

Free Zone Regime

The Free Zone regime includes a corporate income tax rate of 2% on profits generated from all export sales (as opposed to the standard 35% tax on profits for non-Free Zone activity), an exemption from payment of the foreign currency commission, minimal official documentation for re-export, and a waiver of import duties on all goods imported to Aruba for use in a manufacturing process that will result in a finished product for export.

A number of international agreements are in place that increase the attractiveness of the Free Zone as a location to place a manufacturing operation. Under the Generalised System of Preferences, semi-manufactured and manufactured goods originating in Aruba gain either free entry or entry at a reduced import rates into the United States, the EU, Australia, Canada, Japan, New Zealand and Norway.

In addition, since Aruba is an EU OCT as part of the Kingdom of the Netherlands, goods originating in Aruba which have been substantially transformed from imported materials and components can be exported free of any import duties and quotas to the single EU market.

Finally, Aruba has been designated a beneficiary territory of the Caribbean Basin Economic Recovery Act of 1983. The main feature of this program is the duty free entry into the United States of a wide range of products grown, manufactured and directly imported from a beneficiary territory, provided that at least 35% of the article's customs value is attributable to the beneficiary territory. Where the components originate in the United States the 35% criterion is even easier to satisfy and has led to a situation where goods, which were once excluded (e.g. footwear, handbags and luggage), are now included.

Currently, Aruba has three Free Zone facilities. The first is situated next to the harbour on 3.8 hectares in the capital Oranjestad. The second is near the Bushiti harbour and covers an area of 9.2 hectares. The third, and largest, is located adjacent to the freight harbour in Barcadera, two miles from Queen Beatrix International, covering an area of approximately 90 hectares.

The move to Barcadera is a crucial element in the development of the Free Zones. Barcadera offers the possibility to optimize the physical setting (such as separating various types of business activities) and to implement an enhanced security and control system. The Government plans to develop Barcadera into an exclusive state-of-the-art area.