

Preface

Introduction letter of Mr. Richard Hart, Lieutenant Governor of Bonaire.....2
 Letter of Mr. Hubert Martis, Commissioner of Economic, Tourism & Communication Affairs3
 Greetings from Mr. Burney el Hage, Head of Economic & Labour Affairs.....4

Chapter I. Economic and Historical Overview 5

A. Historical Overview5
B. Economic Overview.....5
C. Facts & Economic Indicators.....6

Chapter II. Bonaire's Business Environment 9

A. Bonaire's Business Support.....9
 a. Chamber of Commerce9
 b. Bonaire Business Association (AKIB)9
 c. Centrum Kleinbedrijf Bonaire (CKB)10
B. Infrastructure10
 a. Bonaire Management Group (BMG)10
 b. Water en Energie Bedrijf Bonaire (WEB)11
 c. Servisio di Limpiesa di Boneiru (SELIBON)11
C. Transport & Communications13
 a. Transport to and from Bonaire.....13
 b. Bonaire International Airport.....13
 c. Harbour.....14
 d. Telecommunications (Telefonia Bonairiano TELBO)15
D. Community Services17
 a. Education.....17
 b. Medical Services18
 c. Lodging18

Chapter III. Leisure and Tourism19

A. Tourism Corporation Bonaire (TCB)19
B. Bonaire Hotel and Tourism Association (BONHATA).....20
C. Bonaire Hospitality Group (BHG).....21
D. Bonaire Restaurant Association (BRA)22

Chapter IV. Important Information for Prospective Investors23

A. General Information.....23
 a. Political System23
 b. Legal System23
 c. Banking23
 d. Monetary System and Currency23
B. Legal Structure of Business Entities.....23
 a. Legal Form of Enterprises.....23
 b. Licenses24
 c. Ownership of Land.....29
 d. Accounting and Reporting Requirements30
C. Labour Regulations.....30
 a. Residence & Work Permits.....30
 b. General Labour Regulations.....31
D. Construction Regulations.....31
 a. Construction Guidelines31
 b. Licenses & Permits.....33
 c. Nature & Environmental Policy Plans33
E. Investment Incentives for Prospective Investors35
 a. The Ordinance of the Central Government to Promote the Establishment of Enterprises
 and the Building of Hotels35
 b. The Tax Facility Ordinance of the Central Government for Industrial Enterprises.....35
 c. The Ordinance of the Central Government for the Renovation of Hotels.....36
 d. The Ordinance of the Central Government to Promote Land Development.....36
F. Access to Foreign Markets37
G. Investment Opportunities38
 a. Investment in Hotel/Resort and other Recreational Businesses to support the tourism industry.....38
 b. Investment in Knowledge and Education38
 c. Investment in Economic Zones.....38

Contact List..... 41



Introduction letter of Mr. Richard Hart, Lieutenant Governor of Bonaire

This Investment Guide has been composed by the Department of Economic and Labour Affairs to provide key information to both local and foreign investors and readers who regularly request information on conducting business with or on Bonaire.

Through an island-wide participatory process, Bonaire has achieved a consensus on the following vision and mission of future development. The core of this vision may be captured with the slogan: "growth while maintaining nature and culture."

Consistent with the above stated vision, Bonaire has chosen a sustainable economic development plan based principally on the revenue stream generated by its tourism industry. Alongside with the development of tourism, Bonaire wishes, however, to gradually stimulate other economic activities than tourism. This economic development goes naturally in line with Bonaire's vision and objectives of development. Next to tourism, the sectors of medium and small enterprises, telecommunications, E-commerce and transport will be recognized as the pillars of the economic development of Bonaire in the coming years.

Development is predicated upon the philosophy that Bonaire's economic growth must be controlled, sustainable and quality balanced, with significant benefits for the Bonairean population, and respecting Bonaire's nature, culture and identity.

There is a great demand for all sorts of investments on Bonaire. A prime condition here is that industries are asked to comply with the requirements placed by the environmental policy and which improve or support the quality of Bonaire's economic product. For various businesses it is attractive to invest on Bonaire especially because we benefit from a stable investment climate governed by the judicial system of the Kingdom of the Netherlands. Furthermore, Bonaire has the possibility to offer certain incentives and free access to foreign markets.

I hereby would like to thank all contributors who have provided the necessary information for this publication. We warmly welcome you, investors, who have chosen Bonaire to pursue your business activities.



Mr. Richard Hart
Lieutenant Governor

*Letter of Mr. Hubert Martis, Commissioner of Economic, Tourism and Communication Affairs*

Bonaire is at the threshold of a new era. The people have agreed upon their vision for the island and have entrusted the government to deliver it. The government and NGO's have been successfully protecting the natural environment, both above and below the water. The problems caused by the rogue wave action in 1999 and the impact of September 11 have been attended to, and the public and private sectors have been working together to establish a new and improved tourism marketing strategy.

While airlift capacity and room inventory will remain crucial focal points for tourism development, the island is well underway to addressing its infrastructure problems.

The airport runway has been extended so that fully loaded wide-bodied jets can take off from Bonaire. Concurrent with the runway extension, a modern fuel facility is now in place for aviation fueling to service all types of aircrafts including wide-bodied jets. Other facilities like the arrival-hall and the departure-hall are being extended and improved. While Bonaire is not developing a full-fledged international airport, it is strategically enhancing its airport facilities. Using Bonaire as a hub for destinations especially in South America with sustainable passenger volume will create the possibility for Bonaire to be serviced by additional carriers. The improved airport facilities can also create possibilities for the development of economic activities other than tourism, including transshipment, cargo-hub, e-commerce through the new e-zone development.

The government is improving and modernizing Bonaire's telecommunication infrastructure. All together, the afore mentioned efforts amongst others must structurally improve Bonaire's competitive advantage as a tourism destination, enhance Bonaire's capability to diversify the economy beyond its dependence on tourism and form the bases for sustainable economic development.

We hope this investment magazine will provide those interested in establishing commercial relations or initiating investment projects in Bonaire with a brief, clear orientation.



Mr. Hubert Martis
Commissioner of Economic, Tourism and Communication Affairs



Greetings from Mr. Burney el Hage, Head of Economic & Labour Affairs

In response to the challenges and opportunities of the international economic environment, Bonaire has begun a process of structural reforms directed towards improving the investment climate and stimulating competitiveness.

Thus it becomes relevant to publish an up-to-date Investment Guide that provides local investor advisors and those interested in establishing commercial relations or initiating investment projects in Bonaire with a brief, clear orientation.

The guide gives an overview of Bonaire's history and economy, describes the business environment and provides relevant information for prospective investors. The Department of Economic & Labour Affairs has also other tools available such as a website: www.bonaireconomy.com where you can find the compiled information of the Investment Guide, our bi-monthly newsletter "The Bonaire Economic Bulletin," as well as Job and Investment Opportunities.

Those who are seriously interested to pursue further business opportunities on Bonaire are cordially invited to request advice at the Department of Economic & Labour Affairs (DEZA, phone 717-5330 ext: 521 or e-mail us at afddeza@bonairelive.com).

I sincerely thank the persons, institutions and companies for sharing their information with the Department of Economic & Labour Affairs for the production of this guide.



Mr. Burney el Hage
Head of Economic & Labour Affairs



I. Economic and Historical Overview

A. HISTORICAL OVERVIEW

Bonaire was discovered in 1499 by Amerigo Vespucci and Alonso de Ojeda, but was inhabited for centuries by Arawak Indians. Vespucci named the island after the Arawak word "Bo-nah," or "low land."

Spain attempted to colonize the island between 1527 and 1633 but found little of commercial value and no profitable future for agriculture. In those years, cattle was brought to the island and raised for their skins (sheep, goats, pigs, horses and donkeys). The inhabitants, settled in Rincon, were mostly convicts from other Spanish colonies in South America. In 1634, the Dutch, who had occupied Curacao as a maritime base in their war with Spain, claimed Bonaire and established a military stronghold on the island. The Dutch West Indies Company developed Bonaire for salt production, corn planting and livestock breeding in 1639. When salt production became Bonaire's main source of revenue, African slaves were imported to work the salt pans. The Dutch West Indies Company managed the island for the next 160 years. The British occupied Bonaire briefly during the early 1800's, and the island suffered from raids of French and British pirates. The Dutch regained control in 1816 and established a government plantation system based on commercial crops (Brazil woods, aloes, etc.) and on the island's main resource, salt. In the early days of the industry, the most important use for salt was in the preservation of food. With the abolition of slavery in 1863, the operations became unprofitable and the island was divided and sold.

Over the next 90 years, a severe economic recession forced many Bonaireans to migrate to Curacao and Aruba to work in the oil industry. Having left their wives behind, the men mailed their earnings home. This period is known as the "money order economy" era. The automation of the oil industry in the 1950's caused the loss of many jobs and Bonaireans returned to their native island. During this time, however, international tourism discovered the Caribbean and Bonaire's economy began to recover. The construction of the first ship's pier in the harbour allowed cruise ships to discharge passengers and bring in goods and supplies for the island's residents. In 1943, the construction of a new airport made it even easier for tourists to reach the island. The first hotel opened in 1951 and others were planned. The salt pans were modified to use solar energy and became the most successful plants in the world. The island's power facilities were enlarged to assure future development.

When the Netherlands Antilles gained autonomy in 1954, Bonaire was allocated outside resources to further improve economic prospects. With the advent of the Bonaire Petroleum Corporation (BOPEC) in 1975, the island acquired a terminal to receive oil for transfer from large to small tankers. This process has no adverse effects on the environment. Determined to protect their natural resources, Bonaire was the first in the Caribbean to enact strict environmental legislation on land and sea, reserve a national park and safeguard flamingos in a wildlife sanctuary.

In 1964, "Trans World Radio," a 500,000 watt Protestant missionary station began broadcasting to the entire Western Hemisphere, the Middle East, North Africa and Eastern Europe. In 1969, "Radio Nederland Wereldomroep," the Dutch World Broadcasting Company began short wave transmissions from Bonaire. These programs are among the most popular in the region.

Today, Bonaire is recognized as one of the world's top scuba diving destinations, and as one of the Caribbean's up-and-coming vacation spots.

B. ECONOMIC OVERVIEW

After a steady growth in the period 1990 – 1996, tourism arrivals started to decline in 1997 and continue a downward trend over the next three years, 1998, 1999 and 2000. The severe and continuous decline in tourism arrivals is attributed to the concurrent deterioration in air service to the island, decline in hotel room capacity (as well as quality), significant cut-backs in promotional activities, the damage to the tourism infrastructure caused by the wave actions following hurricane Lenny in 1999 and, of course, the impact of the September 11 attacks in the United States.

Bonaire has been extremely fortunate to experience a quick recovery from the events of September 11, with any downward trend in visitors from the US market reversed as early as January 2002. Additionally, restoration from the 1999 rogue wave action has been completed. The private sector repaired the damage to the hotels, dive shops and piers, while the government initiated a series of measures which include investing in the airport facilities to enhance the possibilities of increased air service, and launching a cooperative effort between the public and private sectors to seek improved air service from our two key markets, the United States and Europe.

At this point, the tourism infrastructure of the island has been repaired and in many cases improved over the one that



was in place before "Lenny." Hotels and dive shops have repaired their facilities, a well-known dive hotel has been totally renovated, and the airlift situation is slowly but surely getting stronger. American Airlines/American Eagle provides daily service to the island, while Air Jamaica and DCA (Dutch Caribbean Airlines) provide four frequencies a week to Bonaire from the United States. KLM offers daily flights to the island out of Amsterdam and serves as a hub for the KLM connections to South America. In the high season, charter service from Europe, Canada, USA and South America are also available.

The final problem, the fact that in the ten years since 1991 Bonaire has not generated enough revenue from tourism to both reinvest in the product and sufficiently promote the product to re-build our tourism base, is being addressed. To profit from the latest positive accomplishments and developments, and guarantee a structural reactivation of Bonaire's tourism and economy, both the public and the private sector of Bonaire have committed to inject funds to promote the vastly improved product. Bonaire is redesigning its marketing management in order to integrate both public and private sector promotional activities to increase effectiveness in attracting and maintaining visitors from those niche market segments which are consistent with the island's product.

Finally, the improved airport facilities now offer the possibilities for the development of economic activities other than tourism, including transshipment, cargo-hub, e-commerce through the new e-zone development. Using Bonaire as hub for destinations especially in South America with sustainable passenger volume will create the possibility for Bonaire to be serviced by additional carriers.

Also, and very important, are the improvements in Bonaire's telecommunications infrastructure offering a full modernized and competitive telecommunications service for both local and international clients.

All together, the afore mentioned efforts amongst others must structurally improve Bonaire's competitive advantage as a tourism destination, enhance Bonaire's capability to diversify the economy beyond its dependence on tourism and form the bases for sustainable economic development.

C. FACTS & ECONOMIC INDICATORS

Location:	50 miles north of Venezuela, 38 miles east of Curacao N.A.; 86 miles east of Aruba, 1720 miles from New York; At 12 5 North Latitude and 68 25 West Longitude (It is outside the hurricane belt).
Size:	Bonaire is the second largest of the five Netherlands Antilles islands. 24 miles long by 3-7 miles wide, 112 sq. miles (298 sq. km); Highest elevation is Brandaris Hill, 784 feet.
Time Zone:	Atlantic Standard, one hour behind Eastern Standard Time (EST).
Population:	± 13,000 Most of the inhabitants are concentrated around Kralendijk, the capital, in surrounding suburbs and in Rincon, the second largest urban agglomeration on the island.
Labour Force:	± 5,000
Minimum Wages:	Manufacturing: 1039.20 NAF.; Service: 983.78 NAF.; Trade: 983.78 NAF.; Domestic Workers 891.98 NAF. (Monthly Wages)
Airline Access:	Non-stop and direct service from the U.S. and Europe; daily service from the U.S. is provided on American Eagle via San Juan. Air Jamaica services the island with three frequencies weekly. KLM provides direct service from Amsterdam and daily non-stop service out of Amsterdam, Ecuador and Peru (South America). DCA services Miami once a week. DCA and Divi Divi service Curacao daily and Avia Air services Aruba daily. Several charter airlines serve Bonaire on a seasonal basis.
Airport:	Flamingo International Airport, 10,000 ft. runway
Airport Tax:	International flights \$ 20 Inter-Island flights NAF.. 10
Bank Hours:	Monday through Friday, from 8 am to 3.30 pm.
Capital:	Kralendijk

Currency:	Dollars accepted, exchange at NAF. 1.78. The NA florin or guilder is a sound currency backed by gold and foreign exchange.
Climate:	Yearly average temperature 82° F / 30° C; Rainfall 22"; Humidity 76.5 %; Water temperature 80° F / 28° C; Wind speed 15 to 20 mph.
Drinking water:	Delicious distilled and purified seawater from tap.
Prices for water consumption:	<ul style="list-style-type: none"> • (Consumption < 2000 m³), \$ 4.78/ m³ • (Consumption > 2000 m³ < 3000 m³), \$ 4.49/ m³ • (Consumption > 3000 m³), \$ 4.21/ m³
Electricity:	127/120 VAC/50 cycles.
Prices for electricity consumption:	<ul style="list-style-type: none"> • (Consumption < 100,000 kwh), \$ 0.128/kwh • (Consumption > 100,000 kwh < 200,000 kwh), \$ 0.124/kwh • (Consumption > 200,000 kwh), \$ 0.119/kwh • (Demand Charge), \$ 4.163/KVA
Food:	There are a few big supermarkets and a number of mini-markets on the island. Food is imported mostly from USA, Europe and Venezuela.
Languages:	Papiamentu, Dutch, English and Spanish.
Religion:	Census statistics indicate that 82.2% of the population is Roman Catholic.
Shopping:	Shops downtown Kralendijk are open Monday through Saturday from 8 am to noon and from 2 to 6 pm.
Tax:	A 5% Sales/N.A.O.B tax applies on all goods and services except on basic goods such as bread, water and electricity.
Television:	28 Channels. Cable channels include CNN, Discovery, Disney World & ESPN (Flamingo channel 11, from 1 pm to 1 am).
Traffic:	Moves on the right, international road signs.



II. Bonaire's Business Environment

Key Economic Indicators

Year	Population	Stay Over Arrivals	% Change	Geo Area		Cruise Tourism	Total Rooms >20 units	Total Rooms <20 units	GDP (MP) Mln. NAf.	% Price Index
				USA	Europe					
1992	10,837	50,603	12.8	20,909	15,958	29,976	821	N/A	188.3	1.9
1993	11,512	55,126	8.9	22,465	17,801	17,631	818	N/A	239.6	2.2
1994	12,602	55,820	1.3	24,087	17,730	11,902	831	N/A	265.7	2.9
1995	13,530	59,410	6.4	26,195	20,381	10,718	1,128	N/A	293.7	2.3
1996	14,821	65,080	9.5	27,543	23,188	14,943	864	254	288.9	2.7
1997	15,104	62,776	-3.5	28,413	22,090	20,357	866	254	340.0	2.5
1998	14,975	61,740	-1.7	27,916	21,605	20,208	711	254	360.0	1.6
1999	14,663	61,495	-0.4	29,275	20,393	14,790	715	254	N/A	3.4
2000	14,292	51,269	-16.6	25,429	17,950	43,540	775	274	N/A	4.0
2001	13,000	50,395	-1.7	26,357	16,326	40,535	775	274	N/A	1.3
2002	13,000	52,477	4.13	N/A	N/A	42,535	775	274	N/A	-0.3

Domestic Product by Sector and by Economic Activity	mIn. NAf.					Average Growth 1995-1999
	1995	1996	1997	1998	1999	
Agriculture, Fishing and Mining	12.4	9.5	7.7	4.9	13.4	12.1 %
Manufacturing	13.6	14.9	10.6	10.9	11.3	-8.8 %
Public Utilities	10.3	9.1	12.1	9.5	10.2	3.9 %
Construction	33.8	31.8	45.2	32.0	27.3	-5.0 %
Wholesale and Retail Trade	34.8	39.0	42.6	43.6	45.4	5.2 %
Hotels & Restaurants	19.3	20.3	28.7	30.3	38.6	23.9 %
Transport, Storage and Communication	67.4	51.7	58.1	45.1	43.1	-5.9 %
Finance	22.1	24.1	26.6	22.3	20.1	-5.9 %
Real Estate, Business Services, Education	26.9	31.1	37.5	42.7	50.1	17.2 %
Healthcare & Social work Extra-territorial Organizations	7.5	7.2	8.3	8.2	10.2	12.3 %
Other Services, Social & Personal Services	20.8	21.7	26.1	28.9	27.4	8.1 %
Households with Domestic Personnel	1.1	0.9	0.8	0.8	0.7	-8.5 %
Bank Interest Rates	14.2	15.5	15.7	11.2	14.1	-3.1 %

A. BONAIRE'S BUSINESS SUPPORT

a. Chamber of Commerce

The Bonaire Chamber of Commerce and Industry is the voice of the private enterprise in Bonaire. It represents the general interests of the business community, keeps a complete list of Bonaire's businesses, and provides services to local and international companies and individuals with an interest in doing business in, from or through Bonaire.

The task of the Chamber of Commerce and Industry, promoting the general interests of commerce and industry in Bonaire, consists of:

- Advocating private sector interests: Giving solicited and unsolicited advice to governments concerning matters that affect the economy in general and the business community in particular.
- Services: Supplying information and giving recommendations both individually (aspiring entrepreneurs) and collectively, issuing documentary evidence, organizing activities, providing facilities to promote corporate transactions, entrepreneurship and general interests of entrepreneurs.
- Execution of economic legislation: Keeping the Commercial Register and the Foundations Register, legalizing signatures appearing in the registers, and executing commercial legislation.

The Commercial Register

The Commercial Register is a public register in which, in principle, all companies must be registered. Each registration contains relevant data with respect to the company, such as name, location, management, liability, objectives, and more.

It is in your interest to register your company with the correct data in the Commercial Register and notify of any changes in order to be able to provide the correct information on your company. Companies that use their Chamber registration number on their stationery indicate that their data is available for perusal by the public, which promotes open and reliable business dealings.

Excerpts or registrations, as well as copies of filed forms, can be obtained at low cost. In addition, the Commercial Register also issues statements meant to facilitate commercial traffic and authenticates signatures and other commercial documents. The Commercial Register can be consulted when dealing with a new business partner. You can find out to what extent your contact is authorized to represent the company, who can be held reliable and other relevant information. Furthermore, there are statistics available on new registrations, discontinuations, liquidations and bankruptcies.

For further information, please contact The Chamber of Commerce and Industry of Bonaire: Kaya Grandi #53, Kralendijk, Bonaire, Tel: + (599) 717-5595, Fax: (599) 717-8995, E-mail: boncommerce@bonairelive.com

b. Bonaire Business Association (AKIB)

The association was established on October 31, 1986. The objective of the association is the promotion of the common business interests of its members in the socio-economic field, as well as giving support and advice to its members with respect to socio-economic issues.

The association endeavors to reach this object by:

- Promoting the realization of a common position of its members with regard to the issues requiring it and putting forward this position when and where necessary or desirable;
- Promoting mutual consultation among members; conducting consultations with third parties, or giving members support in consultation with third parties, such upon members request;
- Making and maintaining contact and cooperating with similar establishments elsewhere, and also with government and semi-government organizations and organizations of employers and employees;
- Promoting the realization of measures and services that the business community needs, if possible effecting them itself; forming and supporting interest groups and work groups for members;
- Advising and informing members and providing publications in the socio-economic field, as well as doing all else that is conducive to the realization of the object of the association.

For further information, please contact AKIB: Kaya Grandi #53, P.O. Box 371, Kralendijk, Bonaire, Tel: + (599) 717-5008 or 717-5595, Fax: 717-7082, E-mail: akib@bonairelive.com



c. Centrum Kleinbedrijf Bonaire (CKB)

The Executive Council of Bonaire established the Centrum Kleinbedrijf Bonaire (CKB) on April 20, 1999. Its legal constitutional body is in the form of a foundation with its own board and statutes.

Mission Statement:

CKB's mission is to develop from a small scope of key services geared to the micro and small enterprises on Bonaire towards a sustainable centre.

Services provided by CKB:

The overall objective of the Centrum Kleinbedrijf Bonaire (CKB) is to strengthen the contribution of the micro and small business (MSE's) sector to economic growth and structural employment generation and preservation on the Island of Bonaire. The services that the CKB renders are training, advisory and information related. Through the Small Enterprises Stimulation Netherlands Antilles program (SESNA) and the assistance of the SESNA advisors, CKB is becoming a professional business advisory and training institute at an affordable cost, which matches the quality of services of an international business management consultancy firm.

CKB's primary target group is the micro and small enterprises as well as "starters." A wide network of trained SESNA business advisors and trainers supports it. CKB also concentrates its efforts to work in close relationship with the banks on the basis of trust, expertise and mutual understanding.

The management of the CKB aims to provide business advisory services to 331 MSE clients for a period of five years. Furthermore, CKB targets to provide services to 150 MSE clients via part-time on free-lance basis related business advisers and to have 1010 MSE's trained through business trainers in 202 groups of 5 MSE's in 5 years. In addition, the management of CKB aims at a target of 300 jobs to be preserved and 60 additional jobs to be created in MSE's in 5 years time.

The main objective of the CKB is to assist the MSE's in developing their plans into healthy businesses, which can contribute to the overall economic development of Bonaire.

For more information, please contact CKB: Kaya Gob. N. Debrot #67, Office 203, Kralendijk, Bonaire, Tel: + (599) 717-2812, Fax: + (599) 717-2541, E-mail: ckb@telbonet.an

B. INFRASTRUCTURE

a. Bonaire Management Group (BMG)

"Focusing on tomorrow"

BMG is a management company that was founded on the 3rd of July 2000 by The Executive Council of Bonaire and which produces group management.

BMG inc. is responsible for initiating, formulating and executing management that is defined and controlled by the boards of commissioners and shareholders.

BMG inc. manages companies partially or completely owned by the local government such as: WEB NV, TELBO NV, SELIBON NV, TCB NV and BHM NV. The purpose is to reduce costs, elevate the management level through the introduction of group management and synchronized management.

Some of BMG's main achievements are the implementation of a new structure for TELBO more focused on the commercial part of the company than on the technical part transforming it into a much more active and aggressive company seeking new clients and sources of income. WEB also went through a reorganization process in 2002 in order to reduce costs and become more efficient. The recent introduction of two new cat power stations guarantees a cost effective and continuous production of electricity on the island. With regards to SELIBON, BMG is in the process of evaluating the entire structure of the company to make it more efficient and generate income. The ITC platform was recently introduced; it is a computer system network where the administration, finance and human resources of all companies managed by BMG are linked. The advantages of such a system are, among others, a reduction of costs, centralized information, better communication and a standardization of the billing process and services offered by each company. BMG is also working on the creation of a one-stop shop for payment of all bills originating from each company.

For more information, please contact BMG: Kaya Simon Bolivar 5, P.O. Box 692, Kralendijk, Bonaire, Tel: + (599) 717-2926, Fax: + (599) 717-2962, E-mail: bmg@bonairelive.com

b. Water en Energie Bedrijf Bonaire (WEB)

The Water en Energie Bedrijf Bonaire, WEB, has been operating since 1967. This company is owned by the Island Government and has a high penetration in the local economy since almost everything uses electricity. WEB is very committed to the Bonairean economy to give high quality service at the best possible prices. Since the cost of production depends on the quality of production WEB delivers, there is a high investment involved. WEB is able to offer electricity and water at the highest European standards.

Mission:

WEB strives for a durable development in order to be the biggest, most dynamic and most professional supplier of water and electricity and all accompanying services for the benefit of her interested parties on Bonaire ensuring an excellent service and competitive rates.

Services provided by WEB:

WEB produces and distributes electricity, as well as drinking water, according to WHO standards. WEB supplies infrastructure for the production of water and electricity and takes care of the maintenance of these installations. WEB produces 2300 m3 of water per day while the production capacity is of 4300 m3 per day. They have a EPA approved laboratory to test water daily with a 24 hour computerized monitoring equipment to avoid any risk of microbiological or chemical contamination. With regards to electricity, they are now able to offer a much more reliable service and secure system with the recent replacement of 2 engines in one of their electricity plants. The demand in electricity is of 10,8 mw per day while the production capacity is of 18 mw per day.

Investing on Bonaire:

Bonaire is a step stone to the Caribbean, South America and Europe, which facilitates international business. WEB advises investors who have received a building permit on the island to contact them in advance for their connection to WEB so they can calculate the cost of the infrastructure needed and ask for the necessary permits. The price of the connection will depend on the infrastructure needed and on the investment involved. For big projects they offer special water and electricity rates, as well as payment facilities. For instance, payment can be done in installments during the entire construction period. Moreover, WEB can offer a service based on specific needs with reference to flexible energy standards. WEB can provide a secure back up system with a generator or a water plant with the quality of water desired. WEB offers the best quality of water on the island, but other qualities of water can be produced such as pure water for pharmaceutical use or lower standards of water, which are no longer drinking water.

Future plans:

WEB has a business plan valid for ten years and adjusts it every five years. The policy of the island is to focus on eco-tourism, and in that context, WEB must seek possibilities to produce water and electricity in a sustainable way by making use of the natural resources of the island such as the wind and the sun. WEB is currently looking into alternative methods to produce energy such as solar ponds, solar panels and wind turbines. Their objective within the next five years is to produce 30% of the energy with new sources to reduce the dependency on light fuel oil used for the production of electricity and for the water desalination process. Today the price of electricity and water is based on the price of diesel, which fluctuates on the world market, and to reduce this dependency they first need to find the best alternative, which will enable the company to switch to a different technology in a later phase.

For more information, please contact WEB: Kaya Carlos A. Nicolaas #3, P.O. Box 381, Kralendijk, Bonaire, Tel: + (599) 717-8244, Fax: + (599) 717-8756, E-mail: webburo@bonairelive.com



c. Servizio di Limpieza di Boneiru (SELIBON)

Selibon began as a local Government Sanitation Department and went through a privatization process in 1994. Its shareholder is the Government of Bonaire, and on its behalf, Selibon collects and processes waste on the island, according to proper management and sanitary environmental manners and taking into consideration local laws and regulations. Selibon is the only waste management company on Bonaire that collects, disposes and processes residential and commercial waste. Through education and information, the introduction of preventive measures and the improvement of the provision of services, management has been able to create and maintain a positive image of the company.

Selibon employs approximately 40 people spread into 5 departments: administration, landfill, collection of trash at private houses and businesses, public service and maintenance. There is also a service in charge of collecting wastewater. In 1995 a new system of collecting trash was introduced with the use of plastic containers; before trash was collected in oil drums. All the waste is collected and dumped onto a landfill at Lagoen.



Selibon works closely with active organizations such as the "Tene Boneiru Limpi" Foundation, Stinapa, the government's environmental department, and the Tourism Office and together they make a great effort to keep the island clean. Selibon also sponsors projects such as the annual "clean up the world" action; recycle fair, neighborhoods' clean-up campaigns and several other projects on the island. Selibon recently introduced the "Waste Watch" team formed of Selibon employees and policemen who ensure that the public areas remain clean. Selibon also has a "Selimarket" at the main office where you can buy environmentally friendly cleaning products such as stain removers, trash bags and re-usable shopping bags.

Mission:

The mission of Selibon is to collect and process the waste on Bonaire in a professional and environmentally friendly way taking into consideration the local laws and regulations. The vision of Selibon is to strive for a durable clean Bonaire through ecological means.

Services provided by Selibon:

- Collection of household garbage, including large trash
- Collection of company garbage
- Cleaning of public roads and public areas
- Keeping residential areas and neighborhoods clean
- Sweeping of Kralendijk area
- Management of landfill
- Picking up of construction and demolition waste
- Picking up of dead animals
- Emptying of septic tanks and cesspits
- Emptying of restaurant grease traps
- Picking up of car wrecks
- Promotion of recycling or efficient utilization of remainders
- Giving out information
- Complying with environment law and legislation

Selibon offers service to 4075 households and 252 businesses.

Selibon provides different types and sizes of containers for construction, demolition or garden waste, and for waste produced during events. Selibon places and picks up the containers at the time you want and at the frequency that best suits your needs.

With regards to commercial waste, Selibon can provide a specifically tailored solution to the type and amount of waste produced by your company that fits your requirements and fulfills government regulations. Whether you have paper, metal, glass, organic, liquid, chemical, hazardous, or construction/demolition waste, with your help Selibon's advisors can design the most efficient waste management system according to your amount of waste, budget, and available space.

Future plans:

Selibon is working on the following projects:

- Possibility of sorting out trash and separating glass to recycle it on Bonaire. At this moment glass is being collected and transported to Curacao for recycling.
- Implement a regulation on car waste for recycling. At this moment it is dumped on a separate site, collected and sent to Curacao for recycling.
- Organize the landfill under international regulations and standards.

It is important to try to reduce the cost of processing the waste on the landfill. By using biodegradable and recyclable products, less waste can be produced, which extends the space of a landfill. Nevertheless, these products are very expensive for Bonaire so we must find a way to put the economy in balance with the environment. On a regular basis Selibon organizes several awareness campaigns for the Bonairean community for recycling and re-use. These campaigns have all been very successful; through the years Selibon has accomplished a greater awareness among locals and visitors to be more environmental friendly.

The important task of keeping Bonaire clean has become a challenge for Selibon, not only at this moment but also for the years to come. This task is not only the responsibility of Selibon, but also of the tourism industry, companies, nature preservation organizations and the people of Bonaire.

Bonieru, un paraiso, tené limpi ! (Bonaire, a paradise, keep it clean !)

For more information, please contact Selibon: Kaya Industria #25, Kralendijk, Bonaire, Tel: + (599) 717-8159, Fax: + (599) 717-7339, E-mail: selibon@bonairelive.com

C. TRANSPORT & COMMUNICATIONS

a. Transport to and from Bonaire

On Island:

There is little public transportation on the island. Taxis are available at the airport and on call. Tour companies offer transfers, and tours and can be booked via the hotels. There are a number of car rental companies on the island; most of them have a desk at the airport. Scooter and bike rentals can be found downtown Kralendijk and at some hotels.

By Air:

- Twice daily **KLM** flights from Amsterdam to Bonaire and twice daily from Bonaire to Amsterdam with a MD11.



- Daily **KLM** flights from Guayaquil and Quito to Bonaire and daily from Bonaire to Guayaquil and Quito with a MD11.
- Daily **KLM** flights from Lima to Bonaire and daily from Bonaire to Lima with a MD11.
- Weekly three **Air Jamaica** flights from Montego Bay to Bonaire and three weekly from Bonaire to Montego Bay with an Airbus 321. These flights connect to the major gateways in the USA.
- Daily **American Eagle** flights from San Juan to Bonaire and daily from Bonaire to San Juan with an ATR72. These flights connect to the major gateways in the USA.
- On Saturdays **DCA (Dutch Caribbean Airlines)** operates from Miami to Bonaire and from Bonaire to Miami with a MD80.
- Daily 4 **DCA** flights between Bonaire and Curacao with a Dash or DC9.
- Daily 8 **Divi Divi** flights between Bonaire and Curacao with an Islander.
- Daily 3 **Avia Air** flights between Bonaire and Aruba with an Embraer aircraft.
- Airline service **BonAirExel** in the very near future to be announced (Caribbean, South America and Miami).
- Seasonal charters.

By Sea:

- A Fast Ferry "Chogogo" (meaning Flamingo) operates twice a day between Bonaire and Curacao.
- Cruise lines visiting Bonaire: Holland America, Windjammer Barefoot, Cunard, P&O, Radisson, Hapag Lloyd, Fred Olsen, Norwegian Cruise lines among others.

Freight Transportation:

- **Rocargo Services Bonaire N.V.** handles transportation of Ocean Cargo to and from the USA, Europe, Netherlands Antilles and Venezuela.
- Airfreight to Europe, USA, South America and beyond can be handled by **BAS Cargo**. There are two B727 Freighters per week that operate between Bonaire, Panama, Curacao and Miami.
- **Don Andres N.V.** handles transportation of cargo by sea to and from the Netherlands Antilles and Venezuela.
- **Amerijet** offers all-cargo air freight service from Miami to Bonaire and services the Netherlands Antilles, Venezuela and other countries in the region.

b. Bonaire International Airport (BIA)

Bonaire's airport has just been upgraded from a small regional airport to a fully equipped international one with all the facilities and infrastructure available to service short and long haul international flights. The **runway** was extended to 2,880 meters (10,000 feet) making it possible for wide-body aircraft to fly to Europe with maximum payload. A **fuel-farm**, several bowers with under-wing fuelling capabilities and a very well trained staff are ready to service any aircraft 24 hours a day, 7 days a week. Aircraft handling companies offer full service turn-around that includes cabin cleaning, lavatory service, water service, cargo and mail handling. Carriers can rely on **ground support equipment** such as air start, pushback, high-loader, ground power and so on. Over and above the ample ramp space for wide-body aircraft, a new **enlarged ramp** will be completed around October 2003 to accommodate additional traffic in peaks. Bonaire has twice daily non-stop connections to Europe (Amsterdam) and South America (Quito, Guayaquil and Lima) with KLM. To major airports in USA there are direct connections via Curacao, Montego Bay, San Juan and Miami.



The Airport **Fire Department** is classified and awarded category 9. Friendly **Immigration and Customs** officers help the passengers clear the border checks without any problem. A new **Transit/Departure Terminal** was added to the main building. Car rental offices were added. Within a 3-minute drive to the closest hotel and 20 minutes to the farthest one, getting to and from the airport is simple and easy. Upon departure, enough check-in counters with friendly and professional employees quickly get you your through-check-in boarding passes, giving you sufficient time to spend at the lovely bar-restaurant and/or shop for souvenirs or a foreign newspaper. Around March 2003 additional **check-in counters** will be added to accommodate First Class and Business Class travel.

In February 2003 a state-of-the-art **Catering** facility will start operating. The new set-up will have an output of approximately 2,000 meals per day. Moreover, the new technology used will reduce the cost to the carriers substantially. Looking forward to expanding its non-aviation revenues, the airport has secured real estate around the airport and has established an **Economic-zone** with very favorable tax benefits. Within shortly there will be a new cargo facility built to receive and dispatch mainly transit cargo. The Island Government will fully cooperate with prospect tenants who will contribute to the general benefit of the Island's economy and /or enhance the employment opportunities.

For more information, please contact the Airport Management: Plaza Medardo Thielman #1, Kralendijk, Bonaire, Tel: + (599) 717-5600, Fax: + (599) 717-8608.

c. Harbour

Piers

The port of Kralendijk is located in an open bay on the South part of the West coast with the marine terminals being located on this coast. Vessels should pass South of Klein Bonaire Island where there is ample depth close to the berths. The port of Kralendijk has piers for dry cargo transfer and cruise vessels.

Maximum size vessels: Vessels up to 115,000 dwt. max., draft 12.19 m. max., length 320 m. can be handled. There are no breadth and air draft restrictions. Largest vessels docked in Kralendijk are the cruise ships "Queen Elizabeth 2," "Oriana," and "Arcadia."

Kralendijk has 3 piers, which can accommodate any ship including the large cruise ships such as "Queen Elizabeth 2." This is the port for break-bulk, container cargo and all cruise ships.



• Northern Pier

Pier dimensions: Length: 225 feet, width: 50 feet, depth alongside: 33 feet, height above water level: 6 feet, max. load factor per m2: 2000 kg.

Vessels up to 738 feet LOA and 50.000 DWT may berth at the Northern Pier. This pier is designated for cruise ships only and occasionally car carriers also use the pier. Close to shops, restaurants, old fort, Wilhelmina Park, new Sea Promenade and other attractions.

• Southern Pier

Pier dimensions: Length: 394 feet, width: 46 feet, depth alongside: 40 feet, height above water level: 6 feet, max. load factor per m2: 3000 kg.

Vessels up to 115.000 GRT and 1050 feet LOA long can berth alongside. Cruise ships and larger vessel cargo ships generally use the Southern Pier. Inshore of the pier is a Ro-Ro ramp used by vessels up to 300 feet max. length and 16 feet max. draft.

• Ro-Ro Pier

For ships of maximum 330 feet long, 18 feet draft, 5000 grt.

This pier is designated as ferry jetty.

Cruise ship facility

Kralendijk has welcomed cruise ships for many years and three vessels can berth alongside within walking distance of the picturesque town. It is a perfect port of call for the smaller "expedition" ships but large ships such as Norwegian Sky (72.000 grt) can dock at the Southern Pier.

The Bonaire Cruise Ship Advantages:

- 1) The largest ships can enter easily and safely due to open sea, deep-water approach to piers.
- 2) Two 4000 h.p. Tugs can assist if required.
- 3) Competitive port charges including discounted pilot fees. No passenger taxes.
- 4) Cooperative authorities, relaxed formalities.

- 5) Clean, safe port and town. Friendly, honest, multilingual population.
- 6) Three-minute walk to attractive down town area, shops and restaurants.
- 7) Two kilometre-long sea promenade with wheelchair accessibility.
- 8) Full service international airport 2 miles from piers.
- 9) Interesting shore excursions.
- 10) Political and economic stability.
- 11) National Park protected coral reefs and unspoiled nature.
- 12) Diving and snorkeling paradise, fishing, sailing, kayaking, windsurfing, biking, horse riding, walking and nature tours.
- 13) Hotel beaches available and small public beach at Southern pier.
- 14) 82°F average temperature, cooling trade winds, little rain, low humidity and out of the hurricane belt.

Bonaire is founder member of the Southern Caribbean Cruise Partnership.

For more information please contact the Port Authority: Harbourmaster Office Bonaire, Fort Oranje, Kralendijk, Bonaire, Tel: + (599) 717-8151, Fax: + (599) 717-8797, E-mail: bonairepilots@bonairelive.com

d. Telecommunications

Telefonia Bonairiano N.V. (TELBO)

Telefonia Bonairiano NV was established on March 23, 1983. TELBO is the only local company offering telecommunication services for the local market. The company is owned by the government and employs 35 people. In 1986 the company went through a series of changes, it expanded and modernized. A digital telephone exchange was installed in Kralendijk with a capacity of 5300 numbers and a remote telephone exchange was installed in Rincon with a capacity of 900 numbers. From 1990 to 1992 the entire cable network was renewed. In 1999 a new main telephone exchange was bought and other remote stations have been installed in the districts of Rincon, Antriol, Sabadeco and Hato.

Mission:

- To accept challenges on short term on the changes taking place on the telecommunication sector using the best in efficiency and quality.
- To optimize the product selection and distribution channels to acquire a successful role in Bonaire and in the Netherlands Antilles by providing fixed, mobile and international telecommunication and broadband services.
- To enter into a strategic alliance with the third parties who share our vision.

Trends in the Telecommunications Industry:

The world is experiencing a tremendous growth in the fixed and mobile telephone. Fixed telephone connections have an average growth of 6.1% per year and the number of mobile connections increases with more than 52%. The expectation is that between 2002 and 2004 there will be a worldwide increase in the total number of fixed and mobile telephone connections whereby the expected demand for mobile services will increase more than the fixed connections. The growth within the mobile market will be cohered for a large part with the offering of value added services. The growth of the mobile market will also depend on the possibility to migrate from the current technique (TDMA) to a GSM mobile environment. The GSM technique in combination with the broadband access offers the right combination for the further development of other services.

These developments are also visible on Bonaire. The introduction of the mobile telephone in 1999 has been a great success. The growth within the mobile market was turbulent but stabilized in 2001. A further growth can be realized by optimizing the mobile infrastructure, implementing GSM and GSM roaming, which facilitates the globalization of the usage of the mobile infrastructure for tourists and frequent flyers.

The expectation in the near future will be that the growth of the data communication will substantially surpass the voice communication. This can be noticed by the enormous growth of the Internet usage, broadband services and applications and network services.

Portfolio of Products and Services:

There are three concessions under TELBO: local calls, mobile calls and long distance calls. TELBO plans to divide the company into separate limited liability companies for each business unit: local, mobile, long distance carrier, broadband and e-zone services. Through these ventures, third party providers are enabled to develop and promote a variety of value-added services.

• Local services (AXE-Ericsson)

- 1) Local telecommunication provider and accessories



- 2) 2- and 4- thread analogue fixed connections (leased lines)
- 3) Digital fixed connections
- 4) Internet fixed connections
- 5) Public telephones (card and coin phones)
- 6) Telephone books
- 7) PABX sales and management

• **Mobile services (TDMA-Ericsson)**

- 1) Post-paid mobile telecommunication
- 2) Pre-paid mobile telecommunication
- 3) Pre-paid telephone cards

• **International Carrier services**

- 1) International telecommunication
- 2) Credit card, calling card and collect services (by means of card and coin phones)

• **Broadband and E-zone services (2002)**

- 1) Internet leased lines
- 2) Dial-up connection, e-mail service
- 3) Domain and web hosting
- 4) Office space leasing
- 5) Equipment hosting
- 6) Co-location services

• **Future service package**

- 1) ADSL (Broadband to the home)
- 2) GSM (Roaming and GPRS)

VOIP Market Share and Market segmentation:

Market share TELBO (%)	2002	Subscribers
Local telecommunication provider	100	4500
Mobile telecommunication provider	32	3500
International telecommunication provider	85	3200
Broadband and Internet services	25	300

SWOT analysis:

The major threats for competitiveness are the opening of the market and the decrease of accession thresholds. The worldwide phenomenon reduction of mainly the international tariffs will without doubt have consequences for TELBO. It can be ascertained from SWOT analysis that TELBO has a good starting position to become the market leader in the telecommunication field in the coming years. For this purpose during the coming years attention will be paid to introduce a communication strategy whereby the customer is central, and whence market developments and customer requirements, new products and services will be developed.

Critical Success Factors:

Having the monopoly and concession in the field of telecommunication of both international and mobile telecommunication, TELBO momentarily has a large lead over competitors because of its knowledge of the local market. TELBO needs to become aware of its customer's needs, understand its customer's situation and within a very short time translate it into a custom mix of products and services. The success depends on the velocity of taking action. A second chance will arise by entering into strategic alliances to quickly obtain a good market position in the various market segments. This does not have to be limited to the local market but one must also think about the sister Antillean islands, the Caribbean area, as well as the global environment. Entering into strategic alliances will also extend the present potential technical know-how.

Cooperation:

- Cooperation with other companies is of great importance in order to consolidate the position in the telecommunication market. Through strategic alliances, TELBO will aim at continuity guarantee, and realize scale advantages for capital investments with the help of new services.
- The organization needs to acquire special know-how for a large number of different services. Through cooperation alliances it will be feasible to use the partner's knowledge. It is a question of selecting the right partner.



Investing on Bonaire:

TELBO, while aligning its business processes, is seeking foreign or local strategic partners to insure its viability by jointly developing the local and the international markets. In return, the investors will benefit from the business relationships in Europe and the Caribbean region. For companies wanting to set up on Bonaire, TELBO can deliver them all the telecommunication services they need, as well as international connectivity such as Virtual Private Network Solution (VPNS) to connect all their offices. Bonaire offers a stable political environment as part of the Dutch kingdom; it is also a bridge between Europe and the USA with many opportunities. Bonaire offers, in comparison to the region, a fully developed infrastructure, an attractive investment climate and a favorable tax structure. TELBO is a tool to develop the economy of Bonaire; it has a good infrastructure that new companies can use to develop their own business.

Future plans:

The government has given TELBO the following targets to be completed in 3 stages:

- 1) To establish a good infrastructure and financial status.
- 2) To seek a strategic partner to develop communication.
- 3) To privatize the company.

In the near future, the plan is to offer the following products and services:

Digital Services such as: ADSL, Pre-paid calling card services (local, mobile, International and Internet Provider), GSM (Mobile 900), International roaming mobile, Wireless broadband (VPN Virtual Private Network, Wireless Internet, wireless bandwidth) and E-commerce zone.

For more information, please contact: Mr. Edsel Winklaar, Director of TELBO N.V., Kaya Libertador Simon Bolivar #8, P.O. Box 94, Kralendijk, Bonaire, Tel: + (599) 717-7000, Fax: + (599) 717-5007, E-mail: telbo@telbonet.an, Web-site: www.telbo.an

D. COMMUNITY SERVICES

a. Education

Pre-school, elementary and special education

At the age of six children are admissible at one of the five elementary schools on Bonaire, four of which are Catholic and one is a state school. The six years lasting elementary education is preceded by a Kindergarten period of two years. There are four kindergartens; three Catholic and one state Kindergarten. At the Kindergartens the teaching language is Papiamentu and at the elementary schools the teaching language is Dutch. Special attention will be paid to the formulation of a language policy to determine the position of the Papiamentu, the Dutch and other languages like Spanish and English.

In August 2002, Bonaire introduced the "Basic Formation" in the four Kindergartens.

This new education system is based on:

- 1) Integration of infant and primary education.
- 2) Extension of basic education up to the age of 15.
- 3) Non-selective education in 3 cycles.
- 4) New basic curriculum and core objectives.
- 5) Instruction and educational tools in the native language.
- 6) Inspectorate for Basic Formation.
- 7) Teacher training for Basic Formation.
- 8) Application of ICT in Education.
- 9) Office for Central Development of Tests.
- 10) National Centre for Basic Formation.

The subjects arithmetic and mathematics are taught with a new method that links up with mathematical problems in daily reality. At the beginning of the geographical education in the third year, the schools take their own island as a teaching-subject. Besides the geographical aspects of Bonaire, there will also be paid attention to the first inhabitants of Bonaire: the Indians. In the higher classes, special attention is paid to the South American continent and the other continents. Of course, also expressive subjects, physical education, traffic safety and factual subjects, history and science are taught.

For children with learning difficulties there is special education. At this school, the children can follow a teaching program fit for them.



Secondary education

There is one combined school for secondary education at Bonaire with a department Pre-vocational education, a department junior general secondary education and senior general secondary education. The Pre-vocational department includes among other things the sections: Building engineering, Metal engineering, Electrical engineering and Motor-vehicle engineering. Besides this, there is also education in the field of administration and hotel and catering.

Since 2003, there is a 2 years basic preparation called VSBO (Voorbereidend Secundair Beroeps Onderwijs), which orientates children from 15 to 18 years old to a profession, which can be followed by SBO (1 to 3 years); teaching is done in the following fields: nautical, administration, healthcare, electricity and hospitality.

Since 2002 there is a new student's program "Comsumptieve Technieken" Consumption Techniques where students attend practical lessons in the field of HORECA. These lessons are held at the SGB School's restaurant. They organize cooking competition and training with assignments in the kitchen, restaurants and facility services. At the completion of the program, students will receive a diploma and the possibility to further pursue their education in Curacao or the Netherlands.

It is the intention to start in August 2003 with a hospitality department and a vocational secondary level.

Since 2001, with the cooperation of Holland, the innovations have made their entry in the secondary education. In the last two years of the general secondary education, the curriculum consists of subjects chosen by the students.

At the end of HAVO, the students receive a diploma in several subjects and this enables them to enter college and university much easier.

The innovation in the Pre-vocational department will allow the students to enter the secondary vocational school.

Adult education

Besides the regular education there are different forms of adult education. These include e.g. courses in language, vocational skills and tourism, evening-senior, junior general secondary education and computer education.

b. Medical Services

On Bonaire there are 5 general practitioner clinics, one in each district. There are 8 general practitioners working for the government. Two general practitioners have their own private clinic and two of them are emergency room doctors and substitute doctors for the clinics.

There is one foundation called Fundashon Mariadal, which provides many of the medical services for the island. Under the Mariadal foundation fall the San Francisco Hospital, the nursing home, the ambulance and air ambulance department, the home care, the parent and childcare.

There is one decompression chamber on Bonaire and three pharmacies. It is the department of Healthcare and Hygiene that makes the policies. On Bonaire only basic healthcare is being offered, for specialized healthcare, Bonaire depends on the services of Curacao. Specialists often visit the island to give consultations. The visiting specialists are internists, surgeons, ophthalmologists, orthopedists, dermatologists, gynecologists, pediatricians, psychiatrists, ENT, urologists and radiography specialists.

c. Lodging

A wide offer of real estate housing for sale and for rent can be obtained through specialized agencies or through classified ads in the local newspapers. Prices vary according to the area, the facilities and characteristics of the property. There are no special housing facilities for employees. For shorter periods it is possible to stay in hotels or apartments.



III. Leisure and Tourism

General

The tourism industry is the most important sector in the Bonairean economy. It is the main force for the present and future economic growth.

In recent years, Bonaire has seen increasing competition for its product in the Caribbean region. The formula devised has been universally copied and it has become increasingly difficult to maintain the growth pattern of the early 90's. In addition to the "head to head" competition, the unfortunate incidents in the United States, the largest market, have had negative effects on the present and future arrivals. The projected goals for 2002/03 have been scaled back to reflect more conservative numbers.

While the recent figures have been disappointing, one of the positive statistics has shown an increase in the number of SCUBA divers, the main attraction. Also, Bonaire has focused on other markets, which had as yet remained untapped, such as windsurfing with the organization of the World Championship Freestyle Finals for the first time on Bonaire and sailing with the annual International Sailing Regatta.

Also, a positive impact has been the development of family activities such as kayaking, biking and nature tours. This has encouraged families to travel to Bonaire. It is hoped that once the negative atmosphere of international travel dissipates, more visitors will arrive to take advantage of these activities.

As always, Bonaire has had to deal with poor airlift. In the past, only one major carrier served the island. Presently, Air Jamaica, American Eagle, Dutch Caribbean Airways, Avia Air and KLM have filled the void and are able to provide us with reliable and, mostly, on-time service.

Perhaps the biggest factor to benefit the travel/tourism/economic sector has been the daily Amsterdam/Bonaire/Quito and Lima routes. The island now serves as hub for KLM and the airport is undergoing expansion of its buildings and will see the addition of new ones to accommodate business ventures that will soon be located on the airport property.

In addition to the airlift, the accommodations sector, stagnant for the past few years, is seeing some growth in new and refurbished facilities. In particular, properties that suffered from a natural calamity in 1999 will be back on line with a newly rebuilt dive facility and pier.

All in all, the island is still dedicated to providing investors with a destination that is safe, has good infrastructure and a solid potential for growth.

A. TOURISM CORPORATION BONAIRE (TCB)

The Tourism Corporation Bonaire, formed in 1991, is the sole public agency mandated to promote tourism on Bonaire. It works closely with the private sector and maintains offices in North and South America as well as in Europe.

TCB is the main source of tourism statistics, which it gathers from forms submitted by passengers arriving at the airport and via sea aboard yachts and cruise ships. These statistics help to form a policy and give direction to the marketing arm of the agency.

In addition to providing tourist services to visitors, TCB has ongoing programs to promote the destination. Taking advantage of the newest IT developments, they are using the Internet to promote the island to a wide audience.

Operating on an annual budget of US\$ 1.348.314 in 2002, they have had to be innovative and selective in how to promote the product. Relying on positive public relations and having programs that concentrate on repeat visitors, as well as on the dive segment, are the ways they have used in order to be cost effective and produce results.



For more information, please contact the Tourism Corporation Bonaire: Kaya Grandi #2, Kralendijk, Bonaire, Tel: + (599) 717-8322, Fax: + (599) 717-8408, E-mail: tcb@infobonaire.com , Website: www.infobonaire.com

B. BONAIRE HOTEL AND TOURISM ASSOCIATION (BONHATA)

Originally founded in 1985, BONHATA was formed to address the specific needs of its members with the purpose of improving the tourism industry on Bonaire. In 1990, BONHATA hired staff to assist in accomplishing those objectives determined by its members.

The number of members of BONHATA doubled in 1992 as the Association moved into an office in downtown Kralendijk. The current office location is in the Harbour Market Square, near to the Harbour Village Marina. The office has two full time staff members consisting of an Executive Director and an Assistant Administrator. BONHATA's objectives have been focused in areas such as marketing and advertising, Government relations, increasing airlift, product development, regional co-ordination and environmental projects.

The Association works very closely with the Tourism Corporation of Bonaire (T.C.B.) to facilitate the exposure and promotion of its members to as many different markets as possible, as well as coordinating various tourism events on the island.

BONHATA has been supportive, both financially and with active participation, in many projects, which benefit the general welfare of the people and the environment of the island of Bonaire. The Association has grown to be a valuable source of advice to the Government in matters concerning tourism and has also co-operated fully with other islands in the region to increase travel to the Dutch Caribbean and to the Caribbean region in general.

BONHATA currently offers three general categories of membership:

- Active Membership – pertains to those businesses that provide rental accommodation to tourists visiting Bonaire
- Allied Membership – pertains to all other businesses related either directly or indirectly to tourism but without rental accommodation
- Honorary Membership – pertains to those individuals who have rendered meritorious services to BONHATA and/or the welfare of the Bonaire tourism industry in particular (e.g. Hugo Gerharts and Captain Don Stewart).

Membership dues are collected annually. Active Members dues are currently based on the number of rooms available for rent.

There are a host of valuable Membership Benefits available to the Association members, including discounted airline tickets when attending qualified promotional events, co-operative advertising opportunities with other members and membership into the CHA – the Caribbean Hotel Association – to name but a few.

In this new and drastically changed millennium for the Tourism industry, it is even more important that BONHATA continues to focus its activities on marketing and advertising, increasing airlift to and from the island and tackling tax and other issues with the Government on behalf of our members.

For more information, please contact BONHATA: Kaya Gob. N. Debrot #67 Of. 201, Kralendijk, Bonaire, Tel: + (599) 717-5134, Fax: + (599) 717-8534, E-mail: info@bonhata.org

C. BONAIRE HOSPITALITY GROUP (BHG)

The Bonaire Hospitality Group started operating on July 27, 2000. It is an association of tourism-related entities. Currently the following companies are members of BHG:

Accommodations: Belmar Oceanfront Apartments, Buddy Dive Resort, Divers Paradise, Lagoen Hill Bungalows, Plaza Resort Bonaire, Port Bonaire Resort, Sorobon Beach Resort, Sun Oceanfront Apartments, Sun rentals.

Car rental: AB Car rental

Dive Operations: Buddy Watersports, Toucan Diving

Excursions: Tropical Travel

Out of the 2195 hotel beds on the island, 902 are under the umbrella of BHG. 942 are represented by BONHATA and 351 are not affiliated to any hotel association.

Association	Units	Units for Rent	Beds
BHG	338	337	902
	32.47%	39.23%	41.09%
BONHATA	419	379	942
	40.25%	44.12%	42.92%
Not affiliated	284	143	351
	27.28%	16.65%	15.99%
Total	1041	859	2195

Mission:

BHG's objective is to protect the common interests of its members in general and in particular by:

- The promotion of the realization of similar rules of conduct and the settlement of uniform norms and codes of honour in the hospitality sector on Bonaire and other instances, defend the concerns of the tourism industry brought forward by the management members.
- The promotion of the realization of a common position of its members with regard to the forthcoming issues concerning the hospitality sector of Bonaire and to bring forward and carry out a common position whenever necessary or desirable.
- The promotion of mutual consultation among its members.
- To make and maintain contact and active cooperation between businesses of the hospitality sector of Bonaire on the one hand, and between businesses of the hospitality sector and other instances on the other hand, with establishments of the tourism industry which share common interests, as with public and private organizations and lobbies that share similar concerns in the field of hospitality.
- The promotion of the realization and whenever possible the application of measures and provisions whenever the members of the business group find it necessary.
- To form and support its members interests through study groups.
- To conduct all the remaining issues which help complete the mission of the association.

For more information, please contact BHG: P.O. Box 47, Kralendijk, Bonaire, Tel: 717-7232, Fax: 717-2073, E-mail: info@bonairehospitality.com, Website: www.bonairehospitality.com



D. Bonaire Restaurant Association (BRA)

The Bonaire Restaurant Association was founded in 1990. The intention of BRA is to provide a forum through which the restaurants can address issues or conditions that affect the hospitality sector. Most importantly, its goal is to: offer support and encourage education for the service industry; reach solutions to the challenges presented, and act as a sounding board for the government in regards to this industry. The Restaurant Association monitors issues concerning the growth rate of the island. The fluctuation in the population and in the tourism sector on Bonaire has caused a disproportionate growth of the restaurants in the main business area, however as other areas of the island develop, new opportunities are created.

Government agencies now closely tie the permitting process for new restaurant license applications to the real growth of the island population and tourism, and the feasibility of the restaurant's concept. This allows for a more controlled growth rate, but should not discourage entrepreneurs from recognizing a void in the marketplace and creating a viable concept to fill it.

The Bonaire Restaurant Association is also active in promoting the cuisine of the island by competing on the professional level in international competitions, as well as assisting in the organization of the local hotel-school student culinary contests. BRA sponsors The Bonaire Dining Guide, which is published annually and distributed in hotel rooms and tourist information centres. The association also works closely with the Tourism Corporation Bonaire in promoting, organizing and sponsoring the "Taste of Bonaire" held during the annual Dive Festival. BRA actively works together with the island government and other organizations for the common benefit of Bonaire.

The restaurant community feels that through free enterprise and government cooperation, they can continue to work together so that all sectors realize a controlled growth and a prosperous future on Bonaire.

For more information, please contact: Bonaire Restaurant Association: Kaya Grandi #77, Kralendijk, Bonaire, Tel: + (599) 717-5742, or + (599-9) 562-7514 Fax: + (599) 717-4959, E-mail c/o: kfc@bonairelive.com



IV. Important Information for Potential Investors

A. GENERAL INFORMATION

a. Political System

Bonaire is one of a constellation of five islands comprising the Netherlands Antilles. The Netherlands Antilles is part of the Kingdom of the Netherlands. The form of government is parliamentary democracy based on such underlying premises as freedom of association, right to form political parties, freedom of the press and freedom of speech.

The Netherlands Antilles is a politically stable entity in the Caribbean region. As an autonomous state within the Dutch Kingdom, the Netherlands Antilles is fully responsible for the conduct of its domestic affairs. Defense and foreign affairs are within the province of the Kingdom of the Netherlands.

The Netherlands Antilles has two levels of government: a central (federal) and an island (territorial) level. The central government jurisdiction covers state affairs and includes such areas as justice, police, communications, public health, education, money, banking and foreign currency. The governments of the respective islands manage their own territorial affairs and have the power to enact laws. They are responsible for economic controls, establishment of enterprises, work permits, infrastructure, and harbors among other things.

b. Legal System

The Judiciary system is an integral part of the Kingdom of the Netherlands. Twenty judges appointed by the Dutch sovereign serve the Court of First Instance and the Joint High Court of First Instance hears civil cases as well as criminal cases. All cases can ultimately be appealed to the Supreme Court of the Kingdom of the Netherlands in The Hague. Numerous offices of reputable, world-renowned law firms have been established in the Netherlands Antilles.

c. Banking

The Netherlands Antilles has a well-developed banking system that plays a vital role in both local and international business on the islands. Most of these banks have international ties, while branches of well-known European and American banks are established in the Netherlands Antilles. In addition, there are various locally established insurance companies as subsidiaries or representatives of international insurance companies.

The "Bank van de Nederlandse Antillen" or Central Bank, established in 1828 is, among other things, responsible for control and regulation of the banking and insurance businesses in the Netherlands Antilles.

d. Monetary System and Currency

The monetary unit of the country is the Netherlands Antillean guilder. Coin and currency are issued by the Central Government and circulated by the Central Bank. The Central Bank is entrusted with the issuing of bank notes. The exchange rate system has been pegged to the U.S. dollar since December 12, 1971. The current rate is at NAf. 1.78 per U.S. dollar, while a 1.3% foreign exchange tax is levied on the selling rate. The official selling rate of the other currencies is set daily on the basis of their exchange rate with the U.S. dollar on international markets.

B. LEGAL STRUCTURE OF BUSINESS ENTITIES

a. Legal Form of Enterprises

When establishing a company on Bonaire one needs to decide under which legal form the company will be incorporated. Incorporation is the registration of a company by notarial act. Bonaire has two legal forms that are the most commonly used for incorporation: the Limited Liability Company and the One-Man Business or Sole Proprietor.

• Limited Liability Company (N.V.)

The limited liability company (in Dutch: "de Naamloze Vennootschap", abbreviated as "N.V.") is the most common legal form for business operations in Bonaire. The N.V. is a corporate body with shareholders, and is governed by the corporate law and its articles of association. An N.V. is established by the execution of a notarial deed and declaration of the Minister of Justice, the so-called "declaration of no objection". Only one shareholder is required to form the company.

Foundation of an N.V. has to be effectuated by notary act. It is to be formed by at least one founder, either an individual or a legal entity. Non-residents can establish an N.V. by proxy. A company must have one or more managing directors, who can either be an individual or a legal entity. At least one managing director must be a resident of, or domiciled in Bonaire. The powers of the management are stated in the law and in the articles of incorporation. An N.V. may issue



non-voting shares. In addition, the company has to be registered at the Chamber of Commerce and Industry of Bonaire. The name of the N.V. is subject to the approval of the Minister of Justice of the Netherlands Antilles. As a certain name may already have been used or may closely resemble an existing one, it is recommended to propose for approval at least three names in order of preference.

The total share capital required is NAf. 50,000 while the minimum invested capital should be NAf. 10,000 which can be in cash or in nature (operational facilities such as car, business furniture, computer,)

The most important licenses required when incorporating an N.V. are the **business license** from the Island Executive Council, and the **management license** also called **director's license** for every non-Antillean managing director. In addition, non-Antillean managing directors need a residence permit and a work permit to work and live on Bonaire, which should be filed at the Governor's office.

• **One-Man Business or Sole Proprietor (E.Z.)**

A One-Man Business or Sole Proprietor is a form of business where there is no distinction between the business assets and personal assets. As the owner of a one-man business, you will be personally liable for all obligations of the business (a marriage settlement effectuated through a notary act should be considered).

The request to set up a one-man business can be done in writing to the Island Executive Council; though you can establish a one-man business by yourself, it is advised to have a notary prepare the documents for you.

All one-man businesses, which are not owned by Dutchmen born in the Netherlands Antilles, need a **business license** to operate a business on Bonaire. Only Dutchmen born in the Netherlands Antilles and Arubans born before the year 1986 do not need a business license to conduct business activities on the island. One-man businesses do not need a management license.

• **General Partnership**

A general partnership is a business form that consists of two or more partners who share the management of the entity and are responsible for the partnership's obligations. The business entity on the other hand is not responsible for the partner's personal debts. Even though the law does not require that a legal agreement be signed between partners, it is advisable that you have a lawyer or a notary prepare one. Partnerships of Limited Liability companies, which are already incorporated on the Netherlands Antilles and want to open a branch, do not have to incorporate the branch. They only have to request a **business license**. All limited liability companies and partnerships such as: B.V., S.A., Ca., SPA, Ltd, SRL, Inc. incorporated in foreign countries must first incorporate the business on the Netherlands Antilles and then request a business license on Bonaire.

All individuals born outside of the Netherlands Antilles need a **management license** or **director's license** in order to run a business on Bonaire.

Other forms of enterprises possible in Bonaire are **Joint Ventures**, which may be categorized into two forms, namely long-term and short-term joint ventures.

b. Licenses

Before operating in Bonaire as a legal entity one must acquire a:

• **Business License**

All Individuals need a business license in order to establish a business on Bonaire, may it be a Limited Liability Company, a General Partnership or a One-Man Business.

Application for a business license can be done by sending a letter to the Island Executive Council (Bestuurscollege: Plaza Reina Wilhelmina #1, Bonaire) and will also be granted by them. The letter must mention:

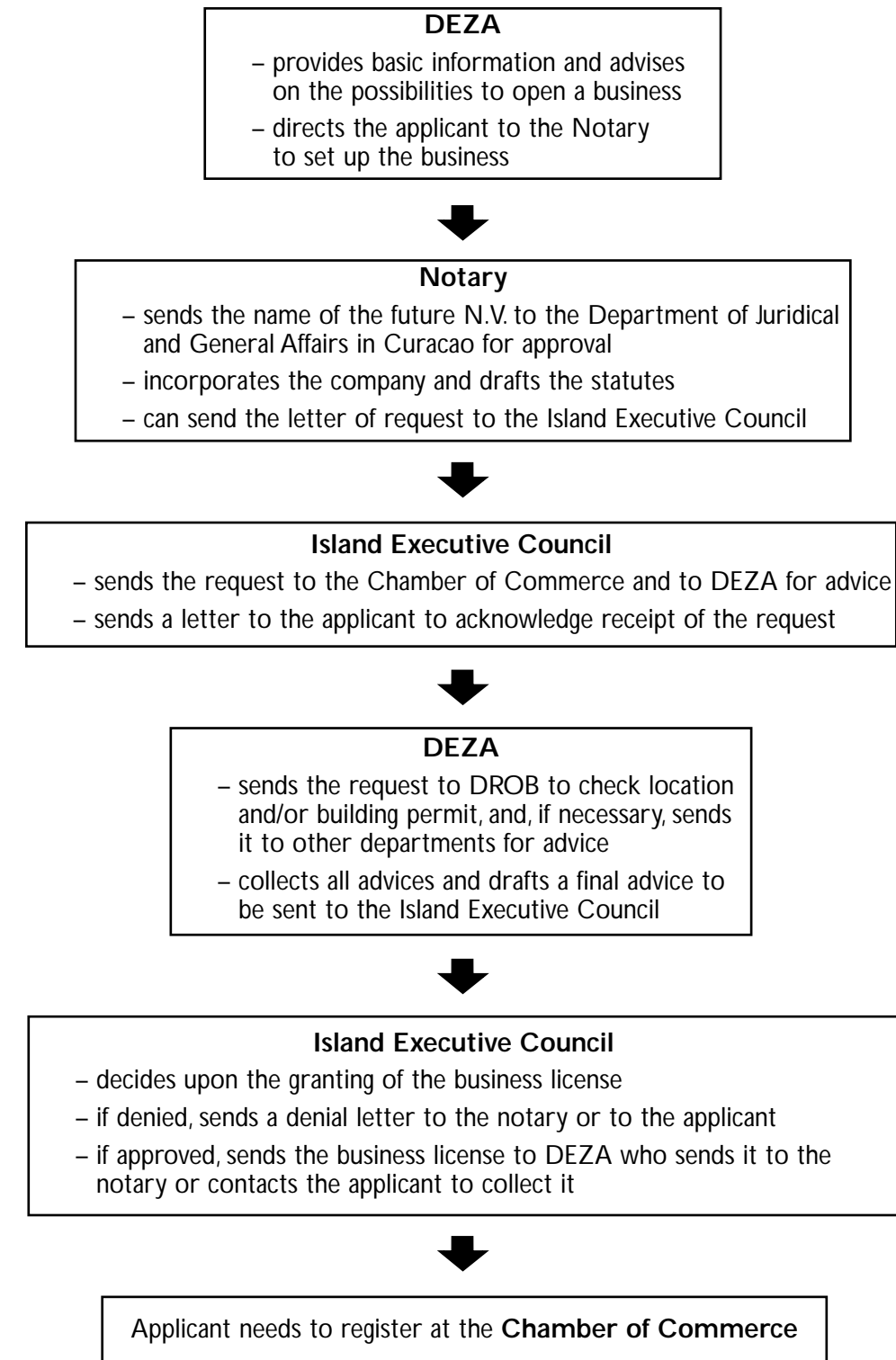
- 1) The name of the business
- 2) The name of the owner
- 3) The nature and objectives of the business
- 4) The investment capital
- 5) The place of establishment

The letter also needs to contain two stamps of NAf. 5,- (five Antillean guilders) stapled to the letter. Stamps can be bought at the Collector's Office (Ontvangerskantoor: J.A. Abraham Boulevard # 27, Bonaire). You also need to pay a legal fee of NAf. 250,- (two hundred and fifty Antillean guilders) for the processing of the business license. Staple a copy of the receipt to the letter. This payment must also be done at the Collector's Office or deposited on the bank account number

301.002.003 of the Maduro & Curiel's Bank Bonaire.

Entrepreneurs who are going to incorporate their company can have the Notary's Office handle the request procedure for the business and management licenses including the payment of fees. Incorporation of a business can be done at any Notary's Office in the Netherlands Antilles but the notary act must state that the establishment will be done on Bonaire. The notary will send the request to the Island Executive Council who will ask DEZA for advice and eventually other departments.

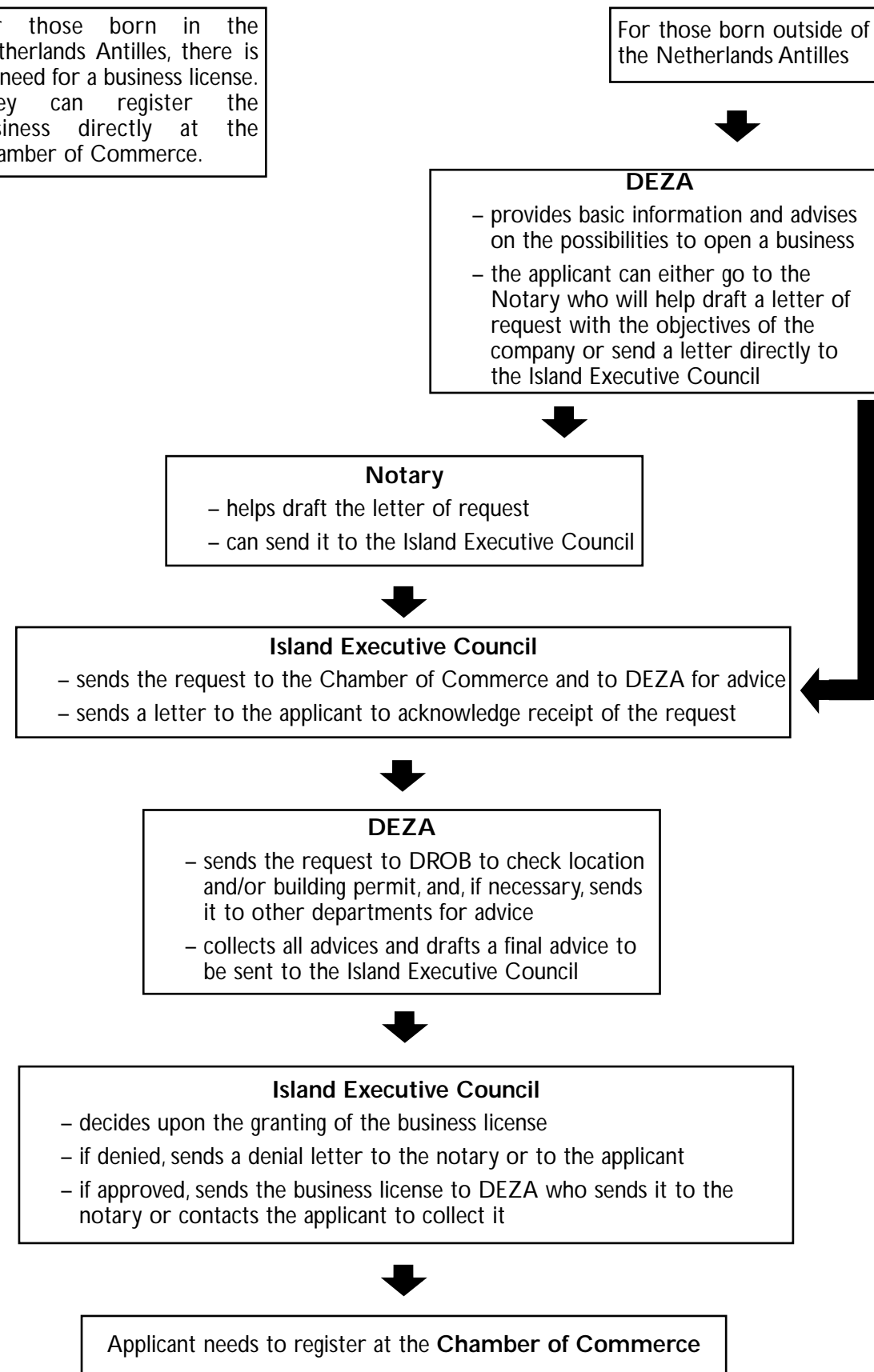
Steps to obtain a business license for an N.V.:



Steps to obtain a business license for an E.Z:

For those born in the Netherlands Antilles, there is no need for a business license. They can register the business directly at the Chamber of Commerce.

For those born outside of the Netherlands Antilles



• Management License or Director's License

Only Dutch people born in the Netherlands Antilles do not need a management license. All individuals born outside of the Netherlands Antilles need a management license in order to run a business on Bonaire. One-man businesses do not need a management license. The Management license can be requested by letter addressed to the Island Executive Council. The letter must mention:

- 1) The name of the business
- 2) The name, date and place of birth of the applicant
- 3) The nationality of the applicant
- 4) The nature and objectives of the business

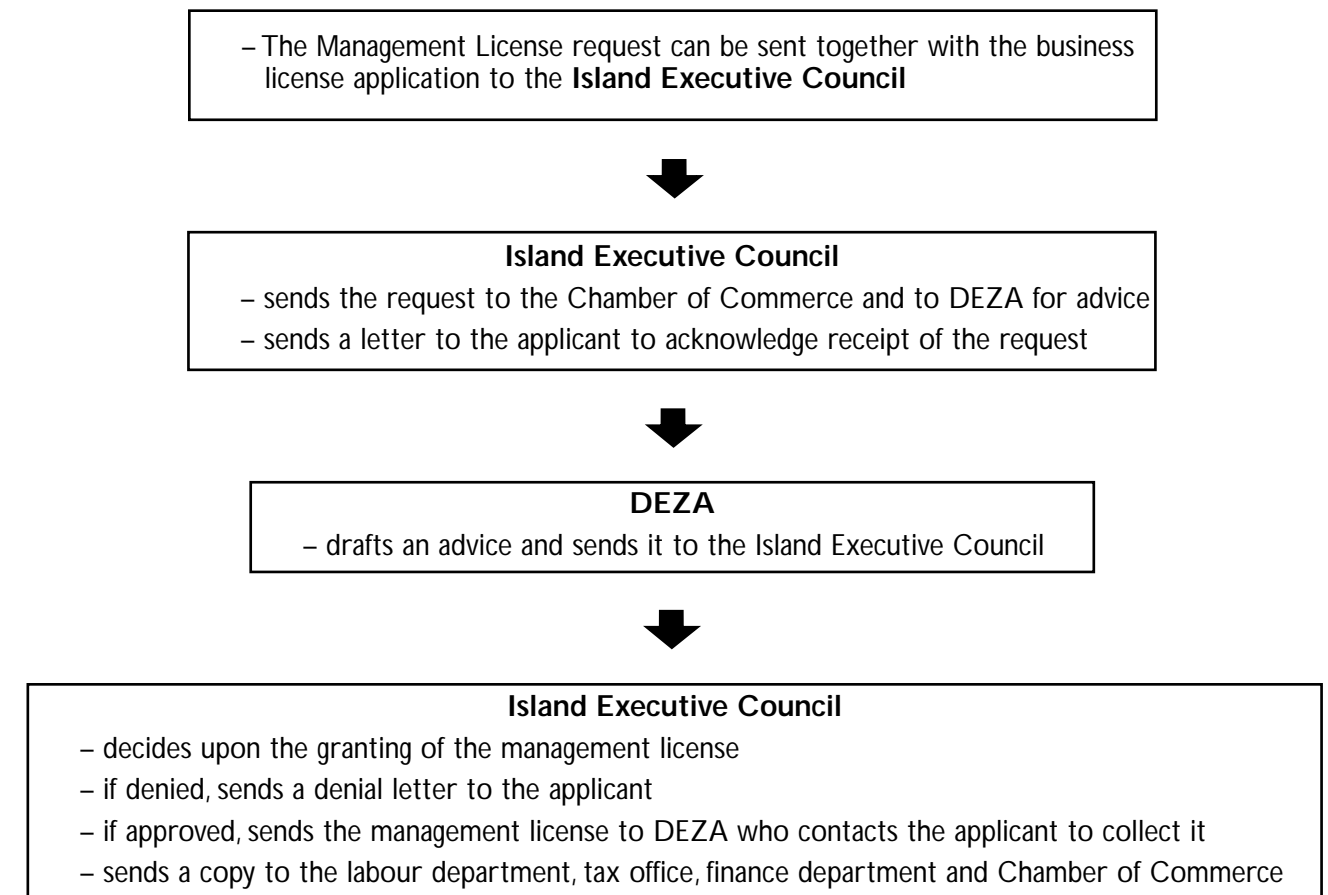
The letter must contain two stamps of NAf. 5,- (five Antillean guilders) stapled to the letter. Applicants must also pay NAf. 100,- (one hundred Antillean guilders) fee for the processing of the management license. A copy of the receipt must be stapled to the letter. Stamps and fees must be paid at the Collector's Office (Ontvangerskantoor). The Island Executive Council will take into consideration the same granting requirements for the management license as for the business license.

In order to obtain the business and management licenses, the Island Executive Council will take the following requirements into consideration:

- 1) The nature of the business
- 2) The location of the business
- 3) The creditworthiness of the applicant
- 4) The financing of the business

Furthermore, you must prove that you have the knowledge to conduct such business. A business license can be refused in the interest of public order, peace and general interest of Bonaire.

Steps to obtain a management license:



• Foreign Exchange License

The Foreign Exchange License exempts the corporation from foreign exchange control in the Netherlands Antilles. This license is issued by the Central Bank.

After the application for the **business license** and **management license**, the company must register at the Commercial Register of the Chamber of Commerce and Industry of Bonaire. A lawyer or notary can take care of this application. A fee is asked for inscription. The time required to complete the incorporation and to obtain the necessary licenses to operate a company varies from one to three months. The total costs involved, including notary fees, are around NAf. 2,250,- for an N.V. and NAf. 550,- for a E.Z.

Changing data in a Business License

When changes occur in a business such as: changes in the name or location of a business, you must request the Island Executive Council to make the necessary changes in your license. Changes can be requested by sending a letter to the Island Executive Council. The letter must contain two stamps of NAf. 5,- (five Antillean guilders) stapled to the letter. You must also pay NAf. 50,- (fifty Antillean guilders) dues. Attach a copy of the receipt to the letter. Payments can be done at the Collector's Office.

The zoning plan

To know where you may establish a business on Bonaire, you will need to contact D.R.O.B., the Department of Physical Planning. They have a zoning plan stating the location where companies may establish.

• Other licenses and permits

Each establishment or person, who sells drinks and/or food or provides accommodation with services against payment, needs to be in possession of one or more **Beverage** and **Hotel Restaurant and Café license (HORECA)**. The beverage and HORECA ordinance of Bonaire distinguishes twelve categories of beverage and HORECA licenses.

A Beverage or HORECA license can be requested by sending a form to the Island Executive Council. Forms are available at DEZA. The form must contain 2 stamps of NAf. 5,- (five Antillean guilders) which can be bought at the Collector's Office (Ontvangerskantoor). Staple the stamps to the form. You must also pay dues for the processing of each license. Dues must be paid at the Collector's Office. Attach a copy of the receipt to the form.

For the granting of the Beverage and HORECA license, the Island Executive Council will consult the Fire Department and Hygienic Department, and in some cases the Department of Physical Planning and the department of Agriculture, Cattle breeding and Fishery. For having the rights that the Beverage and HORECA license grants you, a monthly or annual fee must be paid at the Collector's Office.

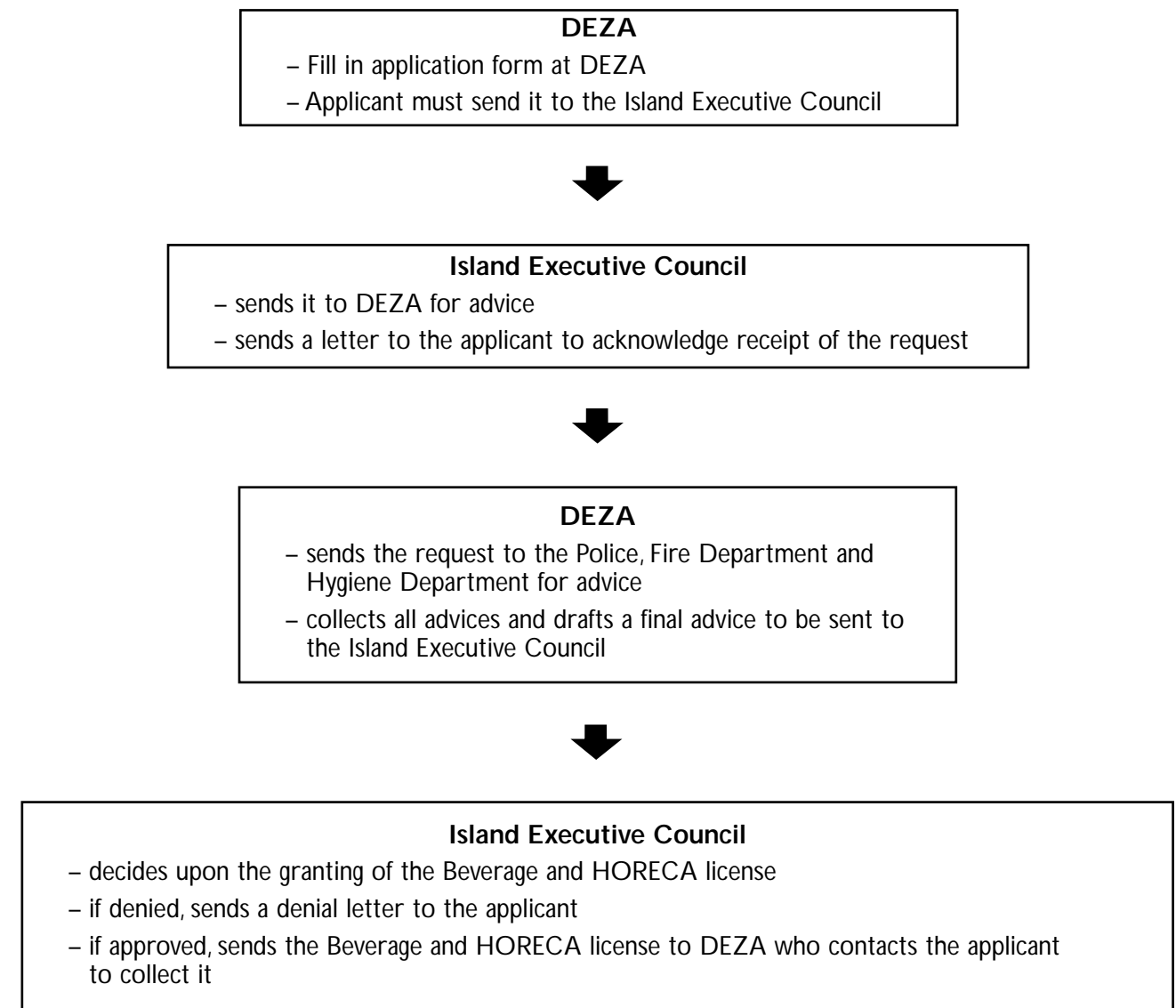
Other permissions:

Permissions can be requested for:

- The selling of food and beverage by a distributor
- Having deviated closing hours
- Offering music and/or performance for amusement of the public
- Offering live music and dancing in an establishment

Permissions can be requested by sending a letter to the Island Executive Council. The letter must contain two stamps of NAf. 5,- (five Antillean guilders). You must also pay dues for the processing of the request. Staple a copy of the receipt to the letter. Payment can be made at the Collector's Office.

Steps to obtain a Beverage and HORECA license:



If a request for a business license, Management license or Beverage and HORECA license has been denied the applicant can be reimbursed part of the paid dues. The time frame for obtaining all necessary licenses can vary from one to three months.

c. Ownership of land

There are two legal means of possessing land in Bonaire.

• Free hold land:

Free hold land refers to private land, the ownership of which can be transferred or sold at the discretion of the owner. All intrinsic rights of ownership under Dutch law are enjoyed by a party owning land under these terms, within the parameters of the local Bonairean law concerning zoning, license requirements, permits and building code.

• Long lease land:

Long lease land refers to long-term use of land owned by the Government of the Netherlands Antilles. Lease of this land is granted for an initial period of 60 years, and is automatically renewed for another 60 years, by request. The party holding a long-term lease, with the exception of selling it undeveloped to a third party, enjoys all legal rights of ownership.



d. Accounting and Reporting Requirements

There are no specific accounting requirements. It is general practice that when the accounts for international companies are set up, general accountancy regulations apply.

The reporting requirements are governed by the commercial code of the Netherlands Antilles. The code provides that anyone who conducts a business must:

- Administer its affairs in accordance with the standards of the business in such a way that it will always be possible to know one's rights and obligations.
- Prepare annual financial statements; fiscal year: Jan. 1st to Dec. 31st.
- Keep all books and documents, including balance sheets, correspondence received and copies of outgoing correspondence for a period of ten years.

The commercial code also contains provisions with respect to the assets, which must be listed separately in the annual financial statements, and the disclosure, which must be made with respect to the methods used for their valuation.

N.V.s with an authorized capital of more than NAf. 50,000 in bearer shares, corporations with bearer bonds, banks and insurance companies are required to file their annual financial statements with the Commercial Register kept by the Chamber of Commerce.

C. LABOUR REGULATIONS

a. Residence & Work permits

Residence permit

The following persons do not need a permit for staying permanently or temporarily in the Netherlands Antilles:

- a. Those of Dutch nationality born in the Netherlands Antilles;
- b. Those of Dutch nationality born outside the Netherlands Antilles, whose parents were born legitimate Dutch subjects in the Netherlands Antilles;
- c. Those of Dutch nationality born in the Netherlands Antilles (before January 1st, 1986) on the island of Aruba, and were residents of the Netherlands Antilles on January 1st, 1986;
- d. Children of those of Dutch nationality mentioned under c.
- e. Females not born in the Netherlands Antilles who are married to males of Dutch nationality born in the Netherlands Antilles, and their legitimate children;
- f. The legitimate children of males of Dutch nationality born in the Netherlands Antilles who upon reaching their adulthood have their residence in the Netherlands Antilles.

Persons admitted by rights into the Netherlands Antilles as legal residents, for example:

- a. Those of Dutch nationality who after staying in the Netherlands Antilles for an uninterrupted period of ten years or longer, have been admitted into the Netherlands Antilles by rights or under a permit.
- b. Residents who after staying in the Netherlands Antilles for an uninterrupted period of ten years or longer, have obtained the Dutch Nationality through naturalization.

Anybody not within the category of the persons mentioned above who wishes to stay in the Netherlands Antilles must be in possession of a residence permit. Those of Dutch nationality, whether born in the Netherlands or elsewhere, need a residence permit.

The application for a residence permit has to be submitted in triplicate on legally prescribed forms obtainable from the Immigration Department. The forms must be handed in at the Governor's office. As a rule, the expatriate cannot take up residence until the residence and/or work permit has been granted.

• Work permit

Anyone not included in the above categories and who wishes to come and work in the Netherlands Antilles must apply for a residence permit with permission to work. Since 2001, those of Dutch Nationality do not need a work permit.

Work permits will normally be granted to those in fields or professions for which there are no qualified persons locally available.

b. General Labour Regulations

General and specific laws regarding labour conditions and labour relations, comprising compulsory, legal minimum provisions regarding work, rest and payment are regulated by the Government of the Netherlands Antilles in the civil code. The provisions of the civil code are applicable to any person, locals and foreigners, in a working relationship. This is regardless the function or payment of the persons involved.

Working Hours

It is forbidden to work longer than eight hours a day and forty-five hours a week or to have work done during a longer period of time. If special circumstances require longer working hours, a permit to work overtime and have work done in overtime can be granted.

Wages

There are statutory minimum wages for workers aged 21 years and older. As per March 01, 2003, the hourly entry-level minimum wages by category (not including benefits) are as follows:

(All wages per hour):

- | | |
|---------------------|-----------|
| – Manufacturing: | NAf. 6.00 |
| – Service: | NAf. 5.68 |
| – Trade: | NAf. 5.68 |
| – Domestic Workers: | NAf. 5.15 |

Actual wages paid are often higher than the minimum. When working overtime the premiums are normally 150% or 200% of regular pay, as for work performed on weekends, on Sundays and holidays. Some employers give two weeks to one month extra pay per year as a bonus at Christmas and/or 6%-8% of the year salary in June as vacation allowance.

Social Security

Four compulsory social insurance programs are in operation covering old-age pensions, widows' and orphans' benefits, aid for accidents, and aid for sickness. Every employee who earns a salary below US\$ 25.337 per year is entitled to sickness and accident insurance at the Social Insurance Bank (SVB). Employees with a salary higher than aforementioned often take out a private medical insurance, which is partially paid by the employer and the employee.

Holiday & Vacations

At least 15 working days of annual vacation must be given with pay, and ten paid public holidays are also granted.

Labour Organizations

Labour unions are generally well established and can be found in most companies. They are organized mainly on a basis of individual enterprises. Most workers belong to a union, although law prohibits closed shops or enforced membership. It is not common for representatives of workers to participate in the management of companies.

Labour Agreements

Collective labour agreements are usual and usually cover a period of two to three years, after which new terms are agreed upon for a similar period of time. The probation period is two months.

Termination of Employment

An employer is forbidden to end a labour agreement without permission of the Termination Committee guided by the Director of the Department of Labour and Social Affairs. This committee consists in representatives of the government, labour unions and the Chamber of Commerce. Exception to this prohibition is termination because of "urgent reasons" immediately informed to the worker; termination by mutual consent of the worker and the employer; termination during the probation period.

Employment of Foreigners

Every foreigner who wishes to be employed or to exercise a trade or profession must have a work permit as well as a residence permit. Work permits will normally be granted only if there are no qualified persons locally available.

D. CONSTRUCTION REGULATIONS

a. Construction Guidelines

A property owner/developer is obliged by law to ensure that:

- No damage is caused to the marine environment.
- The impact of building and landscaping is minimized.



- All waste is dealt with correctly.

These guidelines have been developed to help minimize building and living expenses and to protect the investment. While following these guidelines, the natural environment will be protected and preserved.

This can be achieved by:

- Careful pre-construction planning of the site.
- Keeping the site clean during construction.
- Designing a hygienic septic tank system.
- Careful landscaping and the preservation of natural vegetation.

The owner signs on receipt of a copy of the construction guidelines at the time the owner obtains the permit at the Department of Physical Planning (Dienst Ruimtelijke Ordening en Beheer: D.R.O.B.) or at the notary at the time of closing on land or property.

It is recommended to include some guideline information in the contracts with all the companies who will be involved in the construction.

• Construction on land:

Those who intend building or renovating a property need a permit from the Island Government. This process needs to be followed in order to obtain permission to build/renovate:

- 1) Contact the Department of Physical Planning (D.R.O.B.) to ask for an application form.
- 2) The completed form with additional documents must be handed in to the Department with as attachment:
 - The building plan
 - The building site plan, including the standards for the building site plan.
- 3) D.R.O.B. reviews the application and will determine the legal fees to be paid.
- 4) The legal fees should be paid at the Department of Finance (Ontvangerskantoor).
- 5) Send a copy of the payment to D.R.O.B.
- 6) D.R.O.B. will send the application for approval by the government.
- 7) D.R.O.B. will inform about the outcome.

• Construction on/over water:

A permit from the island government is needed if:

- Any structure is to be placed in or over water: stairs, ladders, piers, overhanging piers, moorings and swim platforms. (In the case of piers, a permission of the Central Government is needed).
- Any material is to be removed from or placed in the water, such as riprap, sea defenses, rocks, sand etc.
- Any water is to be taken from the sea or any material to be discharged into the sea, such as water from a pool or storm water.
- Any modification is to be made to the shoreline, such as cliff rock removal, beach creation or enhancement.

To obtain a permit, the process outlined below must be followed:

- 1) Get an application form at the Bonaire National Marine Park
- 2) The form requires a stamp of NAf. 2,50 and an additional payment of NAf. 25,00 for legal fees. This can be obtained at the Department of Finance (Ontvangerskantoor).
- 3) Send the form and a copy of the payment to the Island Government Office (Bestuurskantoor).
- 4) D.R.O.B. will inform about the outcome.

• Important restrictions to building constructions in Bonaire:

Height limitations

The government of Bonaire has an established guideline to limit the height of improvements constructed in Bonaire. The following height restrictions apply. The height of the improvements is measured from the surrounding average ground height and shall not exceed: (i) 12 meters (or three useable levels) in the case of buildings; (ii) 15 meters in the case of light-, electrical-, or telecommunication- posts; (iii) 1.5 meter in the case of fencing facing public roads; (iv) 2.0 meter in the case of fencing not facing public roads, excluding those areas facing ocean front; and (v) other fencing 5.0 meter.

Use of South Florida Standards

In the case a dispute should arise on the applicable building, environmental, and safety regulations that are not currently arranged by the laws of Bonaire, the government of Bonaire can agree to make use of the applicable Standards used in South Florida.

b. Licenses & Permits

• Building License:

To obtain a building license the following documents are required:

- a) A copy of proof of property or long lease from the notary.
- b) Definitive drawings scale 1x1000 which should include:
 - Dimension and height, tick and structure of the walls.
 - All views.
 - Calculations and details on structure, strength and stability.
 - Accessibility for light and ventilation.
 - Site plan scale 1x1000 including all adjacent lots.
 - Name of architect or constructor.
- c) In case of use of prefab building materials, all general specifications from the factory on these materials are required (in particular fire specifications). It is important to consult with the fire department regarding fire prevention.
- d) For factories, hotels and condo/apartments, inset planting of the building and parking is also required.
- e) For other specifications with regards to distance of building planting in a lot, please consult with the building and housing department.
- f) For the building or piers, please consult the marine park and D.R.O.B.-R.O.V. section of Environment and Natural Resources.

The government of Bonaire acknowledges that the permits, licenses, waivers, tax holidays and approvals shown hereunder constitute all necessary permits, licenses, waivers, tax holidays and approvals necessary to build and or renovate and operate a hotel resort in Bonaire.

• Licenses and Permits to build and or renovate a hotel resort in Bonaire:

- Building permits and Fire Prevention permits
- Nuisance permits for Swimming Pools, Elevators, Generators and Demolition of structures (if, any)
- Gas Installation permits
- Traffic permits for Construction, Parking, Ingress and Egress
- Work permits for Development, Operations, Sales and Marketing and Construction positions
- Business Operating permit
- Director's License
- Hotel Operating permit
- Foreign Exchange License
- Vehicle and Equipment Licenses for Construction Equipment and Development, Operations and Management Vehicles
- Beverage and HORECA License
- Recreation License
- Marine Environment License
- Casino License
- Shuttle Bus License
- Water sport, Diving and Boat Charter license

c. Nature & Environmental Policy Plans

DROB, the Department of Physical Planning and Management, is a government institution, which deals with physical planning, housing, natural resources and environmental protection. At the Section of Environment and Natural Resources



policies are made on both fields and addressed to the government through the Nature Policy Plan 1999-2004 and the (draft) Environmental Policy Plan 2002-2006.

The Nature Policy Plan 1999-2004 has been approved by the Island Council. The plan consists the policy on nature and natural resources. Certain areas of the island are protected by national laws or international treaties. For instance the waters surrounding Bonaire and Klein Bonaire are protected and form the Bonaire National Marine Park (Marine Environmental Ordinance of 1991). Other protected areas are the flamingo sanctuary and the Washington-Slagbaai Park, which does not benefit from a National Park status yet. The marine park, Klein Bonaire, the flamingo sanctuary, Lac, Goto Lake and the salt lake of Slagbaai are wetlands of international importance and protected by the Ramsar treaty. More than half of Bonaire is a nature area and DROB gives advice to the government on the grade of protection each area deserves.

DROB is also working on a new law for the protection of wildlife and natural areas. Some species are already protected by (international) law such as flamingos, parrots, sea turtles, flora and marine species.

The Nature Policy Plan also refers to the interaction between nature and other sectors of the economy such as tourism, fishery, agriculture, cattle breeding and mining. The economy of Bonaire depends for a great part on tourism. Therefore, the development of nature control and tourism are inextricably bound up with each other and remain the responsibility of the government, the tourism industry, nature preservation organizations and the people. We must aim for sustainable development: a long-term tourism development with an ecologically responsible use of the natural resources.

The (draft) **Environmental Policy Plan 2002-2006** determines the course of Bonaire in nature conservation. The goal of Bonaire's environmental policy is to preserve the carrying capacity of Bonaire's environment in order to reach a sustainable development. The Nature Policy Plan and the Environmental Policy Plan have many connecting points and sometimes cover the same ground. Successful execution of one plan is not possible without the other.

Company activities with an environmental impact: The Nuisance Ordinance of the Central Government of 1995 tackles the possible environmental impact of company activities. To activate the Nuisance Ordinance it is still needed to define rules and permit requirements. If needed, small businesses will receive individual advice or a general outline of rules to operate in accordance with the rules.

Solid waste: In order to provide the needs of inhabitants and consumers, Bonaire is largely dependent on the import of products. Every time a product is imported, Bonaire's landfill grows. Hazardous substances are a threat once they end up in the waste phase. It is essential to find the financial means needed to execute the landfill management plan. Prevention of waste, re-use of waste products and processing of waste is a dire necessity. The possibilities for recycling and reuse of waste materials like demolition and construction waste, garden clippings, paper and cardboard, glass, scrap metal and wooden pallets will be investigated. Litter is a problem, which will be tackled through the project "Schoon Bonaire" (Clean Bonaire) a Selibon project. Illegal dumping will also be monitored.

Liquid waste: Discharge of wastewater in the ground or the sea can damage the reefs, therefore treatment of wastewater is of the utmost importance. At this moment there is a feasibility study and system design for the sewage of Kralendijk.

Oil: The goal is to prevent oil spills on land and on the sea and to reach a leak-free collection of all used motor oil by putting into place collection facilities, obliging companies to collect and deliver their used oil and providing information.

Tourism: Tourism, Bonaire's most important economic product, is based on the quality of the natural resources on and around Bonaire. The aim should be a sustainable development of tourism, whilst protecting culture and quality of life. To reach this, the tourism product must be diversified to put less pressure on diving.

In another field, better energy efficiency will be stimulated and the possibilities to produce sustainable energy will be investigated. General guidelines for Environmental Impact Assessments for large development projects or projects in sensitive areas will be developed.

There is a need to enhance public support and involve the local community to make them understand that the protection of the local environment and quality of life is essential for a healthy environment to reach a sustainable development, economic growth and general well being of the community.

For more information, contact D.R.O.B.: Kaya Amsterdam #23, Tel: 717-5130 or 717-8130, Fax: 717-6980, E-mail: drob@bonairelive.com, see **Construction Guidelines for Bonaire, Netherlands Antilles**, produced by Bonaire National Marine Park.



E. INVESTMENT INCENTIVES FOR PROSPECTIVE INVESTORS

A number of investment incentives have been devised to stimulate prospective investors to start new business ventures in Bonaire (the Netherlands Antilles).

For all businesses the following fiscal incentives are available:

- Accelerated depreciation (maximum 1/3 of the purchase value of business assets);
- Investment allowance of 8% of the total investments (new building and expansion renovations 12%) annually for the first two fiscal years. The investment allowance cannot be applied to certain investments (e.g. in land); however, if the investments are alienated within 6 years (15 years for new buildings and expansion renovations) after the year of the investment, a disinvestments allowance should be added to the taxable income of the year of the disinvestments and the following year.
- Economic-Zone Ordinance is applicable for export/transshipment-oriented industries (includes: exemption of import duties covering building materials, machinery and equipment, packaging materials and more). A tax of 2% on net profit applies.
- For newly incorporated companies that contribute to broaden the economic base of Bonaire, a special tax facility is available. This so-called "**tax holiday**" consists of an exemption from import duties and income tax on dividends, while a profit tax of a minimum of 2% will be applicable. The tax holiday can be granted for a period of up to 11 years.
- Are eligible by law for tax holiday: new business initiatives or companies which are going to build hotels and companies that manage hotels, accommodations or other recreational facilities, industrial enterprises, land development companies and companies that renovate hotels.

a. The Ordinance of the Central Government to Promote the Establishment of Enterprises and the Building of Hotels.

The Ordinance of the Central Government to Promote the Establishment of Enterprises and the Building of Hotels defines businesses as: companies that want to establish or manage hotels, accommodations or other recreational facilities.

- In the case of new business initiatives, they are eligible for tax facilities if they:
 - Contribute to broaden the economic base of Bonaire
 - Are going to invest at least NAf. 150.000,- (one hundred and fifty thousand Antillean guilders)
 - Provide permanent work to at least five Antilleans
- In the case of businesses which build or operate hotels, accommodations or other recreational facilities and concentrate on promoting tourism to Bonaire, they are eligible for tax facilities if they:
 - Contribute to broaden the economic base of Bonaire
 - Are going to invest at least NAf. 500.000,- (five hundred thousand Antillean guilders). The investment needs to be realized in two years time from the date issued on the Central Government Decree. The businesses have to be Limited Liability Companies established on Bonaire.

The exemption or reduction of taxes can be granted on the following:

- Import duties on materials and goods used for the construction and primary furnishings of the business premises and reserved for the purpose of the business. Exemption can also be given on import duties of raw material and semi-manufactured products processed by the company.
- Land tax
- Profit tax. The normal levied 34,5% profit tax can be reduced up to a levied minimum of 2%.

This tax exemption can be granted for a maximum of 11 years.

Moreover, the government of Bonaire N.A. fully supports appropriate tax holidays for the prospective investor and all operating and licensing permits, including a casino license, one or more liquor licenses, operating licenses, recreation licenses, and nuisance permits etc., provided that the investor presents all necessary documentation to support the requests.

b. The Tax Facility Ordinance of the Central Government for Industrial Enterprises.

The Tax Facility Ordinance defines industrial enterprises as businesses which: process or assemble material into a new or



semi-manufactured sales product, add value to the sales products.

Industrial enterprises are eligible for tax facilities if they:

- Contribute to broaden the economic base of Bonaire
- Are going to invest at least NAf. 150.000,- (one hundred and fifty thousand Antillean guilders)
- Provide permanent work to at least five Antilleans

The exemption or reduction of taxes can be granted on the following:

- Import duties on materials and goods used for the construction or establishment of the company.
- Import duties on packing and raw material, machines, semi-manufactured products and other means for production.
- Land tax
- Profit tax. The normal levied 34,5% profit tax can be reduced up to a levied minimum of 2%.

This tax exemption can be granted for a maximum of 11 years until the year 2010.

c. The Ordinance of the Central Government for the Renovation of Hotels

The Ordinance of the Central Government for the Renovation of Hotels defines businesses as: companies that manage hotels, accommodations or other recreational facilities, which concentrate on promoting tourism to Bonaire and want to do some renovation.

According to this Ordinance, these businesses have to invest at least NAf. 50.000,- (fifty thousand Antillean guilders) on expansion, improvement or renovation of the hotel to be eligible for tax facilities.

The exemption or reduction of taxes can be granted for a period of up to two years on the following:

- Import duties on material and goods for expansion, improvement or renovation of the hotel.

This tax exemption can be granted for a maximum of 2 years.

d. The Ordinance of the Central Government to Promote Land Development

The Ordinance of the Central Government to Promote Land Development defines enterprises as: companies which are Limited Liability Companies that want to develop big premises of fallow land by the construction of roads and/or real estate.

Land development companies are eligible for tax facilities if they:

- Contribute to broaden the economic base of Bonaire
- Are going to invest at least NAf. 1.000.000,- (one million Antillean guilders) in the development of land exclusive the value of the land in a time frame of 5 years
- Generate jobs, provide working possibilities for Antilleans and stimulate the economy of Bonaire.

The exemption or reduction of taxes can be granted for a period of up to fifteen years on the following:

- Import duties on materials and goods used for the construction of roads, recreational facilities on the premises stated by the Decree of the Central Government
- Land tax
- Profit tax. The normal levied 34,5% profit tax can be reduced up to a levied minimum of 2%.

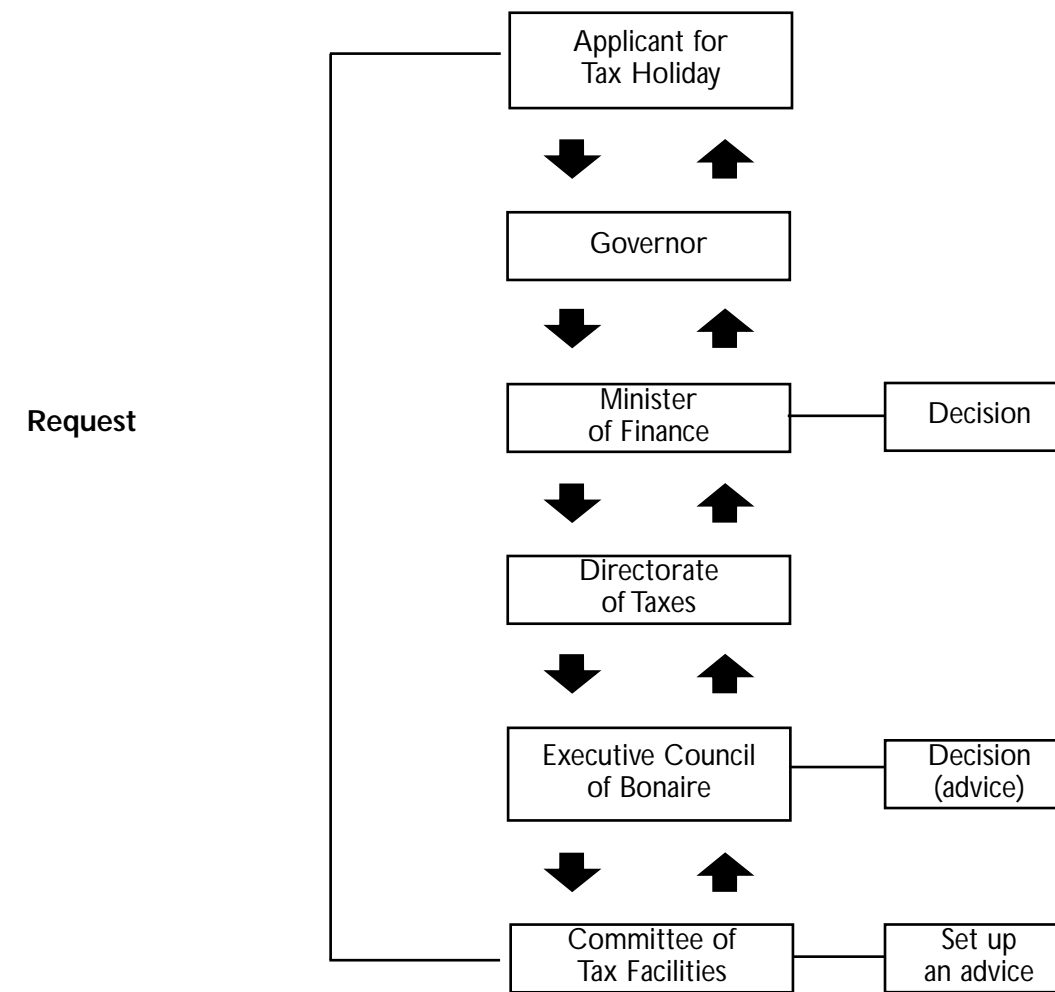
This tax exemption can be granted for a maximum of 15 years.

The Government may grant tax holiday to other types of businesses and industries which the Government may consider to be exceptionally beneficial to the economic development of the island or which contribute to diversify the economic basis.

Tax facility request procedure

The request for tax holiday has to be submitted to the Governor of the Netherlands Antilles on a specific form available at DEZA and at the Directorate of Taxes. The interested parties must fill out all the necessary information for the evaluation of the application and add a stamp of NAf. 25,- (twenty five Antillean guilders) on the application form. Stamps can be bought at the Collector's Office. It is recommended when sending the request to the Governor to also send a copy of the request to the Committee of tax facilities of Bonaire situated at DEZA.

Steps to obtain Tax Holiday:



The time frame for obtaining tax holiday can vary from two to three months.

F. ACCESS TO FOREIGN MARKETS

Foreign companies producing in the Netherlands Antilles have preferential access to U.S. and European markets due to the country's Associate Member status in the European Economic Community. They are also eligible to qualify for the Caribbean Basin Initiative (CBI) program.

Association of Overseas Countries and Territories:

With the Council Decision, enacted on July 31, 1991, on the new Association of the Overseas Countries and Territories (OCTs) with the EC, the Government of the Netherlands has embarked on creating new export possibilities to the EC via Bonaire.

Products originating in Bonaire can be imported into the EU free of customs duties or other similar charges. A product will be considered originating if it has been either wholly obtained or sufficiently worked or processed on Bonaire. These products upon entry to the EU market are not subject to any import duties, quantities restrictions or agricultural levies. Products from third countries (non-OCT and EU countries) which have been imported into Bonaire and subsequently re-exported as such to the EU-market will be accepted free of customs duties and taxes having equivalent effect, providing that they have paid customs duties in Bonaire (The Netherlands Antilles) equal to, or higher than, the customs duties applicable in the EU on import of these same products. These provisions do not apply to: products under the Common Agricultural Policy (CAP), products subject to quantities restrictions and anti-dumping duties.

Under the Accumulation Arrangement, products can obtain the status of originating and subsequently be exported free



of import duties to the EU, if raw materials, semi-manufactured articles and agricultural products originating from African, Caribbean and Pacific (ACP) countries, and also from the EU, are sufficiently processed or have undergone a substantial economic transformation. To classify as a sufficiently processed product, a so-called derogation of the Commission of the EU can be received to exempt the product from one or more of the percentage requirements on locally added value, raw materials imported from third countries which can be processed in the final product and for some industrial products an additional percentage requirement for the use of some industrial materials in the finished product. Derogation requests can be made through the Department of Economic Affairs of the Central Government.

G. Investment Opportunities

a. Investment in Hotel/Resort and other recreational businesses to support the tourism industry.

- **General:** ocean-view and sea-side parcels available for development of Hotels/Resorts, parcels averages between 2 and 10 acres of land; ocean-view, sea-side, downtown parcels and commercial lots available for the development of other recreational businesses to support the tourism industry such as restaurants among other.
- **Specific:** 1. Closed down Hotel/Resort (former Sunset Beach Resort) in poor condition available for renovation and or demolishing and redevelopment; about 145 rooms and 14 acres of land, seaside;
2. Unfinished Hotel/Resort (“Esmeralda Project”) available for Development and or demolishing and redevelopment; two blocks of 50 units and about 14 acres of land, seaside.

b. Investment in Knowledge and Education

One of the fields of interest for foreign investors is Knowledge and Education. Bonaire offers a favorable environment and a good infrastructure for the development of hotel schools, medical schools where teaching, studying, accommodation and some recreation can all be done in one place. The government of Bonaire offers space for the construction of universities, medical facilities, and healthcare institutions with room for expansion. Exemptions of taxes can be applied for a certain number of years such as: exemption of import duties on materials and goods needed for the construction of the premises, exemption of land tax and occupancy tax, exemption of sales tax (5%) normally due upon importing of goods, exemption of profit tax (a foundation does not have to pay profit tax), flexible approach on granting residence permits to students as well as working permits to staff. The island offers facilities for medical congresses, hotels and restaurants for family visits, daily airline connections with the States.

Example: Recently, the St. James University School of Medicine opened on Bonaire offering a new pillar to the economic development of the island and increasing the quality of medical care on the island.

c. Investment in Economic Zones

In order to broaden the economic basis of Bonaire and to encourage the economic development of Bonaire, economic zones are established to which certain facilities are applicable. These facilities include the exemption of import duties, export duties, excise duties, turnover tax, special levies and profit tax. Profit tax will be levied by a rate amounting to two per cent of the realized profit, including surcharges.

An economic zone is defined as a site or sites designated as such, where goods can be stored, processed, worked up, assembled, packed, displayed and re-exported outside of the N.A. territory, or can undergo other treatments, and where or from where services may be provided. Services are defined in this context as:

- 1) Doing maintenance and repairs in the economic zone on goods of companies conducting their business outside the Netherlands Antilles (except St. Martin: free port market).
- 2) Doing maintenance and repairs on machinery and other equipment situated abroad with goods stored in the economic zone;

- 3) Other forms of service aimed at countries abroad, including warehousing, and new trade activities and trade support activities and other service activities to be placed in the international context that can be performed with or in behalf of electronic communication and information opportunities.

Services as contemplated in this context will not include services with regard to acting as a management board for companies of which the registered office or factual management is established in the Netherlands Antilles, and other services with regard to the trust business, and also services of civil-law notaries, lawyers, public accountants, tax counselors and related services.

Only a corporate body with a capital divided into shares, which will operate a business exclusively in the relevant zone, will be admitted to an economic zone. The admission may be subject to regulations and restrictions. The corporate body may be granted a license for the acquisition of ownership rights to land, the establishment of a real right of enjoyment to land, including the right to erect buildings, in the relevant zone, or the realization of infrastructure provisions in the relevant zone, including the construction of business premises.

Supply of goods present in an economic zone to the home market by a corporate body as contemplated in this context will only be possible on the ground of a license granted by the Island Executive Council in agreement with the Minister of Finance. The license will be granted for a definite period of time and may be renewed each time by the Island Executive Council.

Investment possibilities in economic zones in Bonaire are possible at this present moment in two established/soon to be established economic zones, namely 1. TELBO Economic Zone and 2. BIA Economic Zones.

• Doing e-Business in Bonaire

Bonaire's geographical position (gateway to South America and the Caribbean), good financial services, infrastructure, political stability and favorable tax regime makes it an attractive location from which to operate E-business. Electronic business has become one of the biggest opportunities to improve the way business can be conducted.

Telefonia Bonairiano N.V. (TELBO) offers superior data-center services on Bonaire, thereby becoming a facilitator of international e-Commerce business. TELBO EZ focuses on attracting dot-com companies and other e-Commerce customers to co-locate their equipment at their new data-center (250m²) to be built on an area of approximately 2,005 m². On that same area, a two-floor building (1,250 m² per floor) will be built. In the existing building of TELBO, 101.25 m² will also be dedicated to this new venture. In order to attract international clients, the new facility will be built and managed according to international industry standards.

TELBO EZ will primarily target international clients that run 'e-Commerce hubs' which offer international web-related services. Target groups include e.g. on-line payment brokers, global travel networks, gaming industry, international dot.com companies, internet related financial companies, marketing, management consultant and commodities brokers institutions etc...

The services offered by TELBO Economic Zone include:

• **Co-location services**

TELBO EZ will offer a bundle of IP connectivity and suites/cages/racks in a highly secure, conditioned environment that enables clients to locate their own IT equipment in the TELBO EZ Data-center and connect it directly to the Amerigo Vespucci (This submarine optical cable has been operational since 1998 and has a total capacity consisting of 6 twisted pairs. Together with the current termination equipment, these twisted pairs have a theoretical capacity of 2.5Gb per twisted pair, amounting to 15 Gb in total.) It is a scalable and flexible solution for space and bandwidth needs while ensuring minimal business risks. In the first year of operation, TELBO EZ will focus on renting standard and premium racks. In the second year of operation, rental of suites and cages will be added to the service package.



• **Network services**

TELBO EZ will offer its clients bandwidth (per E1) at competitive prices. This service will be available from the first year of operation.

• **Hosting services**

TELBO EZ will offer basic and premium hosting services. The service will offer maximum flexibility, scalability and performance, backed up by Service Level Guarantees.

• **Office space leasing**

The office space in the new building of TELBO EZ meets today's requirements and will be leased to its clients.

• **The Bonaire International Airport - e-Zone**

Bonaire is strategically enhancing its airport facilities, using Bonaire as a hub for destinations, while especially creating a suitable and highly efficient bridge between Europe and South America and between North America and South America. These improved airport facilities are also envisioned to create possibilities for the development of economic activities other than tourism, including transshipment, cargo-hub, e-commerce, assembling companies, etc. In this regard, BIA is developing 75 acres of multi-functional warehouse facilities in three stages. The Economic-Zone Ordinance, including the investment incentives applicable, will govern the 75 acres of multi-functional warehouse facilities.

Bonaire Airport Details

- RWY 2880m (Approx. 10,000 ft.)
- No ATC/RWY slot delays
- VMC weather all the time
- Above international standard security
- No chapter 3 noise restriction
- Low fuel prices
- Close proximity to South American mainland
- Within 1 hour radius of the Caribbean Basin
- 24/7 availability
- Multi-lingual white and blue collar labour available
- Lots of space with "build to suit" options available



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