, wind and waves in conducting testing and research of renewable energy technology. Moreover, it facilitates educational and training opportunities for Aruban residents, international students and professionals. TNO has assisted Aruba in consolidating all its ongoing projects as well as to identify solid opportunities for the island. Aruba's energy transition is not only a technological design, but also the economic and societal aspects must be considered.

TNO innovation
for life



Centre of Excellence for Sustainable Development of Small Island Developing States. On October 28, 2015, the United Nations Development Program (UNDP) announced the establishment in Aruba of a Centre of Excellence for the Sustainable Development of Small Island Developing States- The UNDP is establishing the Centre with the support of the Kingdom of the Netherlands and in recognition of Aruba's leadership role among Small Island Developing States (SIDS) in sharing its experiences and best practices in making a transition to renewable energy. The purpose of the Centre of Excellence is to serve as a platform for the South—South cooperation and the exchange of knowledge on renewable energy, public-private partnerships, water management, tourism, and the environment.



Green Faculty at University of Aruba. TNO in collaboration with Arizona State University successfully started the Green Faculty in 2012. The Green Faculty offers trainings in support of Aruba's sustainable energy transition. Aruba realizes that in addition to technological innovation, local capacity building is of key importance. In cooperation with US. and European partners and universities, Aruba's "Green Center of Excellence" plans to offer a Bachelor Degree on Environment, Energy and Entrepreneurship.



FOUR TOP SECTORS

SECTION 3

1. GREEN TECHNOLOGY

Promoting Aruba's Green Tech Sector and Attracting Global Participation

Green Aruba Conference. In 2010, as a part of its green energy agenda, the Government of Aruba initiated an annual international conference in Aruba on Green Energy: the Green Aruba Conference. The fourth such conference was held on October 2013. Previous conferences in Aruba featured renowned speakers such as then Prince of Orange (now the King of the Netherlands), former US Vice—President Al Gore, European Union Commissioner for Development, Andris Piebalgs, President of the Carbon War Room and former President of Costa Rica, Jose Maria Figueres, Secretary General of the Organization of American States, Luis Almagro, Executive Director of the International Energy Agency, Maria van der Hoeven, all of whom delivered remarkable keynote presentations.



Aruba Learning Event In October 2015, Aruba hosted the first Aruba Learning Event, bringing together ministers of energy, utility executives and engineers, regulators from across the Caribbean and other islands. The purpose was to accelerate learning and gain insights through the exchange of regional experience and best practices from renewable energy implementation processes taking place throughout the Caribbean and island nations. This unique event was sponsored by the International Renewable Energy Agency, Carbon War Room — Rocky Mountain Institute and the Clinton Climate Initiative, and hosted by Utilities Aruba N.V., WEB NM, and Elmar N.V.



Smart Community Aruba. A real life testing and demonstration is a must to move sustainable technologies from concept to practical application. TNO's Smart Community Aruba is a 20-unit residential neighborhood aimed at sustainable living. The key objective is knowledge development relating to scalable technology solutions and business models to help make Aruba's transition to sustainable energy a reality.



FOUR TOP SECTORS

SECTION 3

2. MARITIME & LOGISTICS

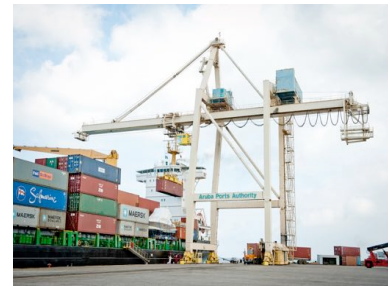
Well Positioned As a Maritime Logistics Hub

Aruba has a strategic geographic location in the wider Caribbean Sea, providing ships with two expansive and safe natural roadsteads for Anchorage and Maintenance as well for STS and Bunkering Activities. The island's privileged geographic location also makes Aruba a natural hub for all manner of maritime logistics.

Aruba's new state of the art Multi Cargo Sea Terminal in Barcadera is equipped with a comprehensive camera surveillance system to ensure customer's cargo remains secure and an advanced new Terminal Operating System (TOS) which provides customers up to date information regarding the status of their cargo.

Special incentives, such as the Free Zone, are available to stimulate companies to expand their business in the Caribbean and South American region using Aruba as a logistical hub.

Aruba's three ports are International Ship and Port Facility Security (ISPS) Code certified. In addition Aruba ensures the security of its territorial sea borders by being under the safeguard of the Coast Guard Caribbean based in Curaçao.



Sample Active Opportunities

- The Aruba Ports Authority (APA) is exploring opportunities with private groups who have shown interest in setting up distribution and maritime services operations in Aruba. An example are groups that are interested in providing services to the maritime offshore oil & gas sector in the Caribbean and South America. Aruba's central location in the Caribbean Basin, together with the petrochemical knowledge available in Aruba from activities related to the oil refinery make Aruba an attractive location for such companies.
- Repsol, a Spanish based energy company, was awarded mining rights over a maritime exploration block, with an area of 5,026 square kilometers in Aruba. Repsol has recently entered into a trial drilling stage following a series of seismic and soil sampling stages.

Building Knowledge In The Sector

- The **Shipping and Transport College Rotterdam (STC Rotterdam)** is opening a branch in Aruba in 2017 together with the University of Aruba, to provide training courses to the region in the maritime and logistics sector. Aruba Stevedoring Company, ASTEC N.V., together with STC and University of Aruba, will be collaborating with stakeholders in Miami, Florida and exploring possibilities to connect the education and commercial sector focused on logistics and harbor activities.
- At **EPI College in Aruba** an educational program on modern logistics is being developed and should commence by Q3 2017. It will be comprise of a 4-year program offered to university students in Aruba and abroad who are interested in becoming professionals in the field.

FOUR TOP SECTORS

SECTION 3

3. CREATIVE INDUSTRIES

The creative industries sector of Aruba builds forth on the strong traditions of the cultural sector and provides a breadth of opportunities integrating technological innovation and new concepts and design.

The creative industries have a major part in developing the knowledge economy in Aruba and also in stimulating entrepreneurship within the community.

Media & Entertainment Aruba has a vibrant festival calendar with music festivals in a variety of genres: EDM; Jazz; Soca; R&B with both local and international artists taking the stage. Film, culinary & fashion festivals and TedX conferences are also organized. Aruba is positioned in the region as the ‘go to island’ for big international events as it is clear that the island has something for everyone.

Arts, Heritage & Crafts This bubbling sector is on display in the Cosecha gallery, showcasing beautiful and diverse one of a kind locally made arts and crafts items. With the introduction of the official certification mark SEYO, customers are certain they are purchasing authentic made in Aruba products.

Creative Business Services There is a growing demand on Aruba for creative business services to solve issues in an innovative manner related to the realization of economic, cultural and social value creation.

Gerrit Rietveld Aruba A regional education center of excellence which serves as a meeting point for fashion and other creative industries, an exhibition center, a showcase for creative and sustainable urban renewal and community improvement projects and which has an important role in stimulating entrepreneurship in this sector.



The creative industry in Aruba consists of:

- Advertising
- Architecture
- Arts, Heritage & Crafts
- Audiovisual
- Design
- Fashion
- Film - Gastronomy
- Gerrit Rietveld Aruba
- IT
- Music
- Photography
- Publishing
- Startups
- Gerrit Rietveld Aruba



A robust Internet network infrastructure and broadband penetration has proven fundamental to a country's ability to excel in innovation and technology.

Aruba has a high internet penetration of 83.8% of its total population according to Internet World Stats.

Aruba also has the fastest recorded Internet download speed across 28 islands (as recorded by Ookla—a recognized provider of broadband testing).

FOUR TOP SECTORS

SECTION 3

3. CREATIVE INDUSTRIES

Bureau of Innovation

The **Bureau of Innovation** is the creative think tank inside the Government of Aruba and a main driving force for developing and connecting initiatives that are conducive to the creative industries and the community of Aruba.



The Bureau of Innovation (BI) is a multidisciplinary team of professionals dedicated to strategically develop, support and advise on the areas of social, technological and economic innovation for the benefit of Aruba's vision to create sustainable and shared prosperity. BI was established in 2014, during the second term of Prime Minister Mike Eman, when the Ministry of General Affairs was extended with Innovation, Sustainable Development and Science. In realizing its initiatives, BI adopts a 'triple helix way of working' (i.e. government/private sector/knowledge sector) to ensure the sustainability projects.

Innovative Initiatives

Mobile Tech Lab.

In August 2016, OCTA Innovation accepted BI's proposal requesting finance to realize a Mobile Tech Lab for Aruba. The project includes transforming a container into a Mobile Technology Lab consisting of 3D printers, laser cutters, iPads, computers and packages. Once completed, the Mobile Tech Lab will visit the secondary schools and the national after school programs. The Tech Lab is scheduled to visit each of these programs for a period of two weeks, where students will be exposed to new technology and develop the practical skills that they need to confront the challenges of the future.



Startup Aruba

Looking at the vision of Aruba to create a sustainable society, the Governments finds it very important to focus on Startups; (young) professionals who think out of the box and look for solutions to challenges we are all facing today. Startup Aruba is a public-private platform to co-create and facilitate the development of a startup ecosystem in Aruba. As part of Startup Aruba 4 incubators with co-working spaces have been launched in Aruba. .



TEDxAruba

TEDxAruba is an independently organized event licensed from TED to official TEDx ambassador Jim Stolze and organized by the TEDxAruba Foundation. In 2016 TEDxAruba received the international award for Business, Innovation and Creativity from the Association of Overseas Countries and Territories of the European Union (OCTA).



FOUR TOP SECTORS

SECTION 3

4. VALUE-ADDED TOURISM

Overview

Although diversifying the economy and reducing its reliance on a single sector (tourism in this case) is Aruba's ultimate goal, tourism can not be ignored as there are many opportunities to provide value-added services within the sector, as well as create greater value for Aruba by leveraging its knowledge base in the tourism sector.

To accomplish this, Aruba plans to establish a collaborative public-private-academic entity as a center of excellence for tourism in Aruba with the support of internationally renowned tourism education institutes in Europe and the Americas, as well as local Aruban institutions.



It is also integral for Aruba's tourism infrastructure to be modernized and expanded. Several initiatives related to tourism infrastructure development and upgrading include:

- Continuation of the Linear Park (phases 3 and 4)
- Infrastructure in front of the hotel area (Palm Beach)
- Beautification of the cleaned-up "Bushiri" area
- Construction of the (UN) Natural Bridge Experience Center
- Fisherman Huts development Kite & Windsurf Park
- Adequate and well-indicated taxi stands (lobby for adequate illumination In city center)
- Creating and maintaining urban areas in need of beautification
- Providing the Mainstreet and San Nicolas with adequate toilet facilities

Stimulation Of Heritage & Culture

A.T.A. has become a vocal and active player in endorsing and expediting cultural projects. A major part of the cultural efforts will be focused towards the development of San Nicolas from a branding and product development perspective, ensuring that visitors can find the culturally-rich content that the area has to offer through marketing efforts. A.T.A. will also continue to foster the islands' heritage, authenticity and culture through maintenance of already implemented successful projects/ programs as well as being on the look-out for interesting essential new additions to which A.T.A. may be able to contribute as a stakeholder; having the interest of our visitors as well as our locals at heart.

Aruba Certification Program

To increase the level of service provided to more sophisticated and demanding travelers, ATA has implemented the Aruba Certification Program. The Aruba Certification Program has taken on the responsibility for fully implementing the program within hotels and having all their respective staff trained and certified by the end of 2018. This program, along with the aforementioned initiatives being implemented, will certainly strengthen Aruba's competitive position in the market.

FOUR TOP SECTORS

SECTION 3

4. VALUE-ADDED TOURISM

Local Food Chain Support

Agriculture in Aruba for most of its history has generally been limited to niche markets, most famously Aloe Vera cultivation. In recent years however, Aruban agriculture has been bustling with movement, influenced by the global sustainability dialogue but also through an uptick in demand by hotels and tourist-oriented restaurants.

With an increased demand for locally-grown and culturally appropriate foods, which is generally associated with higher-end tourism markets, several entrepreneurs have begun encroaching on different forms of agriculture. Thanks to the combination of green technology and innovation these entrepreneurs is becoming more climate-resilient to the extent of tapping into the growing food demand.



WEB with administrative support from the Department of Agriculture (Santa Rosa) is supporting producers by offering a flat-rate water meters for their desalinated water consumption, a natural resource that is usually very scarce on the island. Santa Rosa is assisting farmers also through the orchestration and support of Farmer's Markets, which have proven their potential.

Snapshot:

- Pachamama's cilantro-farming, which has garnered a **25% of the national cilantro consumption** market and provides internship opportunities for Special Education School (SPO) students under a recently established governmental initiative;
- Mushroom Farm's white mushroom farming, which has nabbed a sizeable **90% of the total national mushroom consumption** on the island and is planning to export;
- Viticulture initiatives and a Dragon Fruit farm have also already proven that they can be very profitable, **supplying both local and visitor demand**.



SECTION 4 | WHAT MAKES ARUBA A GOOD INVESTMENT

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This document also aims to highlight the investment opportunities for the private sector that are underpinned by the Government's deliberate efforts to promote local and foreign direct investment in Aruba.

WHAT MAKES ARUBA A GOOD INVESTMENT

SECTION 4

OVERVIEW

The Government's vision to position Aruba as knowledge and sustainability hub between Europe, the Caribbean and the Americas, has earned a great deal of attention from the global investment community. One of Aruba's many strengths is its highly educated and multilingual workforce, which is exceptionally service oriented; a quality that has been shaped through our many years of serving millions of visitors. In addition, Aruba has shown to have a stable economy with one of the lowest crime rates in the region, excellent infrastructure which is constantly being upgraded, and exceptional quality of life.

"In the end the private sector needs to grab the opportunities"

Ronny van Trigt
Chairman of the Board of Aruba Trade & Industry Association



Top 10 Reasons Aruba Is a Good Investment

1. **Excellent infrastructure; reference: "Five Top Areas of Development Initiatives"**
2. **Public investments are continuously taking place in order strengthen: "Four Top Sectors of Economic Development"**
3. **Educated and skilled multilingual workforce**
4. **Strategic location to serve markets within the Caribbean and Latin America**
5. **Favorable investment incentives and tax regime**
6. **Outstanding accessibility through abundant airlift to major airports in North America and Europe**
7. **Political and economic stability, and part of the Dutch Kingdom**
8. **Investment grade sovereign credit rating of BBB (Fitch Ratings)**
9. **Among the countries with the lowest cost of electricity in the Caribbean**
10. **Exceptional quality of life**

WHAT MAKES ARUBA A GOOD INVESTMENT

SECTION 4

INVESTOR ONE STOP SHOP SUPPORT

ARINA

Aruba Investment Agency (ARINA) was formed in 2012 to be the first and main point of contact for all Foreign Direct Investment in Aruba. ARINA was established under the Ministry of Economic Affairs in order to make it easier for investors to establish a business in Aruba or use Aruba as a gateway to enter new markets.

ARINA's services include:

- Providing comprehensive intelligence on Aruba;
- Providing sector and market intelligence;
- Advising and assisting Investors on investment opportunities and policies;
- Introducing Investors 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.
- Through ARINA permits and licenses are processed in a much shorter timeframe due to our fast tracks. Also, Investors will have one main point of contact in Aruba. ARINA's services are offered completely free of charge.



WHAT MAKES ARUBA A GOOD INVESTMENT

SECTION

4

TAX INCENTIVES

Free Zone

General:

Free zone activities:

- Storage, processing, adaptation, assembly, packaging, display, and spread out or other treatment of goods.
- Providing services
- Entity requirements
- Flexible housing for companies rendering services
- Sales to the local market: 25/ 75%, 50/50%
- Fringe benefits and expat regime
- Tax Incentives:
 - i. Exemption for dividend Withholding tax
 - ii. Proposed free zone facility charge as of January 1, 2013 (was: 1,12%):

Turnover in AWG	FFC
0 – 100,000,000	0.75%
100,000,001 – 150,000,000	0.20%
150,000,001 – 200,000,000	0.10%
200,000,001 or higher	0.01%

Special Zone for San Nicolas

The Government considers it a priority to stimulate the investment climate in San Nicolas. Since 2013 a preferential fiscal regime is applicable for the San Nicolas area, which includes:

Tax incentives:

- 15% corporate income tax for local activities
- 10% corporate income tax for export activities and hotels
- 2% corporate income tax for reinsurance companies, activities to develop green energy and agriculture
- Exemption dividend withholding tax
- 50% discount on property tax for 5 years
- Exemption turnover tax
- Lower land value may be set by Minister of Infrastructure
- Fringe benefits and expat regime
- Possible exemption foreign exchange commission
- Additional investment allowance of 10%
- Period of 10 years

Investment and Employment Requirement:

Turnover in AWG	Employees
1,000,000	3 employees (subj to change)
1,000,000 – 2,000,000	6 employees
2,000,000 – 3,000,000	9 employees
3,000,000 – 4,000,000	12 employees
4,000,000 – 5,000,000	15 employees
5,000,000 – 6,000,000	18 employees
Each Million	3 additional employees



SECTION 5 | SOVEREIGN STRUCTURAL ENHANCEMENTS

”

Upon taking office in late 2009, the first measures the Administration of Mike Eman took was to support the economy and halt declining purchase power. By 2010 the Government started to execute sustainable measures to reverse a negative economic trend.

SOVEREIGN STRUCTURAL ENHANCEMENTS

SECTION 5

OVERVIEW

The position Aruba is in today is markedly different from that which existed in 2009 when the President of the Central Bank of Aruba stated in the Annual Report:



“...On the domestic front, the **future of the oil refinery** and the **quality of the recovery in the tourism sector** are major factors affecting the economic outlook, but there are a number of additional issues, including the weak financial position of the government, associated in part with the dilemmas surrounding the **civil servants pension fund** and the **old age pension system**, as well as the relatively **high personnel costs** and the **AZV health system**, that require urgent and comprehensive solutions. Only then will the future look much brighter.”



The Administration of Mike Eman took clear and decisive action and addressed all of these issues, with tangible positive results, based on the following plan of action:

- Fostering a social-economic perspective
- Recovery of Purchasing Power
- Urban & Infrastructural Investment Plan 2010-2016
- Rehabilitation of strategic partnerships
- Regain confidence in the Kingdom and international relations
- Trust in the community and the social partners
- Social Dialogue for Structural Reforms

It is upon this base of a more predictable and balanced fiscal position that the Government will continue to build on its plans to move forward.



SOVEREIGN STRUCTURAL ENHANCEMENTS

SECTION 5

POLITICAL PROFILE

Effectiveness of Government Institutions

The effectiveness of the government's institutions, is evident when one looks at what the government was faced with upon coming to office, what it did to resolve the challenges it faced, and the results it has achieved so far. Upon coming to office the government took clear and decisive action and addressed the severe economic and fiscal issues it faced by reforming the civil servants pension fund (APFA), the old age pension insurance (AOV), and The General Health Insurance (AZV), as well as putting policies in place to stimulate growth (see below). It is important to note that these initiatives were executed without constitutional difficulties or major legal disputes, or the social unrest seen in major European countries. This accomplishment is also a sign of the effectiveness of the government of Aruba as a whole. The government of Aruba is keenly aware that nothing demonstrates effectiveness and predictability as much as clear evidence of a government delivering on what it set out to do. Furthermore, the government has demonstrated its ability to execute policy into concrete projects that contribute directly in today's economy.

The overall Political Profile demonstrates the effectiveness of the government's institutions in responding to economic or political shocks and in stabilizing the sovereign's economic fundamentals during downturns. Furthermore, the government's policies are also demonstrating a clear track record of countercyclical measures to create budgetary consolidation and fiscal balance.

Coherence of Policies To Support Economic Growth:

The coherence of the government's policies to support economic growth is clearly demonstrated when one looks at the government's urban renewal projects and related initiatives. The projects in question have had a clearly stimulative impact on the local economy. The execution of projects clearly demonstrate the extent to which the government has organized and pushed these initiatives forward. The vast majority of the projects the administration began in its first term have already been completed. In addition to the direct stimulative effect of the projects on the economy, these projects have incentivized the private sector to initiate their own investments to capitalize on a significantly improved "product Aruba". The result of these initiatives is expected to be sustained growth as the economy reaps the long term benefits of the projects.



SOVEREIGN STRUCTURAL ENHANCEMENTS

SECTION 5

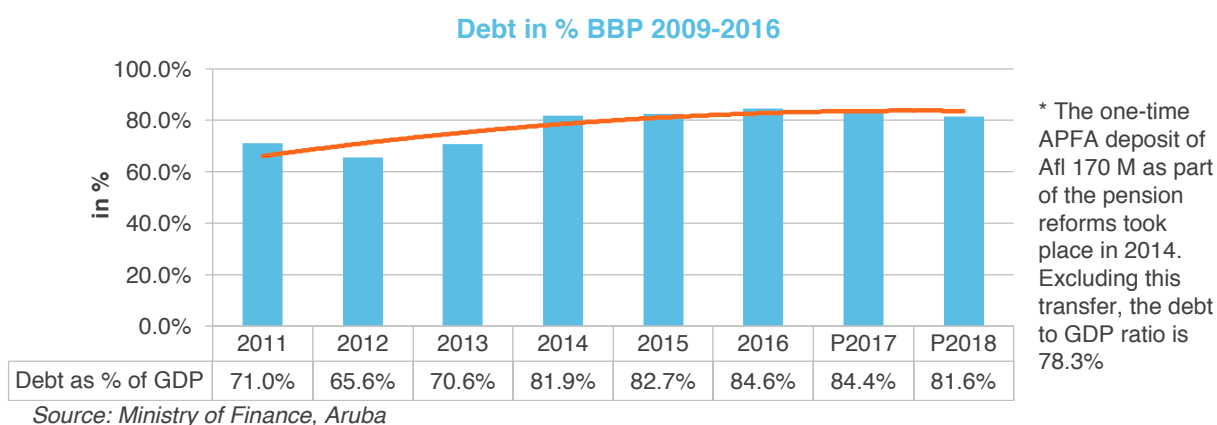
LIABILITY MANAGEMENT

Backdrop

Sovereign debt management is the process of establishing and executing a strategy for managing the government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals the government may have set such as developing and maintaining an efficient market for government securities. In efforts to re-enforce Aruba's debt management oversight and establish a uniqueness on policy towards liability management, the Government appointed a Steering Committee deemed Debt Management Steering Committee ("DMSC") with participation's from the Office of the Minister of Finance, Central Bank of Aruba and Treasury Department at the Directorate of Finance. The DMSC's remit is to carry out the Government's debt management policy of minimizing financing costs over the long term taking account of risk, and to minimize the cost of offsetting the Government's net cash flows over time, while operating in risk parameter sanctioned by the Government of Aruba.

Debt Management Strategies

Until such time when the need for deficit financing is eliminated, all financing efforts is focused on reducing the external component of the national debt as a percentage of the total debt. This strategy recognizes the fact that foreign currency debt poses a particular risk, and that when compared to domestic financiers, foreign investors are more likely to become reluctant to refinance GOA's foreign-currency debt.



SOVEREIGN STRUCTURAL ENHANCEMENTS

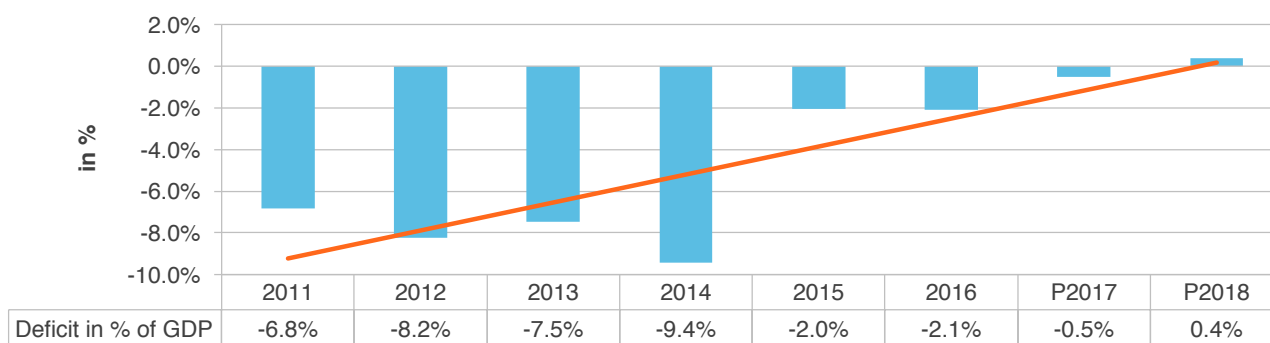
SECTION 5

ECONOMIC PROFILE

Positive Fiscal Results

The clearly discernable results of the structural reforms and expenditure containment policies are evident in the charts below. The change in deficit to GDP (a standard fiscal benchmark) is striking in 2015 as is the drop in deficit from Afl. 447 million to Afl. 100 million at the close of 2016.

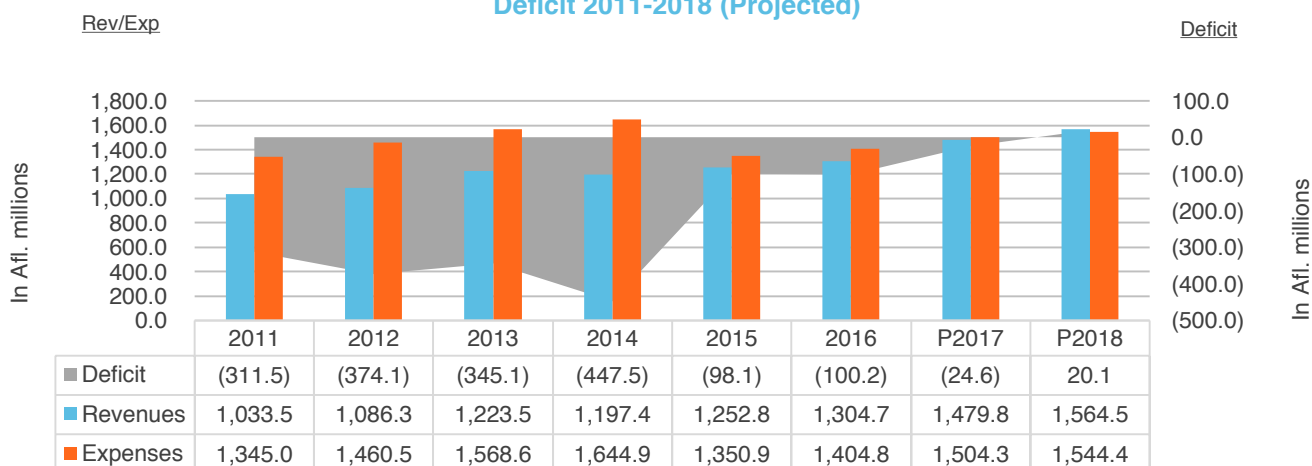
Deficit In % Of GDP 2011-2018 (Projected)



Source: Ministry of Finance, Aruba

Note: Data is related to the Government of Aruba not the General Government of Aruba.

Deficit 2011-2018 (Projected)



Source: Ministry of Finance, Aruba

Note: Data is related to the Government of Aruba not the General Government of Aruba.

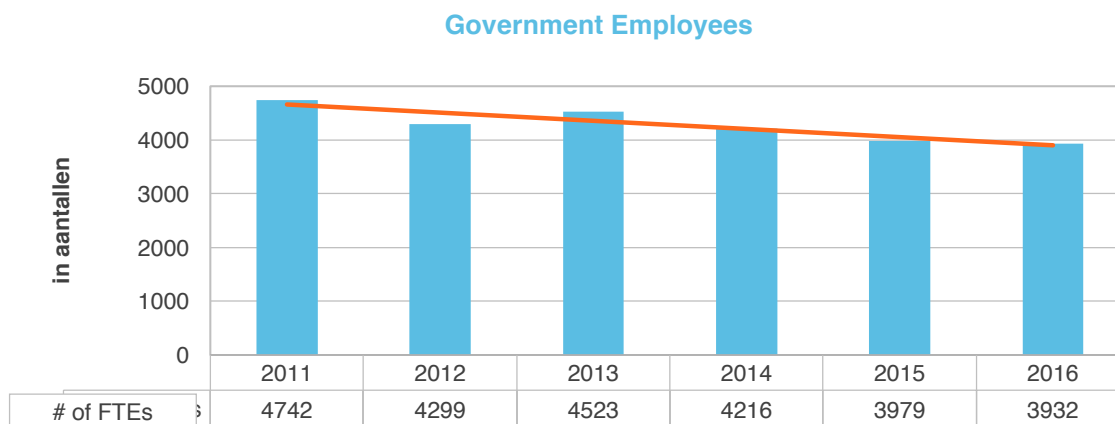
SOVEREIGN STRUCTURAL ENHANCEMENTS

SECTION 5

ECONOMIC PROFILE

Additional Cost Reductions

The reduction in Government employees in recent years is another example of the government's overall strategy of doing more with less; and in this way making the changes institutionalized so far sustainable for future generations.



Source: Department of Human Resources, Aruba

SOVEREIGN STRUCTURAL ENHANCEMENTS

SECTION 5

TAX, EXPENDITURE & CONTAINMENT POLICY

ADMINISTRATIVE, PENSION AND HEALTH REFORM INITIATIVES

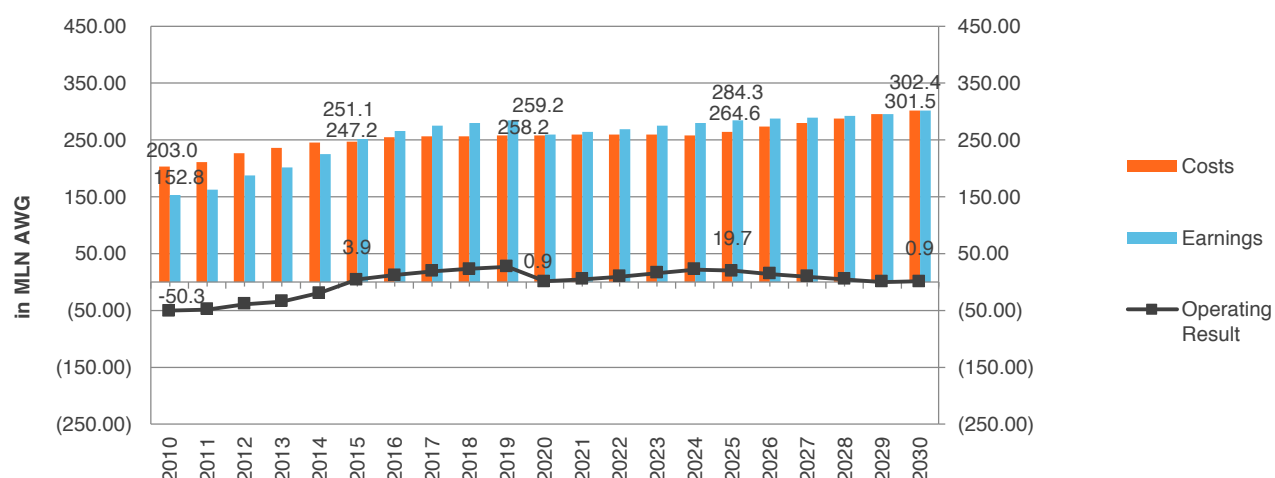
Old Age Pension (AOV)

In Aruba, 70% to 80% of the employees in the private sector depend solely on the on-pension when they reach the pension age. In 2011, SVb's 'general pay-as-you-go pension scheme', also known as the 'old age pension', was also overhauled to build a foundation for sustainable social security. The maximum limit in premium income was increased to 65.000 per annum. The cover base was changed and premium contribution was individualized. For all employees, the AOV-premium is individualized. The foundation for the AOV—premium is changed from net to gross income and the premium limit is raised.

AOV Reform

As of January 1, 2011 the maximum premium was increased by 20%; the calculation wage base was broadened and contributions individualized. As of January 1, 2014 the maximum premium-income was again increased by 40% and a premium-increase of 1% pt introduced. To improve the solvency of the AOV fund in the medium term, a flexible retirement age was introduced in 2012.

As of January 1st, 2014 the retirement age was increased from 60 to 65 years and the AOV-premium increased again by 1% pt.



Mandatory General Pension

70% of employees in the private sector rely solely on the Old Age Pension benefit (Afl 1057 per month) upon retirement. As of January 1, 2012 employees in the private sector can rely on a second pension pillar with the introduction of a mandatory General Pension. The total minimum premium is of 6%.

SOVEREIGN STRUCTURAL ENHANCEMENTS

SECTION 5

TAX, EXPENDITURE & CONTAINMENT POLICY

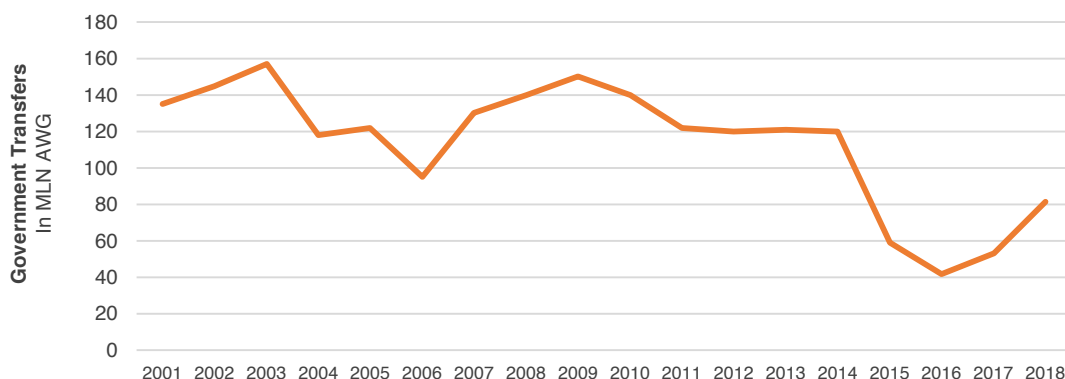
ADMINISTRATIVE, PENSION AND HEALTH REFORM INITIATIVES

Health Care Costs (AZV)

During the Social Dialogue, issues with regards to the AZV were also addressed; structural excessive cost increases of the universal healthcare system were contained. Among the measures implemented were the introduction of fixed yearly budgets for providers, decreased costs of drugs and sharper prices from the international providers for medical treatments abroad.

As of January 1, 2011 the premium was increased with 2% and the Government transfers limited to Afl 115 million per annum. As of December 1, 2014 a health tax was introduced based on business turnover with a rate of 1%. The percentage was increased with another 1 ppt. as of July 1, 2015, reducing the Government transfers to below Afl 60 million per year equivalent to a 65% reduction.

In addition, the AZV has introduced cost-containment actions, such as the introduction of co-payment for medical services and medicine



Civil Servants Pension System (APFA)

Reforms

- Structural reforms through the Social Dialogue
- Fund is brought under the supervision of the Central Bank;
- Retirement Age of civil servant increased from 55 to 65 years
- Austerization in plan: from a defined benefit to a defined contribution system and the old age pension benefit was computed into the pension.

Results

- Total cost was lowered from 68% (2010) to 17% (2016)
- Solvency ratio increased from 70% to 100%
- No more government guarantees

OUR VISION FOR ARUBA'S FUTURE

In contemplating our administration's vision to fundamentally rebuild and improve the wellbeing and quality of life of Aruba for its inhabitants and its visitors, it became clear this would require a new set of terms which encompassed fundamentally transforming leadership on the island and its relationship with a wide array of stakeholders comprising our community. It was only through a clear and thoughtful delineation of that vision, and a proactive dialogue with an engaged citizenry, that we were able to accomplish the first phase of our vision.

To anchor our achievements for future generation, Aruba's vision encompasses a long term sustainable prosperity model. In Aruba, the concept of prosperity goes far beyond material concerns. It transcends merely achieving a higher standard of living or a larger Gross Domestic Product. Aruba views prosperity as not only material success but also as the quality of the lives of its citizens and the health and happiness of its families. To create the type of prosperity that also is sustainable and shared by all citizens means focusing on "doing more with less" so that creating prosperity today need not sacrifice the quality of life of future generations. Aruba relies on a definition of sustainable prosperity from the World Watch Institute: "Sustainable prosperity is a result of sustainable development that enables all human beings to live with their basic needs met, with their dignity acknowledged, and with abundant opportunity to pursue lives of satisfaction and happiness, all without risk of denying others in the present and the future the ability to do the same." This approach resides at the very core of our vision and serves as a beacon for our decision making process.

Aruba has completed the second phase of our vision, attaining social-economic progress based on smart sustainable growth, which enables us to deliver lasting prosperity. As a part of delivering a superior experience for all, Aruba is moving from a long period of capacity expansion in hotels towards higher quality in its resort offering. The combination of diminished capacity expansion and significant quality improvement of the existing resort assets, will lead to higher prices for the product Aruba offers, higher performance, improved salaries and greater government revenues, while safeguarding the environmental and social balance of the island and its citizenry.

The development of the "Third pillar" of our economy to help bring greater diversification, economic stability, growth and sustainability is crucial for our vision. The third pillar is composed of our initiative to develop the island as a robust gateway between Latin America, the United States and the European Union for commerce and investments. A particular focus of this strategy will be the Genentech Initiatives described earlier in this document. Significantly higher salaries associated with the Genentech sector will pair well with economic growth and higher salaries derived from higher quality resort offerings, all of which will result in a significantly improved quality of life for the people of Aruba.

Faced with the overhang of high energy costs and a strong need to protect our environment, Aruba has set a policy of turning sustainable growth into sustainable wellbeing. This approach was crystallized in the 100% sustainable energy target for 2020, announced at the Rio+20 conference in 2012, its flagship policy aim. We believe that our green initiatives will lead to sustainable growth and wellbeing for our country and our citizens. Our 2020 Vision embraces sustainable development.

Our ultimate goal is to set a proper balance between the vital dimensions of what it means to be human, and sustained economic growth. This is a balance that has been lost in our lives, in our institutions and in our economies. Aruba is on a course to achieve that balance. The pursuit of happiness and wellbeing are the cornerstone in Aruba's approach.