

# UPDATE REPORT

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# Executive Summary



On May 6,7,and 8, 2013 the first “Europe Meets the Americas” conference was held in Aruba. This conference is part of the elaboration of the cooperation protocol signed between Aruba and the Netherlands. The protocol represents the cooperation in the area of economic development, whereby Aruba and the Netherlands create and stimulate mutually beneficial opportunities with regards to economic growth. The Aruba gateway offers excellent opportunities within this framework.

This conference attracted over 740 delegates from 24 countries, demonstrating the interest and need for such a conference, as well as the interest in partnering with companies and seeking business

opportunities in the other continent. To this end and as an elaboration of the cooperation protocol, this conference has proven to be an essential tool.

Furthermore, the conference resulted in the establishment of eight companies in Aruba, 19 companies in the process of being established, seven MOUs/LOIs actively being worked on, and two already fully materialized.

Finally, the conference served as a catalyst in the improvement of the business environment. Since the conference there has been an Imputation Payment Company reform, the introduction of an expat regulation, the modernization of the FreeZone Aruba product, and the introduction of the San Nicolas Special Zone.

The next Europe Meets the Americas conference has been scheduled to take place in conjunction with the Green aruba conference on October 21 to 26, 2014.



# Introduction

In 2011, Aruba and the Netherlands signed a cooperation protocol, which emphasizes the mutually beneficial outcome when both countries work together towards economic development. Aruba aims to become an economic gateway between Europe and Latin America. The cooperation of two strategic gateways between the two continents is unique and offers tremendous competitive advantages.

The Europe Meets the Americas conference was one of the tools emerging from this protocol, paving the road towards the realization of the Green Gateway vision. The conference served as a sales tool for Aruba as the Gateway between these continents, and at the same time offered companies from the Netherlands the opportunity to meet

with Aruban and Latin American companies.

In this report, the results, for as far as they could be collected, will be briefly discussed.

After the introduction, the conference results will be briefly discussed in the first chapter.

In the second chapter the direct business outcomes will be addressed.

Furthermore, in the third chapter an update on the status of the MOUs signed during the conference is provided in this report.

Finally, changes in the investment climate of Aruba, which were expedited as a result of the conference, will be discussed.

# Conference 2013



In this chapter, the objectives and numbers of the 2013 Europe Meets the Americas will be briefly discussed.

The Europe Meets the Americas conference was organized as a tool to achieve a number of objectives within the Green Gateway vision:

- brand Aruba as a top business destination in the region;
- attract businesses to use Aruba as a meeting place;
- settle concrete projects and cooperation agreements (MOUs and LOIs);
- attract businesses to use Aruba as the 'showcase' of their product or service for the region;
- attract business to establish in Aruba and use Aruba as a hub.

Aruba was branded as an excellent business destination and meeting place. In addition, 13 MOUs, LOIs and agreements were signed during the conference, and there are a number of projects in the pipeline to be materialized shortly.

The advantages of using Aruba as a gateway were presented by prominent speakers such as José María Figueres, president of the Carbon War Room and former president of Costa Rica, and Jan-Peter Balkenende, former Prime Minister of the Netherlands.

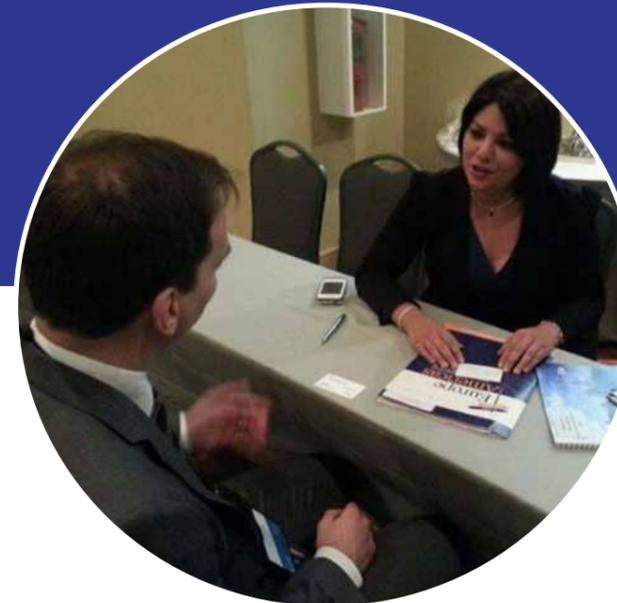
The conference also included a business component in the form of pre-arranged B2B meetings. Companies from Europe, Latin America, and the Caribbean region discussed business opportunities during these one-on-one sessions, in addition to the informal networking events.

The first 'Europe Meets the Americas' conference attracted an impressive number of companies from different countries in Europe as well as Latin America and the Caribbean. The sectors that were represented by these companies included:

- Sustainability
- Tourism
- Financial Intermediation
- Agriculture Retail
- Product Retail
- Other

The most important numbers of this conference are given below:

- 743 registered delegates
- 24 countries
- 392 companies and government organizations
- 500 pre-arranged B2B meetings
- 8 signed MOUs
- 4 signed LOIs
- 1 signed agreement
- endorsement by important partners such as the Dutch Government, Netherlands Centre for Trade Promotion (NCH), and the Ambassadors of the Kingdom



# Business Outcome

The conference was a tool to jumpstart the gateway function Aruba sees itself fulfilling, thereby creating a third economic pillar for Aruba. As a direct result, companies have started to establish. A short overview is given next.

During the conference, companies from different countries in Europe and the Americas were able to make a first contact and explore the possibilities of working together towards the common goals of market expansion, including physical establishment and trade. These opportunities were promoted in the light of Aruba as a gateway between the two continents as well as into the Caribbean region.

Due to the large number of companies that participated in the conference, it is difficult to acquire all information regarding trade deals, established companies and other projects that are still in the pipeline. However, through stakeholders and partners of the conference, the following information has been compiled.

As from the information received from Arina, the Aruba Trade and Industry Association, FreeZone Aruba, Ernst & Young, PwC, and KPMG, there have been eight companies that have established in Aruba as a result of the conference. Due to non-disclosure clauses with the clients, there are no further details to be given regarding these companies.

In addition, there are 19 companies in the process of establishment, of which one will be signing the final agreement in February. These companies include three Dutch companies wanting to establish in Aruba and offer its products and services to Latin America, one Panamanian company interested in using Aruba as a hub into the Caribbean, three Brazilian companies partnering with Dutch companies and using Aruba as the intermediary, and one Brazilian company partnering with an Aruban company.

#### Business Outcome:

- 8 established companies in Aruba
- 19 companies in the establishment process



# Mou Status

During the Europe Meets the Americas conference eight Memoranda of Understanding (MOUs), four Letters of Intent (LOIs), and one agreement were signed. In this chapter an update will be provided as to the execution of these.

**1. LOI between the University of Aruba, The Hague Hotelschool, and the University of Carolina**  
Statement of Intent on the establishment of a Management Institute for Sustainable Tourism, Hospitality and Economic Resilience directed towards Latin America in order to position Aruba as the “Tourism Gateway” for the Americas.

*Update:*

A visit is planned for February 2014 to the University of Carolina and the Hague Hotelschool in order to develop and research the program. The first training/management seminars are expected to start in October 2014.

**2. LOI between the Netherlands Centre for Trade Promotion (NCH) and Aruba Investment Agency (Arina)**

Letter of Intent on intensifying cooperation and further development of Arina’s capacity and role as a trade and investment promoting hub between Latin America and Europe.

*Update:*

Following the signing of this letter of intent a Collaboration Agreement was signed between the Netherlands Centre of Trade Promotion (NCH), Midden- en Klein Bedrijf (MKB) Nederland, Aruba Investment Agency and the Government of Aruba on July 15, 2013. Currently Aruba Investment Agency is working on a regular basis with NCH and MKB on several projects.

**3. MOU between Utilities Aruba N.V., TNO, ECN, Ecofys, and Web Aruba N.V.**

Memorandum of Understanding on setting up a Windmill Experimental Facility in Aruba directed towards Latin America.

*Update:*

On December 2nd 2013, the Government of Aruba met with partners in the Netherlands to finalize agreements with regards to the feasibility study, which has started in the meantime and is projected to be finalized in May, 2014.

**4. LOI between WEB Aruba N.V. and Arubus**

Letter of Intent on the supply of clean energy for electric busses.

*Update:*

There is no update on this signed LOI.

**5. MOU between Aruba and Studio Roosegaarde**  
Memorandum of Understanding in the setting up of a Studio Roosegaarde Branch Office in Aruba directed towards Latin America.

*Update:*

There is no update on the advances of this signed MOU.

**6. MOU between the Aruba Tourism Authority (ATA) and Camara de Turismo de Panama**

Memorandum of Understanding on stimulating cruise tourism, collaboration on tourism knowledge and development.

*Update:*

This MOU was intended to formalize a joint effort between these two organizations on preventing the cancellation of a very important cruise ship into Panama and Aruba. In the end the ship was cancelled but at the same time compensated by another ship from the same cruise line.

**7. LOI between TNO Caribbean and Soluciones Ambientales Totales Ecuador**

Letter of Intent on improving efforts in Ecuador in environmental studies and Eco projects.

*Update:*

This execution of this LOI is still being worked on in an active manner.

**8. LOI between the Aruba Airport Authority (AAA) and Biofuel Aruba**

Letter of Intent on the purchase of Biofuel.

*Update:*

No update available on this LOI.

**9. Agreement between Biofuel Aruba and Methes Energies Canada**

Agreement on collaboration for the evaluation of a biodiesel facility in Aruba.

*Update:*

Joint company is in the process of being established.

**10. MOU between Shell Gas & Power Development N.V. and Utilities Aruba N.V.**

Memorandum of Understanding on the installation of a LNG terminal in Aruba to supply to the Caribbean region.

*Update:*

Both the technical feasibility as well as the commercial feasibility have been completed. However, due to the government elections, the results had not been presented. The presentation was planned for December 2013 in the Shell headquarters in The Hague to the Prime Minister, the plenipotentiary minister of Aruba in The Netherlands and Utilities Aruba N.V.

**11. TNO Caribbean and Carbon War Room**

Collaboration Framework for the development of a national strategy for sustainable prosperity.

*Update:*

Currently the Government is in the process of establishing a Strategic Advisory Board to ensure the implementation of the national sustainable strategy.

**12. LOI between WEB Aruba N.V. and Ecotech Aruba N.V.**

Letter of Intent for the realization of a Bio-Energy-to-Power project.

*Update:*

The groundbreaking for this project has taken place on December 18, 2013. Besides the influence of a fossil free economy, the Project will also have an impact on reducing the island’s waste. The increasing garbage volumes will start to be curtailed to the benefit of the quality of ‘product Aruba’. In the first phase of the waste to energy project, 2MW will be produced, which is 2% of Aruba’s electricity demand. In the future the project hopes to use 70% of household waste and produce 7MW.



# Missions

shows the branding effects achieved through the conference and the marketing leading up to the conference.

In addition to this organized mission, there was also an outgoing mission to the Netherlands in which Aruba's Prime Minister, Mr. Mike Eman, visited the Netherlands in December to meet with Dutch companies and various governmental parties and officials. One of the components of the program, was to follow up on some of the MOUs signed during the Europe Meets the Americas conference.

In April 2014, NCH in collaboration with Holland House Colombia is also organizing a commercial mission to Colombia in which Aruba and its business community has also been invited to join to explore opportunities together.

These missions are an important part of the road towards the realization of the Aruba Gateway and an elaboration on the first steps set during the conference.

Apart from the direct results discussed previously, there have also been indirect results from the Europe Meets the Americas conference and the vision and concept of the Aruba Gateway that was promoted during the conference. One of these indirect results was the Dutch commercial mission organized to Aruba in July 2013 led by the Prime Minister of the Netherlands, Mr. Mark Rutte.

During July 2013, Prime Minister of the Netherlands, Mr. Rutte visited Aruba with an official business delegation consisting of seven Dutch companies such as KLM, Strukton, TNO, Multipost. Meetings with local companies were arranged in order to explore opportunities to enter regional markets through Aruba or Curaçao. This

# Investment Climate



Europe Meets the Americas was a start to Aruba's journey of becoming a Gateway. In addition to the direct results, it also acted as a catalyst towards improving Aruba's business environment and make it even more attractive for companies to establish in Aruba and use Aruba as their gateway to new markets.

Since the conference, changes have been introduced to modernize the business environment. Some of these changes are given below:

#### **Imputation Payment Company (IPC) reform**

Previously, companies paid the regular corporate income tax rate of 28% under this regime, after which they could apply for an imputation payment. This would bring the effective tax rate down to 2%. The requirements however, made this regime difficult to apply. Therefore, the regime has been simplified and now stimulates new activities. The new regime now includes the following incentives:

- 10% corporate Income Tax rate for entities (no imputation payment system anymore);
- an exemption for the withholding tax.

#### **Expat regulation**

The creation of a sustainable, diversified, and knowledge-based economy requires high-skilled manpower, which may not be readily available in Aruba. In order to make it attractive for highly skilled manpower to work temporarily in Aruba, an expat regulation including various fringe benefits has been set up. In order to qualify some conditions, such as training of local employees, have to be met.

#### **'New' FreeZone Aruba**

The FreeZone has been modernized in order to offer a more attractive product which can help the realization of the hub function Aruba plans to fulfill between Europe and the Latin American region. The changes include flexible location, higher local sales percentages and lower facility charges.

#### **San Nicolas Special Zone**

In order to create an impulse of economic activity in the San Nicolas area, the government has introduced a special zone which offers special benefits to companies establishing in the San Nicolas area, which comply with certain specific requirements and conditions. The benefits include tax benefits and investment allowances.



# Conclusion

The continuity of the conference is also necessary within the context and elaboration of the cooperation protocol between Aruba and the Netherlands.

The organization of the second Europe Meets the Americas conference has started. The dates for the conference have been set for October 21st to the 26th, 2014.

The first Europe Meets the Americas conference proved that there is much interest in what Aruba has to offer as a gateway between Europe and the Americas. It also signals a real need within this area.

The continuity of this conference is essential as it takes time to imprint the business image of Aruba in the minds of investors and companies. It must also be noted that projects need time to materialize, yet Aruba was able to establish eight companies within such short timeframe. With another 19 companies in the process of establishment, we can say that the conference has been successful.



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