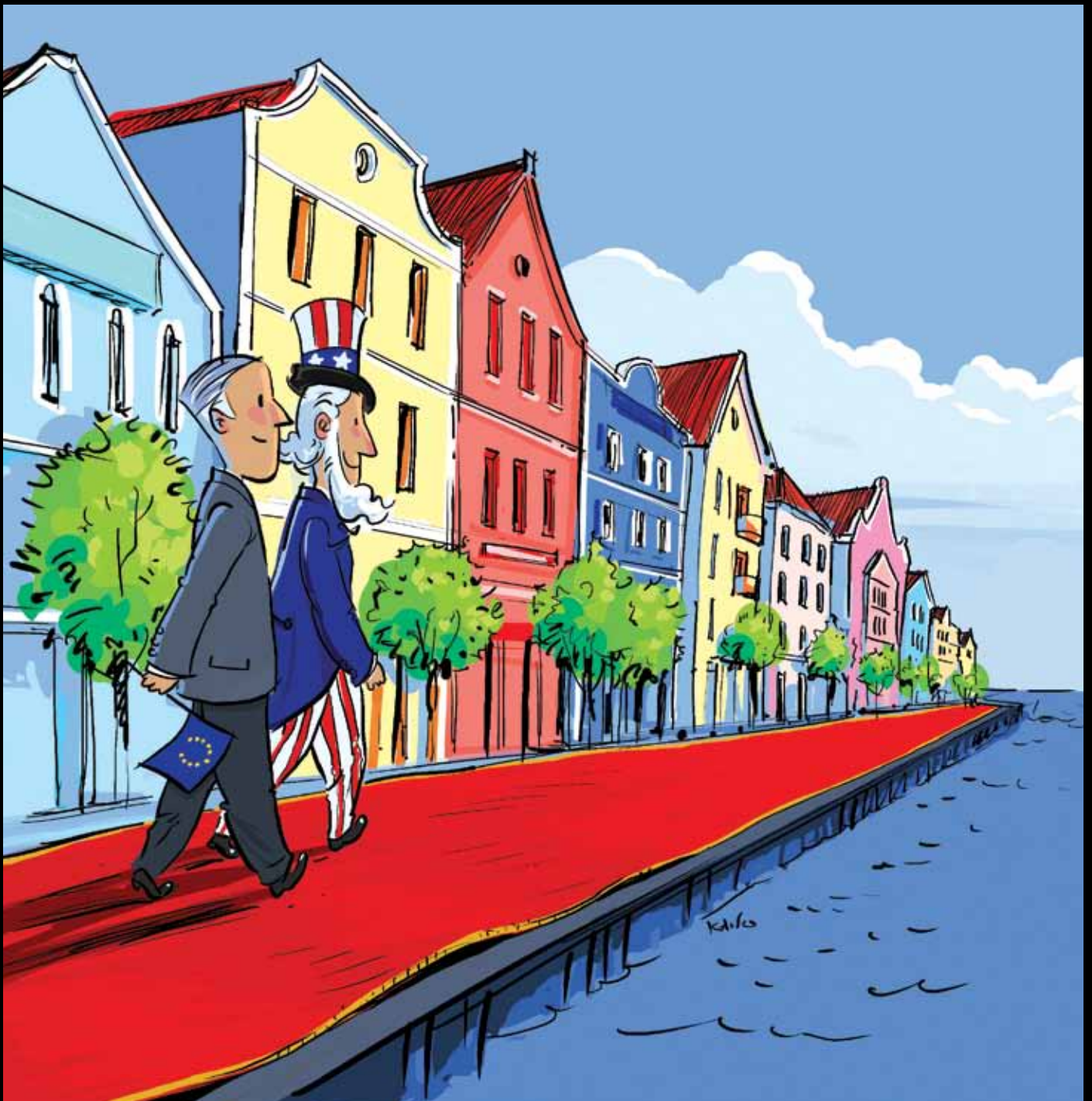


CURAÇAO

From Red Tape to Red Carpet

Long a sleepy little Dutch territory, this newly independent Caribbean island nation is seeking creative ways to speed up development and leverage its strategic location between North America, South America and Europe. Logistics, green energy, IT and tourism are on the list, with bold promises to improve the business climate for local and foreign investors.





The Best of the Old and the New

Curaçao may show up on international league tables as one of the world's youngest countries, but that's not how local leaders like to think of their island nation.



Leaders argue that Curaçao, currently enjoying its first year as a self-governing country within the Kingdom of the Netherlands, exhibits the maturity and benefits of centuries of Dutch administration that many older countries might envy.

“Why do investors come to Curaçao when they could go to Venezuela or many other places in the Caribbean? It’s because we have a stable government and the Dutch legal system,” said Transportation Minister Charles F. Cooper. “I can also say there’s no corruption here.” Good infrastructure and excellent living standards are other reasons frequently cited.

Cooper receives four or five potential foreign investors a week. Typically they want to evaluate joint ventures with local players. Interest has traditionally been from Dutch or British companies; today the government is seeking to broaden that base.

Civil and infrastructure construction is handled by a few well-established local companies, most with Dutch origins, and Cooper sees great opportunities in plans to open up the island’s excellent deep-

water harbor facilities for container transshipment, an essential step toward making Curaçao a regional logistics hub.

Economics Minister Abdul Nasser el Hakim is brimming with ideas to promote development — medical tourism for plastic surgery, educational tourism, shopping tourism, a mega-yacht harbor, flight simulators to train pilots and, of course, the promised space port — but he also shares the optimism about Curaçao’s strategic location. The country’s inherent attractiveness will be further enhanced with the scheduled 2014 opening of bigger locks on the Panama Canal, when giant “New Panamax” container vessels from Asia will easily reach the Atlantic. Curaçao, just 700 nautical miles east of Panama, constitutes an ideal spot for transshipment to serve regional markets.

“One key step to becoming a regional hub is eliminating a long-standing port monopoly on the island,” Cooper explained. Local operators have been content to sit back and reap the profits from simply serving the Curaçao market, but now the new government is looking

Economy in Numbers

GDP

- US\$5.1 billion
- Growth 3.5%

Inflation

- 1.7%

Exports

- Petroleum products
- U.S. 13%, Guatemala 11%, Singapore 11%

Imports

- Crude oil, food, manufactures
- Venezuela 57%, U.S. 19%, Brazil 8%

(Data 2008/09)

to kick-start development in many ways. “I was in Rotterdam last week and had a good meeting with the container companies,” Cooper said. “They’re interested in coming to Curaçao to do transshipment. These are the people we want as investors.”

Humberto de Castro, the interim director of the Curaçao Ports Authority,



said he has significant areas of land available near the port and is seeking logistics and industrial companies to develop them. “We have a natural, sheltered harbor. Curaçao is often seen as a safe haven during the hurricane season,” he said.

Eric Smeulders, CEO of Curinde, a government company that administers the country’s tax-free zones, said he is not interested in cheap-labor investments: “The garment industry is coming to Curaçao because we offer specific circumstances that make us competitive for this sector, but we have to focus on niches. Another might be high-end products like pharmaceuticals, and we have a section in our free zone that works directly with these products.”

Offshore financial services have been a traditional strength, but the sector is changing. “All the little tax havens will either die or reinvent themselves,” said Etienne Ys, chairman of the Curaçao International Financial Services Association, arguing that Curaçao has a competitive advantage because its legal system is modeled on that of the Netherlands, and the Supreme Court is in The Hague. ■



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We have to make sure that the labor force is synchronized with the needs of tomorrow.

Q&A *Gerrit Schotte* Prime Minister

THINKING OUTSIDE THE BOX

As the first leader of the new self-governing country of Curaçao, the former Internet entrepreneur and hotel manager Gerrit Schotte brings a very modern outlook that promises exciting change.

Peninsula Press: At 36, you are one of the world’s youngest prime ministers. How would you describe your style of governance?

Gerrit Schotte: I send the message from the top, but I govern the country bottom up, and I apply “out of the box” thinking.

PP: One example you gave of finding creative new solutions was negotiating with Internet companies to provide free IT in schools. You’re known as a great fan of using the latest technology in education ...

GS: Right. Our national plan for the development of the island is to mix education with IT and new information and communication technologies (ICT); it’s education synchronized with ICT to make education easier.

PP: How important is education?

GS: We have to make sure that the labor force is synchronized with the needs of tomorrow; education should synchronize with the labor market. We know that tourism will create 10,000 jobs over the next four years, and that means we have to train people; otherwise we will end up importing staff. We also have a brain drain — our kids go to Europe to study. Hundreds leave, and do they come back? No!

PP: So what’s the answer?

GS: We have to make sure that education is possible in the region itself, with the right accreditations, so that the diplomas can be accepted. If these kids study at a university in Trinidad and Tobago, they can get there in an hour and a half, so they could return home every three months.

PP: You have spoken about the need to increase the population ...

GS: Right. We should have a larger population, at least double what we have today (around 150,000). Curaçao can easily reach 300,000 people. Most of them (the Curaçao diaspora) are living in the Netherlands. Curaçao should become a land of opportunities; it’s the only way to attract these people home.

PP: What else is on the list?

GS: Well, energy is the number one priority — although of course there are a lot of number one priorities! — but energy is one that touches everybody. We have a new policy to give access to green energy that can be returned to the grid. I brought in this policy with European and U.S. standards and introduced it here.

PP: And your final message to potential investors?

GS: We are ready to change from red tape to a red carpet, first for our local investors, because we want our people to have the opportunity to take a step upward. That is my mission in life: to help people move upward. And by doing this, we also attract investors from abroad.

Petroleum: planning the next 100 years?



Rudolph Garmes
RDK Managing Director

“Our strategic location is extraordinary; we are right in the middle of the Caribbean, next to Venezuela and South America, outside of the hurricane belt.”

Lying just over the horizon from oil-rich Venezuela, Curaçao has long been a regional center for refining. But today the island’s multiproduct refinery, a major source of jobs and revenue, is facing a critical event horizon.

Refineria di Korsou (RDK) was built by Shell early last century. Currently, the 320,000 barrel-per-day installation is leased to Venezuela’s state-run PDVSA, under a contract expiring in 2019.

Essentially, the government must choose between closure and expensive upgrading, which in turn could spell major opportunities for international companies. ■



Tourism: jobs and opportunity

Curaçao may still be less well-known than Caribbean tourism heavyweights like Aruba and the Bahamas. But recent major investments and active support from the government and local operators are changing that.

One striking example is the Renaissance Curaçao Resort & Casino, a 237-room beachfront complex nestled next to the 19th-century Rif Fort, part of the UNESCO World Heritage site in the heart of old Willemstad.

“The whole brand positioning behind Renaissance is to find something unique, but at the same time within the local culture”, said Maylin

Trenidad, General Manager of the Renaissance Hotel Jeanette Bonet, chairwoman of the Curaçao Hospitality and Tourism Association, said she wants to start with the rebranding of Curaçao. “We hired a consultancy company to help us position Curaçao not only in the United States but also in Europe. The tourism sector will contribute 30 percent to GDP this year.” ■

Curaçao
Connecting markets

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www.cuports.com

PENINSULA PRESS

USA Office
1050 Connecticut Avenue, NW
10th Floor, Suite 1000
Washington, DC 20036 - USA
Tel +1 202.772.1090
info@peninsula-press.com

Spain Office
Paseo de la Castellana, 95,
15 Planta
28046 Madrid - Spain
Tel +34 91 418 50 32
www.peninsula-press.com

Editor-in-Chief Stella Klauhs
Regional Director Carolina Mateo
Project Director Marie Jung
Research Director Remco van der Graaff
Editorial Assistant Eileen Park
Writer Brian Nicholson
Creative Director Marta Conceição
Designer André Noivo
Photographer Roger Gibbs

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REFINERIA DI KORSOU

Tel: (599-9) 461 1050
E-mail: info@refineriadikorsou.com