

MINISTRY OF INDUSTRY, ENTERPRISE AND TOURISM

INVESTMENT POLICY

OF

TRINIDAD AND TOBAGO

Prepared by

Trinidad and Tobago Industrial Development Corporation

TRINIDAD AND TOBAGO
INVESTMENT POLICY

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PREPARED BY THE TRINIDAD AND TOBAGO INDUSTRIAL
DEVELOPMENT CORPORATION.

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INVESTMENT POLICY

1. INTRODUCTION

Trinidad and Tobago is a twin island Republic in the Southern Caribbean with a highly literate (98%) populace of 1.2 million people and a stable democratic political system.

For a country of its size, the Republic of Trinidad and Tobago today presents the world with a good developmental model of economic and political stability, of racial harmony and integration and the pursuit of economic development.

For the future, the Government intends to place greater emphasis on the encouragement of private sector activities as a basis for growth and development in both the oil and non-oil industries.

Additionally, the Government will welcome foreign investment as a means of widening the productive base of the economy, strengthening the technical, marketing and productive expertise of the nationals of the Republic and expanding output.

Quite naturally, care is taken to ensure the maximum participation in the economy by its citizens.

It is to this end that this Policy Statement on investment is presented, together with the guidelines through which its representatives, will establish the stimulus for investment in the further industrial development of Trinidad and Tobago.

August 27, 1987

2. STATEMENT OF PRINCIPLES

The Government will continue to promote a mixed economy as an appropriate framework upon which the development of the country can be based, and in which the rights and roles of private entrepreneurship will be fully respected and safeguarded.

The Government recognises that the growth of the private sector is essential to the development process.

The Government is committed to a programme of restructuring of the State Enterprises, including divestment and/or where appropriate, privatization, thereby allowing for the growth and distribution of ownership among the citizens of Trinidad and Tobago and for the widening of the scope of the private sector.

The Government welcomes foreign capital in the domestic economy.

The Government supports Joint-Venture investment as the preferred mechanism for the employment of foreign capital. This preference notwithstanding up to 100% ownership will be allowed where the net benefits to the economy justifies it.

The Government will adhere to and encourage the use of internationally agreed criteria and machinery for the settlement of disputes with foreign investors.

The Government will continue to offer fiscal and other incentives to industry, and to provide the infrastructure and other support facilities.

The Government will give additional consideration to industries that earn hard currency and/or create significant employment opportunities.

The Government will encourage, in specific instances, Trinidad and Tobago enterprises to invest in foreign markets.

The Government is committed to fostering a relationship between wages, prices and profits which would foster an environment for dynamic investments in industry and the expansion of exports.

3. INVESTMENT PRIORITIES

The following criteria have been established as a basis for the country's investment promotion efforts. Activities and enterprises should:

- earn foreign exchange in hard currencies
- create a significant number of permanent jobs
- make efficient use of local raw materials
- offer prospects for future expansion
- stimulate technological development
- effect significant savings of foreign exchange
- develop new and modern industries.

A. INDUSTRY

Considerable opportunities exist in light manufacturing, petrochemicals, and energy based industries. While the developmental objectives can be served by the expansion of existing enterprises, emphasis will be accorded to new investments which give effect to the stated objectives.

Appendix 1(a) identifies the "Priority Areas for Investment"

B. HOTEL DEVELOPMENT

Several Resort Hotel Sites in Trinidad and Tobago have been identified and a Register of nationals interested in such investment, and in joint venture arrangements with foreign investors has been established. The target is to provide 1500 new resort rooms in the next five (5) years and to increase the Tourism Sector's contribution to the domestic economy.

Appendix 1(b) identifies priority areas for hotel development.

C. SUPPORT SERVICES

The Government is cognizant of the growing importance of the Service Sector. Services which support the industrial sector would be actively promoted and encouraged.

Appendix 1(c) identifies Priority areas in the Service Sector.

D. EXPORT PROCESSING ZONES

The Government will give favourable consideration to the development of Export Processing Zones in strategic locations.

E. NEW AND STRATEGIC INDUSTRIES

The Government will support investment technologies that will provide Trinidad and Tobago with a strategic niche in international markets, either through existing operations with new processes or through new companies and new processes, having regard to the utilization and enhancement of the material-base and human capital endowments and the scientific and technological infrastructure.

F. SMALL SIZE INDUSTRIES

The Government will give priority attention to the development of small and medium size productive enterprises as a means of promoting the development of local entrepreneurship and regional development.

In the light of the immediate and long term needs of the country, preference will be given to those small and medium size enterprises which involve the utilization of local skills and the transformation of local materials.

Support for small enterprise development will not be limited to the financial, but will be holistic and will include all aspects of project development and implementation.

Manufacturing, processing and similar productive enterprises will receive priority support. However, special consideration will be given to industrial support service industries. Greater emphasis will be placed on the viability of the project, the capabilities of the entrepreneurs, and those projects that contribute to national objectives. Special attention will be given to cottage industries with potential for growth and development.

Special encouragement will be offered to young graduates with original and innovative business ideas.

4. CRITERIA FOR APPROVAL OF INVESTMENT

In evaluating applications for investment in Industry, a mix of the following criteria shall be applied as is appropriate to the specific application. While no single criterion will be sufficient to determine a final decision some will obviously weigh heavier than others in the assessment of the NET ECONOMIC BENEFITS of the proposed project to the Trinidad and Tobago economy.

1. Foreign Exchange Earnings

Priority will be given to projects that are net foreign exchange earners where the total of all foreign payments are less than the proposed export sales. Both gross and net levels of foreign exchange earnings in hard currency will be taken into account. The evaluation exercise will be positive towards investment that save hard currency and accompanied by higher levels of local value-added.

2. Employment

Where a substantial employment level is proposed consistent with the production process, positive consideration will be given.

3. Financial Viability

Only financially sound projects will be given support. The viability of a project may also hinge on the grant of concessions where the inputs to the manufacturing process attract a high rate of duty. In those cases, the nature of the product and its importance to the economy as well as the cost to the country will be taken into account.

4. Net Economic Benefits

The overall economic costs and benefits to the country of all investment proposals will be evaluated. The duty liability, wage benefits, tax revenues, foreign exchange, multipliers and stimulative effects as well as the social and environmental costs and benefits of the projects will be evaluated.

5. Depth of Process

Where the process involves multiple stages from a basic raw material to a finished product greater emphasis will be given to a proposal which will use a deeper process than that obtaining among existing manufacturers.

6. Market Consideration

Under this item several factors are taken into account:

- (a) The number of manufacturers in the industry. Positive consideration is given if the proposed product will substitute for imports, or will be exported. If however there is already more than one manufacturer producing the same products as the applicant, and there is much unutilised capacity, a new entrant will need to satisfy other criteria to outweigh this negative factor.

- (b) Monopoly situations are not encouraged. Additional investors would normally be allowed entry in order to maintain effective competition. However, where competition will have a deleterious effect on the industry because of limited market size relative to plant size, monopolies may be allowed with the necessary safeguards.
- (c) Where an applicant demonstrates, as part of an appropriate feasibility or market study that an export market is available, and has provided evidence of links to that market, then favourable consideration will be given.

7. Availability of Finance

The applicant is required to provide adequate evidence of ability to finance the project.

8. Technology and Skill Development

If a proposed project involves desirable technological innovations which upgrade the level of technology in the industry, greater emphasis will be given to the project. So too, if the technology is such that a new cadre of skills will be developed through the attendant training of employees.

9. Inter-Industry Linkages

Favourable consideration will be given where a proposed project either produces an intermediate good, or where a manufacturer proposes to utilise the output of existing manufacturers and thereby increase the value-added of that product.

10. Assembly Industries

No assembly industry will be approved which reduces the existing depth of assembly activity.

Assembly industries will be considered when the technology is new and the assembly process is a stage towards the ultimate manufacture of the product, or where it would not be feasible to embark on the manufacture of the components without a larger market base, or where there is a generous foreign exchange savings. Special consideration will be given to those industries that are also exporters of their products.

5. INDUSTRIAL INVESTMENT INCENTIVES

Investment incentives are expected to play a major role in shaping the pace and direction of the country's industrial development. These incentives will be applied with a degree of flexibility, considering that it is not possible to anticipate all permutations that may arise. At the same time, it is intended that as far as possible the instruments to be relied upon will be sensitive and responsive to changing circumstances. Current economic circumstances demand that policy instruments and incentives address both the promotion of new investments in industry and the encouragement of existing companies to upgrade their capability through mechanisation and automation, the introduction of new products, and the development of exports.

The regime of industrial investment incentives will be streamlined and reoriented to induce a shift away from import substitution activity towards support for production for export markets as a means of reducing the country's dependence on petroleum as an earner of foreign exchange.

A comprehensive regime of fiscal and other incentives will be available to enterprises. These include:

I TAX HOLIDAY

Profits from the manufacture of an approved product (as defined in the Fiscal Incentives Act 1979) may be exempted from Income Tax for periods ranging from five (5) to ten (10) years from commencement of production. Profits obtained in any one year of the Tax Holiday period are exempt from taxes. Losses experienced in any one year of the tax holiday period will be accumulated and applied to profits obtained in subsequent years.

II DUTY-FREE CONCESSIONS

An enterprise may be approved for the duty-free importation of equipment, machinery, raw materials and components. All concessions will be granted for a specific period limited in time. However, discretion may be exercised with respect to an extension of the period of the concessions.

It is the Government's policy that where a material, or component is manufactured locally, the concessionaire would be expected to utilise such materials or components in his operations.

III INDUSTRIAL ACCOMMODATION

Factory premises and/or industrial sites on estates developed in specific locations by the IDC will be leased to enterprises at discounted rates for limited periods of time but with an option for renewal.

IV PROTECTION VIA NEGATIVE LISTING

Where approved, locally manufactured products may be granted protection from competing imports provided that local manufacturers can satisfy the quantity and quality requirements of the local market at acceptable prices. Licenses may however be issued from time to time for the importation of products where justified by the inability of local producers to meet market demand.

The protection afforded by negative listing will be granted to manufacturers for a specified period and will not be available to an enterprise on a permanent basis. This protection will be structured in such a manner as to allow for the gradual phasing out of protection at the end of the stipulated term.

Where a local product is used as an input into another product and because of quality, price or availability jeopardizes the export potential and/or capability of a secured industry, that input or material may be allowed to be imported, notwithstanding the Negative List. Wherever complaints are made, the onus of proof will be on the complainant, and the IDC will facilitate the determination via a recommendation to the Honourable Minister.

Periodic review will be undertaken to evaluate the performance of firms enjoying the protection of the Negative List to determine the continuation of such protection.

V SMALL ENTERPRISE LOANS

Loans will be made available to small enterprises for machinery, equipment and working capital at subsidised rates of interest with extended repayment periods and easy security collateral.

VI TRAINING SUBSIDY

Subsidies will be granted to enterprises that provide training:

- for skills that are in short supply,
- for additional increments of labour above industry norms,
- for labour arising from factory location in an area of high unemployment.

VII INVESTMENT ALLOWANCE

- (i) There will be available to enterprises an investment allowance for tax purposes of up to 30 per cent on new plant and machinery acquired and installed after December 31, 1987.
- (ii) Enterprises may qualify for an investment allowance of up to 100 per cent on locally designed and fabricated machinery and equipment, suitably registered with, and evaluated by, the competent authority both prior to and after production.
- (iii) Certain trades will be allowed accelerated tax depreciation in the form of an Initial Allowance in the year of acquisition on capital expenditure on plant and machinery of fifty percent (50%) and on new industrial buildings of ten percent (10%).
- (iv) For Petroleum exploration and new mining operation, an Investment Allowance of one hundred and fifty percent (150%) will be available.

VIII THE REPATRIATION OF PROFIT AND CAPITAL

Industrial and commercial activity registered with the Central Bank may repatriate profits and capital under terms of the Exchange Control Act.

IX DOUBLE TAXATION RELIEF

Trinidad and Tobago has already entered into agreements with several countries regarding the application of reduced rates of Withholding Taxes for individuals and corporations, and will seek to negotiate further agreements with other countries where appropriate.

X EXPANSION INCENTIVE

To encourage re-investment of profits in new approved manufacturing and/or service industries or an approved expansion of existing capacity, an additional Investment Allowance of up to one hundred percent (100%) spread over three (3) years will be granted.

XI REGIONAL DEVELOPMENT INCENTIVE

A company that locates a new and significant manufacturing activity in a non-urban, non-industrial or special economic zone approved by the IDC will qualify for a reduced rate of Corporation Tax, for a period not in excess of five years, with the prospects of extension in appropriate circumstances. Where the Company in addition improves the general infrastructure or provides facilities that can be enjoyed by the regional communities, such expenses will be fully tax deductible.

6. INCENTIVES FOR EXPORT DEVELOPMENT

The following Incentives will be offered to encourage and facilitate local enterprises that seek to earn foreign exchange in hard currencies.

(1) MARKET DEVELOPMENT GRANTS

In order to encourage exporters to make preliminary investment in market development activities where there usually exists no assurance of a return on money so expended, the Government will provide a 50 per cent level of grant financing for approved projects. The grant will be exempt from the payment of Corporation taxes.

Among the activities which would qualify for this facility are:

- Expenditure incurred in undertaking research in foreign markets;
- Market testing of potential products in target markets abroad;
- Product design and consultancy;
- Overseas travel for the purpose of conducting research and other market identification exercises;
- Product testing by approved foreign institutes and similar agencies for ensuring adherence to standards and other technical and statutory requirements.

(ii) EXPORT ALLOWANCE

This allowance is intended to encourage firms to increase their export sales volume. It will therefore be computed on the basis of the percentage which export sales bears to total sales as applied to chargeable profit. The allowance will be applicable to any level of export sales in the year of assessment. It will be available to enterprises in all industries with the exception of the petroleum

industry, pioneer products, during tax holiday products enjoying the benefits of the Fiscal Incentives Act during the tax holiday period.

(iii) TAX DEDUCTIBLE PROMOTIONAL EXPENSES

Since sustained promotional programmes are necessary for securing market share, exporters will be encouraged to undertake promotional activities through the provision by Government of a 150 per cent tax deductible facility of the value of the expenses actually incurred.

The activities which will qualify for tax deductible promotional expenses are:

- advertising in foreign markets
- promotional literature for overseas distribution
- participation in trade fairs, trade missions and similar promotional activities
- overseas travel for the purpose of conducting promotional exercise
- providing free samples and technical information on products to clients
- inviting potential buyers to Trinidad and Tobago
- recruitment of specialist sales personnel for a maximum of two years, during which period training of local personnel to assume the responsibility to be undertaken.

EXPORT FINANCING FACILITY

In addition to financial and fiscal incentives, enterprises may qualify for the generous financing facilities administered by the state-owned Trinidad and Tobago Export Credit Insurance Company Limited (EXCICO), a subsidiary of the Trinidad and Tobago Export Development Corporation (EDC).

These facilities include:

- export credit insurance
- pre- and post-shipment credit guarantees
- discounting facilities at concessionary rates

EASIER ACCESS TO FOREIGN EXCHANGE

It is now being proposed that as an additional incentive, local enterprises that contribute meaningfully to the earnings of foreign exchange in hard currency would be given easier access to foreign exchange requirements for their operations and for expansion.

Accordingly it is proposed that from January 01, 1988, where the annual gross foreign exchange earnings, in hard currency, of a locally registered enterprise is at least 25 per cent of its annual foreign exchange needs, that enterprise will be exempted from the requirement

to obtain EC-O approval for the purchase of goods directly related to its operation, subject to a limit equal to the level of its actual annual foreign exchange earnings in the previous calendar year.

A firm earning 100 per cent of its foreign exchange needs will be allowed to operate a foreign currency account with the approval of the Central Bank.

NET FOREIGN EXCHANGE EARNERS

Where a locally incorporated enterprise earns hard currency net of its own hard currency requirements, then for every additional dollar in hard currency earned, an export allowance of 10 cents on the dollar (a rebate on Corporation taxes) will be granted. This facility does not extend to petroleum and similar type companies.

7. INCENTIVES FOR RESEARCH AND DEVELOPMENT

Incentives will be available for approved Research and Development programmes which will encourage companies, institutions, and individuals to develop indigenous products, to foster innovations related to industry, to promote the adaptation of foreign technology and to build up domestic research and development capability.

Grants for Research and Development

Locally owned companies or nationals of Trinidad and Tobago with satisfactory track records will be eligible for grants to assist in the development or improvement of products or processes, where these are closely related to existing activities, involve substantial improvements, and satisfy economic criteria. In order to be eligible the project must be carried out with in-house capability, or by local Research and Development Institutions. If foreign consultants are used, the integral participation of local engineers/scientists will be required before eligibility of the project for a Research and Development Grant can be considered.

Tax Incentives for Research and Development:

(i) Tax Holiday

Companies with significant Research and Development built into their plans may be granted an appropriate tax holiday.

(ii) Deductible Research and Development Expenses

Companies with mission-oriented Research and Development projects done in-house or contracted out to local institutions will be eligible to have the approved expenses allowed as tax deductible for a given period and up to 150 per cent, such expenses will be allowable.

(iii) Investment Allowance for Research and Development

A Company which incurs capital expenditure (plant and equipment only) exclusively for Research and Development will be eligible for an Investment Allowance of 50 per cent in the year of acquisition.

8. TAXATION

The Government is mindful of the effects of the level of taxation on entrepreneurial efforts of the firm and of the individual. Accordingly, it has embarked on a review of the fiscal system aimed at improving its effectiveness and at removing disincentives to savings and investment activity, both local and foreign.

9. ATTRACTING OVERSEAS SAVINGS OF NATIONALS

There are nationals of Trinidad and Tobago who hold significant savings abroad that can be utilised in the domestic economy.

In order to attract such savings, the Government agrees:

- (a) that nationals who hold such savings abroad will be encouraged and facilitated to save and invest such funds in Trinidad and Tobago.
- (b) to guarantee the convertibility of all such savings returned to Trinidad and Tobago.
- (c) to allow nationals returning hard currency to Trinidad and Tobago to hold such funds either in foreign currency and/or local currency accounts as desired.
- (d) that all such funds must be retained in the country for a minimum period of six (6) months. Approval will be granted upon request to Commercial Banks for movement of such funds. The strict confidentiality of Bank/Client relationship will be guaranteed by the Government.

- (e) to guarantee the convertibility of interests and dividends accruing to such investors; such convertibility to be allowed as necessary.
- (f) that interest earned on such savings will not attract Corporate or Personal Tax.
- (g) that the Trinidad and Tobago Unit Trust Corporation would be allowed to place appropriate instruments in Overseas Markets with the intention of mobilising savings of both nationals and non-nationals abroad.

10. OVERSEAS INVESTMENT

The Government recognizes the advantages of allowing local enterprises to invest abroad in particular circumstances.

Accordingly, approval for local enterprises to invest abroad will be granted where such investments:

- (a) seek to facilitate, stimulate and secure exports of local products (e.g. distribution outlets, warehousing),
- (b) are in pursuit of access to important technology, know-how and experience,
- (c) offer attractive prospects for earning investment income for the Trinidad and Tobago economy,
- (d) are of strategic economic value.

The Trinidad and Tobago Unit Trust Corporation and other approved financial organizations will be allowed to strengthen their portfolios of assets by investing in approved foreign securities.

The Government will seek to secure Double Taxation Treaties with all countries in which Trinidad and Tobago companies invest.

Where, for whatever reasons, it is not possible to successfully negotiate a Double Taxation Treaty, dividends repatriated to Trinidad and Tobago will not be taxed in Trinidad and Tobago if the foreign country were to have already withheld taxes.

11. INSTITUTIONAL FRAMEWORK

The principal interfacing agency of Government to promote and facilitate investment in industry is the TRINIDAD AND TOBAGO INDUSTRIAL DEVELOPMENT CORPORATION (IDC). All applications from local or foreign investors must be forwarded to the IDC at 10-12 Independence Square Port of Spain, Trinidad and Tobago.

A One-Stop-Shop (Investment Co-ordinating Committee) (ICC) has been established in the IDC to expedite all approvals necessary by a prospective investor.

The institutional facility of the One-Stop-Shop has removed the need for an investor to make separate applications to various Government Agencies. An application to the IDC provides access to all of the approvals and to the fiscal and other incentives and facilities offered by the Government.

Other Agencies of Government which can provide services to the investors will include the Development Finance Corporation (DFC), the Agricultural Development Bank (ADB), the Tobago House of Assembly (THA), the Caribbean Industrial Research Institute (CARIRI), the Trinidad and Tobago Bureau of Standards (TTBS), the Export Development Corporation (EDC) and the Central Bank of Trinidad and Tobago.

12. A FRAMEWORK FOR FOREIGN CAPITAL

All non-Trinidad and Tobago enterprises wishing to operate in Trinidad and Tobago must seek approval from and through the IDC for:

- Approval status of the proposed investment project
- Fiscal concessions and benefits offered under this Policy
- Technology transfer agreements
- Joint Venture agreements
- Alien's Licence and Work permits to operate and work in Trinidad and Tobago.

Trinidad and Tobago is a member of the International Centre for Settlement of Investment Disputes (ICSID) and the International Chamber of Commerce wherein disputes with foreign investors may be settled. Furthermore, the Ratification of the Multilateral Investment Guarantee Agency (MIGA) agreement is under consideration.

13. RIGHTS OF FOREIGN INVESTORS

All foreign investors in Trinidad and Tobago are entitled to:

- repatriation of dividends on a current basis
- repatriation of capital, incorporated into their rights to sell their shares in a local operation
- access to and use of the country's stock of foreign reserves in accordance with the policies and procedures governing such use
- liberal and flexible levels of share holding and directorships.
- the security of tenure and ownership of assets
- enjoy the benefits and rewards of all legitimate efforts including payments for patents, technology, management, technical assistance and other special provisions to local entrepreneurs
- Work Permits for approved levels of foreign workers under conditions governing the granting of such work permits.
- all Rights under the Constitution and before the Law
- the settlements of disputes in accordance with internationally agreed criteria and the Laws of Trinidad and Tobago.

14. FOREIGN OWNERSHIP OF ENTERPRISES

Under the Aliens (Landholding) Ordinance 1962, a non-national of Trinidad and Tobago requires a Licence to hold shares and/or directorship in any enterprise operating in Trinidad and Tobago. Applications for such Licence must be made through the IDC for investment in industrial enterprises.

In the context of Government's encouragement of new private foreign investment, the level of alien shareholding allowable will be flexibly applied. Legal or bureaucratic constraints to the implementation of approved foreign investment will be eliminated.

Each investment application will be examined within the context of its net economic contribution to the domestic economy, with special preference for those firms that earn high levels of hard currency, generate large number of jobs, use locally available raw or intermediate goods, and contribute to the development of domestic technology.

Foreign owned enterprises will be allowed to lease land for industrial purpose for periods of up to 30 years with options for lease renewal.

JOINT VENTURES

The Government regards joint ventures between local and foreign enterprises as the most desirable form of direct foreign investment. A local enterprise may be either the Central Government, a State-Owned enterprise or a privately owned enterprise.

100 PERCENT FOREIGN OWNERSHIP

The Government will be willing to allow up to 100 per cent foreign ownership provided the following were to obtain:

The foreign investor:-

- (i) provides 100 per cent of the capital and technology required,
- (ii) exports 75 per cent of its output to earn hard currency or
- (iii) in combination with either (i) or (ii), uses a substantial supply of local raw materials or
- (iv) in combination with either (i) or (ii) generates significant levels and/or quality of employment.

LOCAL BORROWING

Access to the local money market by foreign investors will be allowed only after 18 months of start-up of operation in Trinidad and Tobago. Such borrowing will be restricted to 30 per cent of the value of the equity involved.

TRANSFER OF KNOW-HOW

All foreign owned enterprises will be required to provide adequate opportunities for the training and development of nationals in the operation of all aspects of the enterprise and to provide

appropriate exposure to the operational technology.

All foreign investors will be granted an appropriate number of Work Permits, depending on demonstrable need to import expertise for the efficient operation of the enterprise. Such enterprises will be expected to establish an Approved Programme and Time Schedule for the development of local manpower capability to manage and operate the enterprise fully.

15. FOREIGN ACQUISITION OF STOCK IN LOCAL COMPANIES

Foreign Investors will be allowed to acquire stock in existing enterprises in Trinidad and Tobago.

The Aliens (Landholding) Ordinance will be amended to allow for the free access of foreign investors to the stock market to acquire up to a maximum of 20 per cent of the total Issued Shares in any single enterprise without the need for an Aliens Licence. Similar access will be allowed to local enterprises not quoted on the local capital market.

Upon the acquisition of 20 per cent of the Issued Shares, the foreign investors will be required to make a declaration to the management of the enterprise and/or to the local Stock Exchange. The local enterprise will be required to notify the Authority responsible for granting Aliens (Landholding) Licences. Provision will be made for the parties to agree by mutual treaty on the extent of any further acquisition.

All stocks purchased locally by foreign investors must be financed from imported hard currency.

ALIEN'S LICENCE

Aliens Licence would be required for acquisition levels of stock beyond 20 per cent. This will not be unreasonably withheld; but Government will exercise its option to determine the final level of foreign shareholding in any local enterprise.

In assessing an application for foreign shareholding in an existing enterprise, special consideration will be given to:

- ailing companies i.e. enterprises experiencing or threatened with economic difficulties

- enterprises planning to expand, to change direction, to develop export market, or to acquire new technologies.

The foreign investor will be allowed to sell stocks so acquired after six (6) months and repatriate dividends and/or capital if for some reason the parties cannot reach an agreement.

TRI-SECTOR APPROACH

The Government will promote the use of the Tri-Sector approach as one of the principal mechanisms to widen ownership among citizens and to restructure and rationalize the State Enterprise Sector. The Tri-Sector Approach will encourage equity, management and other forms of participation by local as well as foreign private investors (individuals and corporations). In some cases, Government will be willing to consider divesting itself of all its equity holding.

One dimension of this Tri-Sector Approach will be to encourage workers to invest employment benefits that have accrued to them as the basis for acquiring an equity interest in state enterprises. Likewise, private investors who are willing to inject capital in existing state enterprises will be permitted to acquire equity interest in these ventures.

16. RESTRICTIONS ON FOREIGN INVESTMENTS

The following areas are reserved for exploitation by nationals of Trinidad and Tobago:

1. Land development including building, agriculture etc. (Foreign investment may be permitted where the scale of the project and its complexity may justify such external funding or expertise)
2. Petroleum Marketing, or operation of motor vehicle service stations or vehicle repair services
3. Areas of Petroleum related services in which local enterprises have a demonstrated capability and experience.
4. Small Scale production for the domestic market
5. The Distributive Trades or sale of anything i.e. petty trading, hawking or selling from a kiosk at any place

6. Customs brokerage or produce brokerage
7. Advertising agencies and Public Relations activities
8. The News Media
9. Management Services
10. Auditing, financial, accounting services
11. Small Tourist Guest Houses and Ancillary Services
12. Small Businesses (except for export)
13. Handicraft production and marketing. (Foreign Investment may be permitted where the operation is mainly for export)
14. The furniture industry (except for export)
15. Insurance
16. Operation of Taxi Service and Car Hire Service
17. Estate Agency
18. Travel Agency
19. Operation of beauty salons and barber shops
20. Manufacture of cement blocks
21. Manufacture and/or tailoring of garments other than those exclusively for export
22. Textile screen hand printing (including tie and dye)
23. Tyre Retreading
24. Manufacture of suitcases, briefcases, portfolios, hand bags, shopping bags, purses, wallets other than for export
25. Business representation for foreign companies

26. All aspects of pool betting business and lotteries
27. Commercial transportation of freight and/or passenger by land
28. Bakery
29. Manufacture of articles by upholstery
30. Such other industry as may from time to time be defined

Notwithstanding the above areas, the Government may permit foreign investment in these special circumstances.

17. TECHNOLOGY TRANSFER AGREEMENTS

"TECHNOLOGY TRANSFER AGREEMENT" means any agreement relating to an enterprise involving:

- (a) the assignment, sale and use of foreign patents, trademarks, or other industrial property rights;
 - (b) the supply of foreign technology and technical know-how;
 - (c) foreign technical assistance, design and engineering consultancy or other technical services in whatever form they may be supplied;
 - (d) foreign managerial, marketing or other services.
1. The IDC shall maintain a record of all technology transfer agreements, including amendments thereto.
 2. Where an approved enterprise requires a technology transfer agreement the IDC shall:
 - (a) evaluate such agreement
 - (b) advise the investor with regard to the choice, suitability and price of technology
 - (c) monitor and ensure compliance with the terms and conditions of such agreements, in the interest of the domestic economy.

3. No technology transfer agreement relating to enterprises requiring approval under this Policy shall come into effect without such approval having been obtained from the IDC. Decisions regarding approval or non-approval will be communicated to the investor within sixty (60) days.

EXISTING AGREEMENTS

4. Copies of Technology Transfer Agreements concluded and in force in relation to a Trinidad and Tobago enterprise before the commencement of this Policy shall be submitted by the parties to the IDC within a period of six months of the commencement of this Policy.

- Record of all such agreements including any amendments thereto will be maintained.
- No Existing Technology Transfer Agreement may be renewed without the approval of the IDC. Such approval or non-approval will be communicated within twenty-one (21) days.
- The IDC may advise the parties regarding the existing technology transfer agreement particularly as to the suitability of the technology and the level of remuneration for the transfer.

REGULATING TECHNOLOGY TRANSFER

5. Guidelines will be developed in respect of any of the following:

- (a) form and procedure for approval and monitoring of Technology Transfer Agreements;
- (b) criteria for the approval of technology transfer agreements;
- (c) remuneration for technology transfer and reasonableness of fees;
- (d) reasonableness of duration of agreements;
- (e) restrictive business practices;
- (f) transfer and absorption of technology;
- (g) any other matter relating to technology transfer agreements that appear to be reasonably necessary.

18. FACILITATING PROJECT FINANCING

Government recognises that investment is the key to the restimulation and development of the local economy. Several potentially viable projects are constrained by the difficulties inherent in securing local capital, and in meeting the foreign exchange costs.

The Government is eager to encourage these investments that will produce a future stream of foreign exchange which will, in time, repay both the capital and the foreign exchange costs of the investment.

The absence of an institutional support mechanism for project financing from external sources given domestic resource limitations currently militates against rapid expansion of new investment.

Accordingly the IDC will undertake a more active role in assisting locally approved enterprises to access local and foreign capital. Projects that meet very tight criteria of export earnings, the use of local resources and employment criteria will, through the ONE-STOP-SHOP (the ICC) be facilitated through the following:

- (a) technical assistance in accessing capital at home and abroad
- (b) interfacing with foreign sources of equity and loan capital on behalf of local enterprise
- (c) negotiating and arranging Lines of Credits and similar facilities
- (d) accessing the local and financial market on behalf of local companies that meet certain criteria via:-
 - (i) floating of BONDS for on-lending or for equity participating
 - (ii) providing Guarantees
 - (iii) searching out innovative ways to package the financing of these companies.

LOCAL VENTURE CAPITAL

The need to stimulate the further development and expansion of financial institutions to effectively provide the level of venture capital required for industrial investments is recognised.

Additional venture investment companies will be encouraged to locate in Trinidad and Tobago, preferably on a joint-venture arrangement and where appropriate allow 100 per cent foreign ownership if the track record, the level of foreign capital being brought in, and the support capacity of the investment warrants it.

LEASING

Steps to facilitate leasing as a mechanism for obtaining machinery and equipment will be initiated. Changes to the Customs Regulations, and in the conditions attached to the granting of duty free concessions, are imminent to accommodate this objective. Local financial institutions will need to make adjustments in their approach to financing this mechanism.

BOND MARKET

Steps will be taken to stimulate the development of a Bond Market in Trinidad and Tobago to provide primarily a framework for secondary trading of fixed interest securities.

- (i) The Government will, through the Bond Market, permit foreign investors to purchase Corporate Bonds, and so augment the inflow of foreign exchange.
- (ii) The Central Bank will be required to facilitate the bond issue in such a manner as to attract Foreign Investors.

APPENDIX I

PRIORITY AREAS FOR INVESTMENT

The following list is indicative of the priority areas for investment. A more comprehensive list is being developed in the context of a National Industrial Policy.

APPENDIX 1(a) PRIORITY AREAS FOR INVESTMENT IN INDUSTRY

AGRO-BASED INDUSTRY

- derivatives of local herbs and plants;
- fruit, vegetable and meat processing
- development of local raw materials
- horticulture
- single cell protein
- tissue culture
- rubberized coir

FISHERIES

- fish farming
- fish processing
- deep-sea fishing
- boat-building

WOOD BASED INDUSTRIES

- particle board
- veneered particle board
- furniture
- wooden toys
- wooden tool handles
- plywood
- compressed board
- household tools and containers
- wooden crates and packaging, etc.

CERAMIC-BASED INDUSTRIES

- ornamental ceramics
- dinner-ware
- industrial and electronic ceramics
- floor and wall tiles

GLASS AND GLASS PRODUCTS

- glasses
- kitchen-ware
- medical and scientific glassware

LIGHT ENGINEERING AND CAPITAL GOODS

- casting
- forging
- machining, tool, die, and mould-making
- agricultural and engineering hand tools
- hardware, pumps, valves, chains

FASHION INDUSTRY

- small scale garment manufacturing for the domestic market
- large scale garment manufacturing for export
- special access to U.S. market
- development and use of local design
- contract manufacturing and sub-contracting
- shoe, socks, hats, jewellery, and a wide variety of fashionable accessories

CHEMICALS

- projects downstream of ammonia, methanol and urea
- acetal resins, moulding, compounds, adhesives
- ammonium nitrate, nitric acid
- alkyd, emulsion, phenolic and polyester resins
- alkyd benzyne, citric acid
- hexamethylene tetramine
- paint related agents and products

PLASTICS

- injection Moulded Items
- extruded Items
- vacuum formed products
- rotational moulded products
- compression Moulded products
- blow moulded products

DOWNSTREAM STEEL PRODUCTS

- springs
- nuts, bolts, screws and other fasteners
- nails
- garment hangers

- steel shelving
- welded electrodes
- small tools

ELECTRICAL AND ELECTRONIC

- printed circuit boards
- amorphous silicon
- communication equipment and components
- electrical distribution products

MOTOR VEHICLE INDUSTRY

- shock absorbers
- wheels/rims
- V-Belts and other rubber products
- mechanical Screw Type Jacks
- automotive Filament lamps
- cables of various types
- plastic and fibre-glass products
- contact breakers
- assembly of sub-components
- upholstery of motor vehicles
- sponge manufacture
- plastic door moulding
- bus bodies

ASPHALT

- water proof and insulation materials

TEXTILE MILL

- the establishment of another modern efficient and flexible Textile Plant

RECYCLING WASTES AND BY-PRODUCTS

A wide range of recycling opportunities offer themselves, using waste and surplus materials available in Trinidad and Tobago.

These include:-

- iron dust for the manufacture of iron oxide
- recycling of tyres
- waste from poultry processors, for rendering and for animal feed, vegetable wastes
- processing waste cuts from garment manufacturing into rags for industrial use

- silver recovery from films
- utilisation of scrap metals
- mop yarn
- recycling newsprint and other paper
- recycling plastic/fibreglass

ENTERTAINMENT INDUSTRY

- steelbands and related items
- recording
- souvenirs
- recreational activities and products

APPENDIX 1(b) PRIORITY AREAS FOR HOTEL DEVELOPMENT

Priority areas for Resort and Business Hotel Development in Trinidad and Tobago have been identified.

These locations are:

- Tobago
- Piarco Airport
- Chaguaramas
- North Coast of Trinidad between Maracas and Blanchisseuse
- Port of Spain

Additional opportunities for investment have been identified as a part of the national strategy; to increase the contribution of the Tourism Sector to the economy in the following areas:

- nature trails and wild life reserves
- scuba-diving, deep sea fishing and water sports
- golf, tennis, squash and other sports
- group tours
- entertainment
- cultural attractions
- cruises/boat tours
- production of souvenirs

Incentives include:

- (a) A tax exemption for a period of not less than five (5) years or no more than ten (10) years in respect of the gains or profits accruing to the hotel operator and/or owner from the new hotel.

- (b) An accelerated depreciation of depreciable equipment owned by the hotel operator and/or owner and used in the new hotel.
- (c) A capital allowance in respect of approved Capital Expenditure incurred by the operator and/or owner in the creation of a new hotel.
- (d) Repatriation of profits under the Exchange Control Act, where foreign investors have taken equity in the new hotel.
- (e) Double Taxation relief where applicable.
- (f) Carry over of the losses incurred during the tax exemption period by owner and/or operator.
- (g) Tax exemption on dividends accruing to owner
- (h) Tax exemption on interest on an approved loan for a period of ten years or the period of the loan, whichever is lesser.
- (i) Customs and Excise Duty Exemptions:- on building materials and articles of hotel equipment as allowed in the Permit to be used exclusively in connection with the construction and equipment of an hotel project.

APPENDIX 1(c) PRIORITY AREAS IN THE SERVICE SECTOR

- ENGINEERING AND MAINTENANCE SERVICES

- Dry Docking of ocean-going vessels
- Aircraft Checks
- Repair and servicing of various types of engines
- Rebuilding of transmissions, carburetors, automotive starters

- COMPUTER RELATED SERVICES

- Software development especially for export
- Hardware components

- CONSULTANCY SERVICES

- financial and accounting
- marketing

- TRANS-SHIPMENT SERVICES

- bunkering services at airports and seaport

APPENDIX 1(d) DEFINITION OF SPECIAL ECONOMIC ZONES

- areas of high unemployment
- areas characterised by structural industrial decline
- areas in which there are high concentrations of low income earners

APPENDIX II

FUNCTIONS OF THE I.C.C.

The functions of the Investment Co-ordinating Committee (ICC) (ONE-STOP-SHOP) operating through the IDC are:-

- (a) to approve applications for investment in industry
- (b) to approve and regulate technology transfer agreements, including management agreements
- (c) to approve joint venture agreements
- (d) to monitor and enforce compliance
- (e) to give conditional approval in respect of availability of foreign exchange and repatriations
- (f) to give conditional agreements on arrangements to govern the issue of permission in relation to work permits and immigration permits, where appropriate
- (g) to approve Licences with respect of Alien's Investment or participation in local enterprises and to hold appointments as Directors of such enterprises.

The SECRETARIAT of the ICC is the IDC.

That Secretariat will:-

- (a) Receive applications
- (b) Interview applicants
- (c) Consult with other agencies
- (d) Prepare appraisals in investment proposals and application
- (e) Convene and service the ICC
- (f) Maintain relevant Registrars
- (g) Ensure that final decisions are provided to the applicants within 45 days of receipt of a completed Application.

SUPPORT ROLE OF THE IDC

The IDC will, within the context of its wider responsibilities provide support services to prospective investors including the following:

- (a) Collect, collate, analyse and disseminate information about investment opportunities and sources of investment capital.

- (b) Advise, upon request, on the availability, choice or suitability of partners in joint venture projects.
- (c) Identify specific projects and invite interested investors for the implementation of such projects.
- (d) Initiate and organize promotional activities locally and abroad such as exhibitions, conferences, seminars, and publications for the stimulation of investments.
- (e) Grant approvals which will qualify investors or enterprises for the benefits specified under this Policy.
- (f) Secure licences, authorities, approvals and permits required to enable any approval granted by I.C.C. to have full effect.
- (g) Maintain liaison between investors and Government Ministries departments, Agencies, institutional lenders and other authorities concerned with investments.
- (h) Monitor and enforce compliance with the terms and conditions of approvals granted under this Policy.
- (i) Approve and keep record of all technology transfer agreements relating to investments under this Policy.
- (j) Do such other acts as are incidental or conducive to the attainment of the purpose of this Policy Statement, including recommending needed changes in legislation to encourage investments, and recommending the simplification of procedures relating to immigration, land acquisition, customs clearance and related matters.

APPENDIX III

GROUND FOR CANCELLATION AND SUSPENSION OF APPROVALS

No approvals given by the IDC or ICC may be re-assigned except with the prior written consent of the IDC.

The IDC shall institute corrective measures where:-

- (a) an approval has been obtained on the basis of negligent submission of false or misleading facts or statements
- (b) an approval has been re-assigned without the prior written consent of the Corporation
- (c) any benefit or concession conferred within the context of this Policy Statement for purposes other than those for which the benefit was conferred
- (d) a beneficiary fails without reasonable cause stated in writing to submit information required under this Policy after 30 days' written notice of such default has been given
- (e) a beneficiary fails without reasonable cause stated in writing to commence operations within the time stipulated in the approval.

The Corporation may impose any of the following sanctions:-

- (i) suspend or cancel the approvals
- (ii) recommend that all fees, taxes, duties and other charges in respect of which benefits were granted to the enterprise be paid within such time as the IDC shall determine.
- (iii) advise the Central Bank to suspend any remittances including transfer of capital, profits and dividends.
- (iv) other measures as may be appropriate to the circumstances.

These decisions are subject to appeals to the Honourable Minister.

I. ADMINISTRATIVE FACILITIES - CHAGUARAMAS

In 1941 the North West Peninsula of Trinidad, generally referred to in this section as Chaguaramas, together with certain portions of the offshore islands of Gaspar Grande, Monos, Huevos and Chacachacare were leased to the Government of the United States of America for ninety nine years.

The Government of Trinidad and Tobago has since secured the release of these areas and in the interest of securing the best use of these areas has had a Development Plan prepared for these areas.

Possible on-shore support facilities for the plantship were investigated by Yankee Energy. Chaguaramas appears to have the accommodations needed with:

- This area possesses a natural deep water harbour having depths of water of up to 40 feet alongside the existing wharf.

- There are approximately 750 acres of land in this area suitable for development.

- Preferred housing site; 24 units with 3 apartments each, a restaurant disco, and swimming pool, available for lease.

For a 10 year lease on the entire 25 acre motel complex, Yankee Energy was quoted 33,000 T.T. per month plus 5% for water and sewer and 5% for electric wire maintenance. Most all the requirements necessary for the on-shore operation can be arranged within this parcel for an approximate expenditure of four hundred and fifty thousand dollars.

An alternate choice is a convention center within two thousand yards from the motel. This site has also many possibilities, containing 72 large convention rooms, but in need of a considerable amount of up-grading. An up front expenditure to renovate those facilities is estimated at over two million U.S. dollars.

These two housing site locations are near a dry dock, loading dock, warehouse, machine shop, and dock for shuttle boat to plantship. Since this location is on the north west corner of Trinidad, the service boat would have to travel an extra short distance around some islands which could be avoided with a site on the north shore. However, the roads to the north shore are extremely slow, hazardous and narrow, including their way up and down through treacherous mountain trail and valleys and accessibility to Port-of-Spain and the airport for outweigh the longer distance.

Just north and adjacent to a proposed hotel site, is a military installation. This consists of Coast Guard and Military Facilities that may be moved to a more central location on the island. If this were to happen, this could open up some additional space for consideration.

The following developments are deemed suitable by the authorities:

-The industrial area is to be developed for industries which are marine oriented. In this context a Regional Fisheries Training School is to be sited here.

-The Commercial Center will provide facilities for the servicing of this area as well as the Tetron Bay and Scotland Bay Areas. Small industries, warehousing, schools, etc. will be permitted within this zone.

-In the Residential Area, schools, churches, apartments, small hotels, incidental recreational facilities, etc. will be permitted on the basis of detailed layout plans which will be approved under the provisions of the Town and Country Planning Ordinance.

The following are the guidelines for space requirements.

1. Housing for approximately 80 crew members, trainees and instructors.
2. 2000 sq. ft. area for training classrooms.
3. 10,000 sq. ft. area for warehousing.
4. Kitchen and dining facilities to accommodate 70 people.
5. 2,000 sq. ft. for recreation area.
6. Docking facilities nearby.
7. 500 sq. ft. first aid and medical supply area.
8. 5,000 sq. ft. for general offices,