



REPUBLIC OF TRINIDAD AND TOBAGO  
MINISTRY OF TRADE  
AND INDUSTRY

# **SPECIAL ECONOMIC ZONES POLICY**

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FOR TRINIDAD AND TOBAGO

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## EXECUTIVE SUMMARY

Economic zones over time have grown to become a critical foundation of the global supply chain, with approximately 3,500 zones operating in 135 countries worldwide and employing over 60 million people. Special Economic Zones (SEZ), which is one of several variations of economic zones, are used by governments to develop and diversify exports, generate foreign exchange, create jobs, pilot new policies and approaches, and allow more efficient government supervision of infrastructural development, environmental controls and labour standards.

This revised policy document analyses the existing Free Zone Regime and provides a rationale for modernizing the current Free Zone regime into a new Special Economic Zones framework with recommendations for reforms within.

The specific goals of this Revised National SEZ Policy are:

- to modernize Trinidad and Tobago's economic/free zone regime;
- to increase the economic and social impact of economic zones in Trinidad and Tobago;
- to enhance the international appeal of Trinidad and Tobago's economic zone regime; and
- to improve existing and advance new mechanisms and procedures to effectively develop and manage economic zones.

The policy document's main findings can be divided into the following four categories:

- *Zone Structure* – the current TTFZ regime is relatively small, lacks diversity and has performed poorly over the past few years;
- *Ownership and developmental roles* – under the Free Zones Act, the Trinidad and Tobago Free Zone Co. Ltd. is authorised to serve the role of owner, developer, regulator and facilitator.<sup>1</sup>

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<sup>1</sup> Currently, the TTFZCO does not own, operate or develop any free zone areas.

- *Zone administration* – the governing structure of free zone activities is centralized—all approved activities under the Free Zones Act, regardless of type or scope, are governed by the Board of Directors of the Trinidad and Tobago Free Zones Company; and
- *Incentives and zone features* – the current incentives available to approved free zone enterprises are very generous, not time-bound and limited only to financial incentives which significantly undermine the country's revenue base.

The following are the key recommendations outlined in this policy document:

- **Qualifying criteria and Approval procedures** – more robust qualifying criteria and approval are required to improve the quantity and quality of investments in Trinidad and Tobago;
- **Key legislative changes** – enactment of a new Special Economic Zones Act and repeal of the Free Zones Act;
- **Improved Designation Criteria** – strategic changes to the standards and criteria that determine whether or not an area can be designated a Special Economic Zone;
- **More Streamlined Operations** – the increased adoption and utilization of information systems in the administration, operation and management of SEZ, especially through for example, the existing Single Electronic Window for Trade and Business Facilitation Infrastructure (TTBizLink); and a
- **Dynamic Incentive Framework** – a completely revamped incentive structure that includes non-financial incentives, as well as a framework that is time-constrained and dependent on factors such as investment level, investment type, etc.

This revised policy document (which updates the initial policy document approved by Cabinet in March 2017) is an integral part in the gradual reform of the current Free Zones regime and will serve as a guide in implementing a specific programme for sustaining growth and development based on the promotion and development of SEZs.

Since March 2017, the Ministry of Trade and Industry has been in discussions with various stakeholders in ensuring that the revised SEZ Policy is compatible with obligations and considerations under the Organization for Economic Cooperation and Development's (OECD's) Base Erosion and Profit Shifting (BEPS) Inclusive Framework and the European Union's Code of Conduct Group (EU CoCG).

## 1. INTRODUCTION

The term *economic zones* encompasses a wide variety of related concepts, including free zones, free economic zones, free trade zones, customs-free zones, free ports, export processing zones, free export zones, trade and economic cooperation zones, economic processing zones and special economic zones. Despite the many variations in name and form, economic zones have been broadly defined by the World Bank Report as “*demarcated geographic areas contained within a country’s national boundaries where the rules of business are different from those that prevail in the national territory. These differential rules principally deal with investment conditions, international trade and customs, taxation, and the regulatory environment; whereby the zone is given a business environment that is intended to be more liberal from a policy perspective and more effective from an administrative perspective than that of the national territory*”.<sup>2</sup>

Generally speaking, the range of economic zones can be categorized as follows:<sup>3</sup>

- *Free Zones/ Free trade zones*: fenced-in, duty-free areas, offering warehousing, storage, and distribution facilities for trade, transshipment, and re-export operations.
- *Export processing zones (EPZs)*: industrial estates aimed primarily at foreign markets.
- *Hybrid EPZs*: typically sub-divided into a general zone open to all industries and a separate EPZ area reserved for export-oriented, EPZ-registered enterprises.
- *Enterprise zones*: intended to revitalize distressed urban or rural areas through the provision of tax incentives and financial grants.
- *Free ports*: typically encompass much larger areas to accommodate all types of activities, including tourism and retail sales, permit on-site residence, and provide a broader set of incentives and benefits.

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<sup>2</sup> Baissac, C. 2011. Chapter 2: Brief History of SEZs and Overview of Policy Debates. In: Farole, T. ed. *Special Economic Zones in Africa: Comparing Performance and Learning from Global Experiences*. World Bank. pp. 23-53.

<sup>3</sup> FIAS. 2008. “Special Economic Zones: Performance, Lessons Learned, and Implications for Zone Development.” World Bank, Washington, DC.

- *Single factory EPZ schemes:* provide incentives to individual enterprises regardless of location; factories do not have to locate within a designated zone to receive incentives and privileges.
- *Specialized zones:* include science/technology parks, petrochemical zones, logistics parks, airport-based zones, etc.

Notwithstanding the variation in nomenclature and types of economic zones, there is a need to differentiate among types of zones in terms of form and function, among other things, with the aim of achieving one or more of the following policy objectives:<sup>4</sup>

- i) to attract foreign direct investment;
- ii) in support of a wider economic reform strategy (economic diversification, etc.);
- iii) to facilitate economic development across all regions of the country;
- iv) as experimental ‘laboratories’ for the application of new policies and approaches (i.e. to serve incubators for business reforms in the wider economy).

## **2. RATIONALE FOR POLICY**

The types of free zone enterprises that currently operate in Trinidad and Tobago, although non-energy related, do not best reflect the diversification thrust of the Government of the Republic of Trinidad and Tobago (GORTT). Further to this, the current free zone regime, despite its very liberal incentives and non-restrictive locational requirements, has failed to attract any new, dynamic and sustained investments over the last six years.

Although there has been participation by the private sector, the free zones regime is largely traditional, with there being few restrictions to the types of firms operating as free zone enterprises and little integration of firms with the domestic economy. A World Bank Study<sup>5</sup> explicitly labels Trinidad and Tobago’s operations as a *‘traditional export*

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<sup>4</sup> FIAS. 2008. “Special Economic Zones: Performance, Lessons Learned, and Implications for Zone Development.” World Bank, Washington, DC.

<sup>5</sup> Ibid.

*processing zone*' model, and goes on to describe the zones in Trinidad and Tobago and other Caribbean countries as having '*not kept pace with their Latin counterparts*'.

According to the 2016 Doing Business Report by the World Bank Group, Trinidad and Tobago fell three spots to 88<sup>th</sup> out of 189 economies. Trinidad and Tobago's regional performance (11 out of 32 economies) was surpassed by several CARICOM and Latin American countries including Mexico, Colombia, Jamaica and St. Lucia. While there have been many reforms implemented to improve the ease with which business is conducted, bureaucracy and costly procedures continue to inhibit investment and business activities in the country. The use of SEZs and other economic zones can be used as prototypes through which the Government can develop and implement new measures to improve the ease of doing business in Trinidad and Tobago and attract new investments.

#### World Bank Technical Report

The World Bank, in September 2012, published a Technical Report following a request by the GORTT to provide strategic guidance to improve the quality and effectiveness of investment promotion and Special Economic Zones in Trinidad and Tobago.<sup>6</sup> The authors of the report pointed to the fact that SEZs could offer foreign investors (outside of oil and gas) opportunities for regulatory simplicity, investment security, infrastructure, and hassle-free access to inputs, as well as their ability to stimulate widespread diversification and growth through linkages with the domestic economy and complete value chains to firms within the zones. The Report further stated that Trinidad and Tobago's economic zones have played an 'insignificant role in growing and diversifying the economy', and highlighted the following shortcomings of the present free zone regime:

- i) an ineffective policy framework – the development, promotion and management of economic zones in Trinidad and Tobago are not driven by an overarching policy or strategy, which would provide a clear road map to guide medium- and

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<sup>6</sup> The Promotion and Servicing of Foreign Investment in Trinidad and Tobago: A Way Forward." Volume 1 – Executive Summary, September 2012.



long-term plans to build the capacity of zones and attract foreign and domestic investment;

- ii) a weak legal and regulatory framework – the overall legal and regulatory framework for free zones is fragmented, weak and does not support a modern regime;
- iii) a weak institutional framework – the TTFZCO has a fairly effective one-stop structure in terms of free zone licensing, but approvals can still be cumbersome and there is very little expertise in the development and management of modern SEZs;
- iv) poor performance by existing zones – the single multi-tenant site and limited factory free zones reflect poorly on the ability to attract new, dynamic investments.

A new policy is therefore required to guide and modernize the development of special economic zones in Trinidad and Tobago, and ensure that this complements the overall development and diversification thrust by the GORTT. This policy document is not meant to recommend the firms and firm activities to populate zones in Trinidad and Tobago, but outline the shortcomings of the existing free zone regime and to provide recommendations for a new, more dynamic SEZ regime.

### **3. POLICY GOALS**

The goals of the Trinidad and Tobago SEZ Policy are:

- i) to modernize Trinidad and Tobago's economic zone regime;
- ii) to increase the economic and social impact of economic zones in Trinidad and Tobago;
- iii) to enhance the international appeal of Trinidad and Tobago's economic zone regime; and
- iv) to improve existing and advance new mechanisms and procedures to effectively develop and manage economic zones.

#### **4. POLICY OBJECTIVES**

The general objective of the Special Economic Zones Policy for Trinidad and Tobago is to modernize and strengthen the existing regulatory framework governing free zones, taking into account the progression of free zones worldwide, international best practices, and the unique national circumstances and developmental agenda of the GORTT. The specific objectives of the Trinidad and Tobago SEZ Policy are:

- i) to develop a new, modern Special Economic Zone Regime;
- ii) to expand the country's revenue base;
- iii) to increase and diversify the exports and investments in economic zones;
- iv) to increase and enhance private sector participation in the economy through inter alia SEZ development and operations;
- v) to integrate SEZ enterprises with national developmental objectives to facilitate economic development across all regions of the country; and
- vi) to increase compliance of SEZ operations with local, regional and international standards and laws.

#### **5. EXPECTED POLICY OUTCOMES**

- i) modern regulatory framework for a dynamic and attractive SEZ regime in Trinidad and Tobago;
- ii) increased number of SEZ operators operating in Trinidad and Tobago;
- iii) higher levels in the quality and quantity of investments by domestic and foreign firms in more industry areas; and
- iv) increased private sector participation in zone development and operation.

#### **6. EVOLUTION OF ECONOMIC ZONES INTERNATIONALLY**

The variation in the types and function of free zones is as a result of their evolution across time and space, with the first economic zones mostly taking the form of free ports—customs free areas within seaports offering little more than warehousing and trade facilities. Over time, some of these developed into customs-free zones (light manufacturing and other processing), then export processing zones (more complicated

manufacturing for re-export), and finally into special economic zones (an entirely separate regulatory environment from the rest of the host economy).<sup>7</sup>

Today, modern, efficient economic zones can be found across the Americas, Europe, Asia, the Middle East and Africa. Economic zones over time have grown to become a critical foundation of the global supply chain with approximately 3,500 zones in 135 countries employing over 60 million people.<sup>8</sup> A global survey of select economic zones is attached at **Annex I**.

### Trends in Zone Development

Economic zones were traditionally developed as isolated enclaves, both in terms of the underlying policy framework and geographic location within an economy. Firms operating in these spaces were often granted a generous set of incentives, with most qualifying being required to be 80-100 percent export-oriented (for EPZs), engaged in recognized manufacturing activities, and at times 100 percent foreign-owned. Zone location was restricted to relatively remote areas or near transport hubs and viewed primarily as ‘growth poles’ for national and regional development and often exclusively developed and operated by government bodies. This rigid concept has changed quite fundamentally over the past several decades, with the major changes accounting for an expansion of the physical space of zone development and the reconceptualization of the role of economic zones from simply promoting exports, creating jobs and transfer of technology, to a way of facilitating trade liberalization and modernization of the host economy and integrating them into the global economy. Costa Rica’s government, for example, made a decision to focus on granting incentives to sectors that have the potential to contribute towards its greater economic growth rather than directly for export activities. In this regard, incentives are meant to encourage companies to set up in less developed areas, and to include tax credits for skills development and training.

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<sup>7</sup> OECD (2008), "Incentives and Free Zones in the MENA Region: A Preliminary Stocktaking, 2008 Update."

<sup>8</sup> Boyenqe, Jean-Piere Singa. April 2007. ILO Database on export processing zones (Revised).

Characteristics of traditional versus modern free zones are summarized in Table 1.

**Table 1. Traditional vs. Modern Economic Zones**

Characteristics	Economic Zones	
	Traditional	Modern
Physical	Isolated ring-fenced enclaves; restricted or relatively remote areas or near transport hubs	Larger size; country-wide zone development; customized infrastructure that meets the needs of firms and allow greater flexibility in terms of plant location
Incentives/privileges	Emphasis on financial and fiscal incentives and privileges to firms	Inclusion of non-financial and non-fiscal incentives that differentiate the country or zone.  Enterprises can freely import any merchandise in any quantity, and are not restricted to direct inputs for manufacturing (as is the case with EPZs). Duty- and tax-free merchandise can be sold at the retail or wholesale level and some-times consumed within the zone area.
Market access	Export requirements for manufactured goods (usually 70-80%)	Allow unrestricted sale to the local market or to consumers as long as all applicable import duties, taxes, and other charges are fully paid.
Firm requirements	80-100 percent export oriented; foreign-ownership	Strategic sectors; minimum investment threshold; technology transfer; environmental standards/sensitivity
Sectors/activities	Re-exports, specific types of manufacturing	Broader range of permissible activities: commercial and professional services; all types of manufacturing and processing
Policy direction	Often viewed as 'growth poles' for national and regional development; emphasis on: export promotion, job creation, technology transfer	Mechanism to promote two-way trade and facilitate liberalization and modernization of host economy; firms are integrated into the domestic economy
Administration	Government-owned, -developed, and -operated	Autonomous, partially autonomous-bodies; participation of public and/or private sector in development and management
International norms and standards	Restrictions to unionization of labour	Financial incentives and labour standards that are compatible with the World Trade Organization (WTO) and International Labour Organization (ILO) respectively

Source: FIAS, World Bank, 2008

## 7. SITUATIONAL ANALYSIS LOCALLY

There are two types of zones that currently operate in Trinidad and Tobago: i) light industrial parks and ii) free zones. Industrial Parks are the responsibility of Evolving Technologies and Enterprise Development Co. Ltd. (eTeck), which is under the purview of the Ministry of Trade and Industry and encompasses numerous activities such as food processing, bonded warehouse facilities, the manufacture of plastic, steel, electrical, concrete and wood products, steel fabrication, engineering works, construction and maintenance of marine craft, and production of industrial materials and gases, among others. eTeck is thus charged with developing and managing infrastructure through economic zones/industrial parks to expand and diversify Trinidad and Tobago's economic base. Currently, eTeck owns and manages nineteen industrial parks across Trinidad and Tobago. These include the Tamana InTech Park which is designated for technology firms and sixteen others in Trinidad, and the Milford Industrial Park and the Sangster's Hill Mall in Tobago. The Piarco Aero Park which targets inter alia aviation services, bonded warehouses and other commercial activities is under the purview of the Ministry of Works and Transport. The Cove Eco-Industrial and Business Park is managed by the Eco-Industrial Development Company of Tobago (E-IDCOT) Ltd. under the purview of the Tobago House of Assembly.

The Free Zones Programme, based on the former Jamaican model, was initiated in Trinidad and Tobago following drastic falls in revenue as a result of the collapse of oil prices in the 1980s and the consequent contraction of the economy. In an attempt to reverse these negative effects and provide opportunities for viable jobs, the Free Zones Act of 1988 was enacted which led to the creation of the Trinidad and Tobago Free Zones Company Limited (TTFZCO). The Free Zones Programme was designed to "attract export-oriented (non-energy) activities which would not otherwise come to Trinidad".<sup>9</sup>

The current Trinidad and Tobago Free Zones Programme allows for private enterprises to acquire 'free zone status', given certain conditions, even if they are located outside of

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<sup>9</sup> Operational Plan of the Trinidad and Tobago Free Zones Company, 2014.

a free zone. Of the eighteen (18) firms that are currently operating as 'free zone approved enterprises', eleven (11) are single user enterprises in different areas across Trinidad, while the remaining seven (7) are all located within a 'free zone park' or 'multi-user complex'. In Trinidad and Tobago, all free zones and free zone enterprises are currently developed and operated by the private sector.

It is worth noting that there are other types of economic zones that have been conceptualized and not yet operationalized for tackling more social, rather than economic, problems. For example, provision was made in 1988 under the Corporation Tax Act (Ch. 75:02) for the development of "Regional Development Areas" in an attempt to target areas that were rural and had high unemployment levels. This program, however, was never implemented.

#### Role of the TTFZCO

All free zones and free zone enterprises are regulated by the TTFZCO. However, the functions of the TTFZCO as authorized in the legislation, are wide and varied, so much so it can act as the owner, developer, manager, operator and regulator of free zones. As stated in Sections 6(1) and (2) of the Trinidad and Tobago Free Zones Act (Ch. 81:07), the TTFZCO shall *inter alia*:

- administer, control, operate and manage all free zones;
- provide and maintain such services, facilities and structures;
- make provision for adequate fencing and enclosures;
- supervise, control and prescribe conditions for the movement of persons, conveyances, vessels and goods, into, in and out of the free zones;
- approve and regulate activities which may be carried on in a free zone; and
- take all necessary steps to ensure that the terms of service and working conditions in any approved enterprise do not fall below minimum accepted standards in Trinidad and Tobago for such class of enterprise.

In addition to the above, the TTFZCO may:

- construct, maintain and operate warehouses, factories, commercial buildings, offices, and other facilities;
- sell, rent, grant leases, sub-leases or other interests or concessions in respect of land, buildings or any other facility or structure within a free zone;
- provide water, light and power, telecommunications and any other public utilities or services and enter into contracts for the supplying of the said utilities and services;
- develop industrial areas for manufacture, processing, finishing, re-packing and transshipment of products; and
- enter into joint ventures with any person for the purpose of any approved activity.

#### Free zone activities

The (free zone) activities that are prescribed according to Schedule I of the Free Zones Act, include:

1. Warehousing and storing
2. Manufacturing operations
3. Transshipment operations
4. Loading and unloading operations
5. Exporting
6. Importing
7. Service operations, including banking, insurance and professional services
8. Packaging and shipping
9. Assembling
10. Processing, refining, purifying and mixing
11. Merchandising, including international trading in products
12. Constructing, altering, reconstructing, extending or repairing infrastructure or premises situated within a free zone and including the equipping of such premises
13. Sale, lease, rental or management of free zone land, infrastructure, premises, plant, equipment facilities and services.

Petroleum, natural gas or primary petrochemical production or any production activity, in which petroleum, natural gas or petrochemicals are a major input, even if used as fuel and activities involving investment in excess of US\$50 Million may be carried out in a free zone but do not qualify as 'approved activities. The TTFZCO derives all its income from license fees tied to the granting of free zone status to enterprises that meet the requisite criteria. Therefore, the more companies that are approved by the TTFZCO the greater the income it receives.

#### Existing Qualifying criteria

The Free Zones Act does not explicitly state the eligibility criteria which must be met by any company, corporation, firm or individual seeking Free Zone Status; however there are three legal requirements that must all be met. These requirements, which are assessed by the Trinidad and Tobago Free Zones Company (TTFZCO), are that a company be:

- i) incorporated or registered in Trinidad and Tobago in accordance with the Companies Act;
- ii) registered under the Registration of Business Names Act; and
- iii) involved in specific approved activities prescribed in the First Schedule of the Act.

According to Section 6(2)(c) of the Free Zones Act, the Trinidad and Tobago Free Zones Company (TTFZCO) may approve any company, corporation, firm or individual as an approved enterprise on such terms and conditions and subject to the payment of such fees, charges and other consideration as the Company may think fit. According to Section 15(1) of the Free Zones Act, an enterprise which proposes to undertake an approved activity shall apply and submit documents and information to the Company in writing for such permission to do so.

Based on administrative policy, all manufacturing firms are expected to export at least 75 to 80 percent of their output to overseas markets (outside the customs territory, i.e.



Trinidad and Tobago), while service providers are expected to export at least 50 percent.

### Designation

Free zone areas, according to the Free Zones Act (Ch. 81:07), are designated by order of the Minister with responsibility for industry on the recommendation of the TTFZCO. Approved enterprises (as stated in the Act), also called free zone enterprises, are those companies, corporations, firms or individuals that have been approved (by the Minister) to carry out approved activities. Although the TTFZCO has the authority to grant free zone status, the Minister can only authorize the designation of locations as “free zones”.

More specifically, according to Section 3(2) of the Free Zones Act: *“The Minister may, by Order, on the recommendation of the Company designate an area a free zone, and the limits of the free zone shall be defined in the Order.”*

Additionally, according to Sections 15(1): *“Subject to this Act, the Company may by Order grant, subject to such terms and conditions as it thinks fit, approval to an enterprise to undertake the approved activity specified in its application made under subsection (1).”*

As a result, it appears that the current Free Zones Act, at least with respect to the designation of a space as a free zone and the designation of a company to undertake an approved activity, is blurred and therefore deficient.

### Benefits/ Incentives

According to Section 28(1) of the Act, all approved free zone enterprises benefit via full exemptions from the following:

- Import duties
- Land and Building Taxes
- Business Levy
- Corporation Tax

- Income Tax
- Withholding Tax
- Value added tax (VAT)
- Work Permit Fees
- Green Levy Fund
- Import/Export Licensing

There are no prescribed requirements defined in the Free Zones Act regarding the qualifying criteria for an approved enterprise, other than the type of activities the enterprise can engage in within a Free Zone. The net benefits to the local economy from the grant of Free Zone Status to these companies and the numerous exemptions have not been quantified.

### Domestic Environment

Trinidad and Tobago is a high income developing country with a gross domestic product (GDP) per capita of \$US 21,515 in 2015 at current prices.<sup>10</sup> The non-petroleum sector, which comprises agriculture, manufacturing and services, accounted for approximately 64.7 percent of real GDP in 2015. The services sub-sector, which is the largest non-petroleum sub-sector, is a key component of the overall economy and contribute 56.2 percent to real GDP in 2015. The Central bank has indicated that there was a decline in economic growth in all four quarters of 2015, starting from January 2015, resulting in a decline in real GDP by 2 percent in 2015. This is expected to continue for 2016.

The Government, in an effort to drive the national diversification thrust and successfully penetrate new and existing export markets, has targeted the following sectors:

- Tourism
- Agriculture and Agro-processing;
- Maritime Services;
- Fishing and Fish Processing;
- Aviation Services;

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<sup>10</sup> IMF estimate.

- Creative Industries;
- Financial Services; and
- Information and Communication Technologies.

### Regional and International Environment

#### ➤ Caribbean Community and Common Market (CARICOM)

CARICOM which was established by the Treaty of Chaguaramas in 1973 comprises fifteen Caribbean nations and dependencies. Article 239 of the Revised Treaty of Chaguaramas provides for Member States to develop, *inter alia*, a Protocol relating to the treatment of goods produced in Free Zones and similar jurisdictions.

In January 2016, Jamaica's legislative bodies approved the Jamaica Special Economic Zone Act which effectively repealed the Jamaica Export Free Zones Act. This made way for the designation, promotion, development, operation and management of Special Economic Zones; the establishment of a SEZ Authority; and the grant of benefits and other measures to attract domestic and foreign investments.

#### ➤ World Trade Organization (WTO)

Trinidad and Tobago became signatory to the WTO in 1995 and therefore, must comply with all the WTO disciplines and provisions that affect the establishment and operation of SEZs. Some of these include: the *Most Favoured Nation (MFN)* principle which requires equitable treatment of all WTO Member States in matters of trade; the *National Treatment (NT)* principle which requires equitable treatment of investors and their investments in WTO Member States; and the *WTO Agreement on Subsidies and Countervailing Measures (SCM)* which categorizes subsidies into prohibited subsidies, actionable subsidies and non-actionable subsidies. These principles define the parameters for the special incentives and privileges that Trinidad and Tobago may offer to firms which will locate inside the SEZs.

While SEZs (or EPZs) are not specifically mentioned by name in any of the multilateral agreements concluded under the auspices of the WTO, several types of incentives that

are typically part of SEZ policy are subject to disciplines under the WTO, most notably through provisions in the Agreement on Subsidies and Countervailing Measures. While least-developed nations are generally exempt from this, some developing countries are currently excused pursuant to phase-out provisions for certain 'grandfathered' programs through 2015.<sup>11</sup> Trinidad and Tobago's current regime is not in contravention of any related WTO rules.

## **8. INTERNATIONAL COMPARISONS**

When comparing Trinidad and Tobago's Free Zone regime with other countries and regions, the following five aspects were considered: i) zone structure (structure of the free zone/ EPZ/ SEZ regime); ii) governance and operations; iii) the authority's role and responsibilities; iv) the qualifying criteria, incentives and zone features offered to firms operating within a zone; and v) the performance of the regimes (in meeting its objectives). These five factors which are critical to the success and development of any SEZ regime are key areas that any government should consider when contemplating reforms for modernization. While there is a multitude of different types of zones with differing objectives and varying success rates, an international comparison of zones is essential to understand and appreciate the varying trends of free zones globally and the way in which they are evolving to meet the needs of the global economy.

### **i) Zone Structure**

Based on the global survey of economic zones in Annex I, it is clear that SEZs represent unique economic spaces that create opportunities for i) diverse areas of business activities, ii) new and dynamic firms and investments, and iii) facilitate employment levels that are not often seen elsewhere in the economy.

Countries in Latin America and the Caribbean have kept pace of the expansion in the type of economic zones. As depicted in Table 2, countries are both augmenting their old

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<sup>11</sup> Barbados, Belize, Costa Rica, Dominica, Dominican Republic, El Salvador, Fiji, Guatemala, Jamaica, Jordan, Mauritius, Panama, Papua New Guinea, St. Kitts and Nevis, St. Lucia and Uruguay. *Source: WTO 2007 New Items. October 25, 2007. "Transition period extended for subsidy programmes of 16 developing countries."*

regimes with new, hybrid EPZs, while others are supplanting altogether their traditional structures with more advanced and efficient zone regimes.

**Table 2. Free Zone Concepts in Latin America and the Caribbean**

Free Trade Zone (Commercial FZ)	Traditional EPZ	Hybrid EPZ	Single Factory EPZ	IEZ/ SEZ/Free port/ Free EZ
<ul style="list-style-type: none"> <li>- Argentina</li> <li>- Bahamas</li> <li>- Belize</li> <li>- Brazil</li> <li>- Colombia</li> <li>- Curacao</li> <li>- Panama</li> </ul>	<ul style="list-style-type: none"> <li>- Argentina</li> <li>- Bahamas</li> <li>- Belize</li> <li>- Dom. Republic</li> <li>- Guatemala</li> <li>- Jamaica</li> <li>- Nicaragua</li> <li>- Peru</li> <li>- Trinidad &amp; Tobago</li> <li>- Uruguay</li> <li>- Venezuela</li> </ul>	<ul style="list-style-type: none"> <li>- Bolivia</li> <li>- Brazil</li> <li>- Colombia</li> <li>- Costa Rica</li> <li>- Cuba</li> <li>- Ecuador</li> <li>- El Salvador</li> <li>- Haiti</li> <li>- Honduras</li> </ul>	<ul style="list-style-type: none"> <li>- Jamaica</li> <li>- Mexico</li> <li>- Costa Roca</li> </ul>	<ul style="list-style-type: none"> <li>- Bahamas</li> <li>- Chile</li> <li>- Colombia</li> <li>- Panama</li> </ul>

Source: Source: FIAS, World Bank, 2008

Although it is not necessary to replace traditional economic zones, it is important that countries at least supplement their existing profile with additional zones and systems that can complement, exploit and benefit their economies. It is recommended that a SEZ regime be sufficiently flexible, allowing a range of commercial and manufacturing activities.<sup>12</sup> The composition of sectors and levels of employment in select Economic Zones are outlined at **Annex II**.

**Further, in its 2012 Technical Report,<sup>13</sup> the WBG recommended, among other things, that ‘numerous medium-sized, modern SEZs should be developed in Trinidad and Tobago to cultivate new greenfield economic zones in the most promising locations available aimed at new investors. The WBG also recommended the establishment of a single, large-SEZ modeled after Freeport, the Bahamas, and SEZs in other countries such as in Shenzhen, China; Subic Bay, the**

<sup>12</sup> FIAS. 2008. “Special Economic Zones: Performance, Lessons Learned, and Implications for Zone Development.” World Bank, Washington, DC.

<sup>13</sup> The Promotion and Servicing of Foreign Investment in Trinidad and Tobago: A Way Forward.” Volume 1 – Executive Summary, September 2012.

Philippines; or Aqaba, Jordan that would provide opportunities for large-scale private investments in world-class infrastructure, tourism and manufacturing.

ii) Governance and Operations

Whereas some countries have one central public authority charged with the roles of zone developer, operator and regulator, there are several cases in which the governance and operations configuration is decentralized and sector or area-specific to allow for greater efficiency and better informed decision-making.

Globally, the administration of zones is varied and includes autonomous government authorities or corporations, specialized departments within a government ministry, zone-specific management boards, and even arms of investment promotion agencies. The traditional form of zone administration (in which the same body is responsible for development, operations and regulation) is declining, as many countries are increasingly allowing multiple public sector zone development and management agencies within their jurisdictions and/or increasingly divesting the physical project development function to the private sector. Many governments have also chosen to separate the Developer and Regulator roles of zone development.

In the United Arab Emirates, for example, each free zone is governed by an independent FTZ authority that is responsible for issuing FTZ operating licenses and assisting companies to establish their businesses in the FTZ.

In Costa Rica, PROCOMER, the Costa Rican trade promotion agency is the government body in charge of regulating the Free Zones and recommending the granting of Free Zone licenses to companies by the executive branch. When a company receives authorization for a Free Zone license from the executive branch, it must sign an agreement with PROCOMER. The Ministry of Treasury controls and oversees the fiscal systems of the Free Zones and companies outside these zones that have obtained the benefits and incentives.

In Panama, the Colon Free Trade Zone is administered by the Free Zone Administration (FZA), which is an autonomous institution of the Panamanian Government and functions under clearly defined laws and precedents. The FZA controls rent, public warehousing, promotion, development and construction. It also keeps statistics and administers the flow of export and imports. With respect to *Ciudad del Saber* (City of Knowledge), Panama, there is a Foundation which manages the affairs of the specialized zone, which is organized around a board of trustees representing different sectors including the academic, scientific community, the business sector, the government and labour unions.

In Trinidad and Tobago, the TTFZCO is centralized with a Board of Directors and a Management Team that are responsible for all free zones and free zone activities in Trinidad and Tobago. While the Airports Authority of Trinidad and Tobago and the Port Authority of Trinidad and Tobago are two separate bodies responsible for areas such as airport logistics and airborne cargo and maritime services and cargo, respectively, they are currently not authorized in law to develop and manage Special Economic Zones unless approved by the TTFZCO.

It should be noted that the 2012 Technical Report by the World Bank Group indicated that the current institutional framework, in which the TTFZCO is the regulator, facilitator and promoter of free zones, is a 'conflict of interests' and can be described as 'old-style' and 'uncompetitive'. It is important to note that investTT—the investment promotion agency of Trinidad and Tobago—has now assumed the role as the sole promoter of free zones.

### iii) Qualifying criteria, incentives and zone features

According to best practice, while qualifying criteria limits the type and quantity of investment in a host country, having robust, strategic qualifying criteria is essential to attracting the highest quality investments through which the host government can strengthen its economic profile. Several successful economic zones programmes

around the globe have set criteria that have led to increased investments and trade in host countries.

Some of the qualifying criteria enacted by successful economic zones include the level of investment, the uniqueness of the activity and the relevance of the investment (alignment to strategic sectors for economic development).

Costa Rica's revised legislation governing Free Trade Zones requires of manufacturing firms a minimum investment of US\$150,000 for small projects or US\$2 million for mid-scale projects located within a Free Zone park and US\$10 million for large-scale projects with an eight-year investment plan.

In South Korea, it is even more differentiated; businesses in manufacturing, tourism and international conference facilities are required to invest at least US\$10 million, while those in logistics and research and development must invest more than US\$5 million and US\$1 million respectively.

In Panama's Ciudad del Saber (City of Knowledge), two of three additional criteria to be considered are that the program or activity must not have an equivalent in the country, or that it must be a methodology or technology transfer without an equivalent in the country, and it must require the conditions offered by the City of Knowledge in order to be implemented in Panama. The areas that are targeted include biosciences, business management and entrepreneurship, environmental management, global services, ICT and others.

In addition to qualifying criteria for potential firms operating within a zone, an important characteristic of zones are the various incentives offered to attract potential investments. Some of the various factors that differentiate incentives include:

- the types and levels of incentives offered;
- the time periods in which these incentives are offered;
- the nature of incentives (financial vs. non-financial) offered; and



- locational specificity of free zones.

The various types of qualifying criteria being used by zone administrations around the world, as well as the various types of incentives offered is outlined at **Annex III**.

In addition to fiscal incentives, are the value added services that zones are providing to tenants. According to the World Bank,<sup>14</sup> this trend arises from both the need to compete with other parks and from the opportunity park operators have to add additional revenue streams to the basic industrial real estate business. Such services can range from basic business support services in commercial parks to highly specialized engineering centers and testing laboratories in parks aimed at specific industry clusters. Some common value-added services provided include:

- Logistics centers, container freight stations (CFS) and common warehousing
- Customs brokerage and freight forwarding services
- Shared training facilities, conference space, and video conferencing nodes
- Recruitment and labor placement offices and payroll services
- Materials testing, product quality testing, and certification laboratories
- General business support services (secretarial, banking, insurance)
- Worker transportation, housing, and cafeterias
- Social amenities, health care, and child care facilities
- Factory site security
- Competitively priced land leases

The location specificity of zones, and in particular the importance of location to socialized zones is of strategic importance. For example, in the United Arab Emirates, SEZs are dedicated to specific services subsectors, including Dubai Internet City, Dubai Media City, Dubai Health Care City, and Knowledge Village. Twelve FTZs are under development, and Dubai has announced the launch of several more.

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<sup>14</sup> "The Promotion and Servicing of Foreign Investment in Trinidad and Tobago: A way Forward." Volume II – Technical Reports and Appendices. World Bank. September 2012.

As noted previously, under Section 16 of the Corporation Tax Act, Chapter, 75:02 of the laws of Trinidad and Tobago, there are fiscal incentives associated with the development of ‘Regional Development Areas’ in the country. However, the antiquated provisions which refer to the now defunct Industrial Development Corporation in the law, have rendered these benefits non-operational<sup>15</sup>. Nonetheless, it is important for the local SEZ regime to be leveraged in such a way as to rationalize corporate income tax incentives with national policies, which have both economic and social benefits. Regional Development Areas as described in the Act focused on all areas outside the two largest cities in Trinidad—Port of Spain and San Fernando. Given the rapid advance of urbanization across the country and the need for increased employment opportunities across the country, the relevant domestic legislation shall be revised so that SEZs can benefit all regions across Trinidad and Tobago. Table 4 highlights the specialization of zones.<sup>16</sup>

**Table 3. Characteristics of Specialized Zones**

Types of Zone	Activities	Typical location	Markets	Examples
Technology or Science Parks	High technology activities	Adjacent to universities, etc.	Domestic and export	Singapore Science Park, Singapore
Petrochemical Zones	Petrochemicals and other heavy industry	Petrochemical hubs; efficient energy sources	Domestic and export	Laem Chabang Industrial Estate, Thailand
Financial Services	Offshore financial and non-financial services	None	Export	Labuan Offshore Financial Centre, Malaysia
Software and internet	Software and other IT services	Adjacent to universities, urban areas	Export	Dubai Internet City, UAE
Airport-based	Warehousing, transshipment	Airports	Re-export and domestic	Kuala Lumpur Airport Free Zone, Malaysia
Tourism	Resorts and other tourism	Tourism areas	Export and domestic	Baru Island, Colombia
Logistics Parks	Warehousing, transshipment	Airports, ports, transport hubs	Re-export	D1 Logistics Park, Czech Republic

<sup>15</sup> This Section of the Act speaks to a role for the Industrial Development Corporation of Trinidad and Tobago which no longer exists.

<sup>16</sup> FIAS. 2008. “Special Economic Zones: Performance, Lessons Learned, and Implications for Zone Development.” World Bank, Washington, DC.

#### iv) Zone objectives and performance

The objective(s) of the zone regime and the success in achieving those objective(s) are necessary in comparing the relative successes of country regimes. As stated in Section 1, free zone regimes often have one or more of the following objectives: to attract foreign direct investment in support of a wider economic reform strategy (diversification, economic growth, etc.); and/or to serve as “pressure valves” to alleviate unemployment. In other words, they are closely linked to a country’s national objectives.

Some countries have done exceptionally well in terms of promoting and diversifying exports and creating jobs through zones. Some select African nations such as Madagascar, Ghana and Mauritius, have all developed EPZ schemes which have been very successful in diversifying their respective economies. In Madagascar, for example, EPZ-induced industrial manufacturing resulted in a diversification of exports in which the number of products with export value of over US\$1 million increased from 38 to 70 for the period 1991-2000.<sup>17</sup> Additionally, Madagascar also managed to create some 100,000 industrial jobs in the process.<sup>18</sup> In Mauritius, the EPZ industries accounted for 12 percent of GDP and brought in almost three-quarters of export earnings, expanding by around 6 percent up until 2000.<sup>19</sup> Costa Rica has succeeded in meeting its diversification objectives-- Its share of ‘traditional’ exports to total exports declined by 48 percent between 1970 and 2000. In the Philippines, the electronic sector grew steadily to comprise at least 70 percent of the country’s exports as a result of successfully attracting FDI in that sector.<sup>20</sup>

In the case of the Trinidad and Tobago Free Zone Regime, the main objective is to encourage local and foreign investment in export-driven projects that create jobs, develop skills and create external markets for products. Table 4 outlines the performance of the TTFZCO in meeting these objectives by comparing and contrasting key indicators in 2009 and 2013.

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<sup>17</sup> Engman, Michael, Onodera, Osamu and Pinali, Enrico, (2007), *Export Processing Zones: Past and Future Role in Trade and Development*, No 53, OECD Trade Policy Papers, OECD Publishing.

<sup>18</sup> Cling, J.P., and G. Letilly. 2001. “Export Processing Zones: A Threatened Instrument for Global Economy Insertion?” DT/2001/17. *Developpement et Insertion Internationale (DIAL)*, Paris.

<sup>19</sup> Mauritius. OECD Profile. <http://www.oecd.org/dev/emea/2497459.pdf>.

<sup>20</sup> Ibid.

**Table 4. Free zone performance in Trinidad and Tobago**

Performance indicator		Year	
		2009 <sup>21</sup>	2013 <sup>22</sup>
Share of free zone exports	Free Zone manufactured exports (% of total national manufactured exports)	2.4	8.28
	Free Zone exports as a % of total non-energy exports	9.51	7.47
Employment	No. of persons employed	2,625	999
	No. of persons employed in free zones (% of total national labour force)	0.45	0.0015

Source: Own calculation

Despite the low figures for Trinidad and Tobago, the World Bank evidence suggests that zones are a much more significant source of employment in smaller countries with populations of less than 5 million (e.g. the Seychelles, Mauritius, Jamaica).<sup>23</sup>

## 9. REVISED POLICY FRAMEWORK AND RECOMMENDATIONS

This policy serves to replace the existing Free Zone arrangement with a modern Special Economic Zone regime which will be a platform for national economic diversification, attract domestic and foreign investment, create employment opportunities and enhance private sector participation in the economy.

### i) Institutional Framework

The new SEZ regime shall comprise an SEZ Authority, as well as three entities—the SEZ Operator, the SEZ Enterprise and the Single Zone Enterprise.

#### a) *SEZ Authority*

A SEZ Authority (given the need to have robust supervision and regulation of SEZs) shall be a critical part of the overarching governance arrangement under the new SEZ regime. The SEZ Authority will comprise of representatives from the public and private

<sup>21</sup> Report on the Trinidad and Tobago Free Zone Programme, Ministry of Trade and Industry, August 2010.

<sup>22</sup> Central Statistical Office; Central Bank of Trinidad and Tobago.

<sup>23</sup> FIAS. 2008. "Special Economic Zones: Performance, Lessons Learned, and Implications for Zone Development." World Bank, Washington, DC.

sectors and have the main responsibility of regulating SEZs throughout Trinidad and Tobago.

➤ **Functions of the Authority**

It is intended that the Authority perform the following functions:

- (a) regulate and supervise Zones;
- (b) advise the Minister on matters of general policy relating to Zones;
- (c) recommend to the Minister the designation of Zones;
- (d) grant or cancel Licences in accordance with the provisions of this Act;
- (e) maintain a register of all Licences issued to all Operators as well as a listing of all approved SEZ Enterprises and Single Zone Enterprises; and
- (f) perform such other functions relating to the administration and operation of Zones as may be assigned to it under the legislation.

➤ **Powers of the Authority**

It is intended that the Authority have the following powers:

- (a) consider applications by SEZ Enterprise or Single Zone Enterprise applicants;
- (b) to issue guidelines and directions to Operators, SEZ enterprises and Single Zone Enterprises for the implementation of the legislation;
- (c) to review and assess the performance of all Zones in achieving the objectives of the legislation and report to the Minister on the performance of all such Zones;
- (d) to review information provided by Operators, SEZ enterprises and Single Zone Enterprises under ongoing monitoring requirements to confirm whether eligibility criteria are still met;
- (e) to raise capital to support the execution of its functions on a commercial basis to the extent practicable and to reduce its dependence on public resources; and
- (f) make recommendations to the Minister as to the making of Regulations under the legislation.

The SEZ Authority shall be comprised of a Board, responsible for the general administration of the Authority, and shall consist of the following members appointed by the President:

- a) six members by reason of their qualifications and at least seven years' experience in fields relating to law, finance, information technology, economics, business management, engineering, accounting or related disciplines.
- b) three members who are representatives of the private sector.
- c) The Director of Planning of the National Planning Authority and a senior representative of the Inland Revenue Division shall be *ex officio* members of the Board of the Authority.

b) *SEZ Operator*

An SEZ Operator shall be responsible for the management of an SEZ and can be a public or a private body, or public-private partnership. The Operator shall apply to the Authority for a licence to manage any Zone, given certain conditions as it relates to available resources, financial or otherwise. The SEZ Operator shall, among other things:

- manage its Zone within the objectives of the new legislation;
- make improvements to its Zone and its facilities as necessary;
- facilitate the provision of infrastructure and other services required for its Zone to achieve its strategic and operational goals;
- provide adequate demarcation of its Zone from any applicable customs territory for the protection of revenue together with suitable provision for the movement of conveyances, vessels and goods entering or leaving that Special Economic Zone in accordance with the instructions of the Comptroller of Customs and Excise;
- provide adequate security for all facilities in its Zone;
- adopt rules and regulations for businesses within its Zone in order to promote its safe and efficient operation;
- maintain adequate and proper accounts and other records in relation to its operations and report in the manner prescribed;

- promote its Zone as a foreign and domestic direct investment destination, in coordination with the Authority;
- consult with the Authority on the suitability of an application by a prospective SEZ Enterprise; and
- undertake any other approved activity within the scope of the new legislation to promote the effective functioning of its Zone.

c) *SEZ Enterprise*

Shall be any corporation, company or firm approved by the Authority to carry out business in a Special Economic Zone. Each entity must meet certain criteria as it relates to specific levels and types of eligible economic activities, expenditure and employment if it is to be considered for specific fiscal incentives and other benefits.

d) *Single Zone Enterprise*

Shall be any corporation, company or firm which is approved by the Minister with responsibility for Industry, to engage in any of the eligible economic activities in a Zone which it also has the responsibility to manage and in which it is the only business in operation. Such status may be required by an investor for locational, logistical or other strategic purposes if such an investment meets the goals and objectives as determined by the Minister, on the recommendation of the SEZ Authority. Unlike the existing regime, approval of Single Zone Enterprises is intended to be on an exceptional basis.

**ii) Qualifying Criteria**

To counter harmful taxation regimes more effectively, the OECD BEPS Action Plan and the EU CoCG require regimes to exhibit 'substantial' activities in order to provide benefits. Therefore, the eligibility criteria for SEZ Operators, SEZ Enterprises and Single Zone Enterprises shall be linked to the following factors:

- Physical presence in Trinidad and Tobago
- Initial investment
- Annual expenditure
- Employment (full-time employees)

This criteria is applicable to all Zones; however, there will be variation as it relates to the type of entity—SEZ Operator, SEZ Enterprise, and Single Zone Enterprise. Special consideration shall also be given to micro, small and medium-sized enterprises (MSMEs) and their particular constraints.

### **iii) Incentive Framework**

The incentive frame shall be consistent with the requirements as currently set out by the OECD BEPS and EU CoCG , and enhance the attractiveness of the business climate of Trinidad and Tobago, while also protecting the domestic revenue base to the greatest extent possible. In that regard, these incentives shall target SEZ Operators, SEZ Enterprises and Single Zone Enterprises, be time-bound, tied to the type and levels of investments and the size of the firms.

In addition to fiscal benefits, SEZ Enterprises, Single Zone Enterprises and Operators shall benefit from non-fiscal incentives which include an enhanced operating environment through harmonized and efficient regulatory approvals. The SEZ Authority will ensure access to available services on the national Single Electronic Window for Trade and Business Facilitation infrastructure—TTBizLink, as well as other information systems.

The details of the specific incentives and other benefits to be granted to SEZ Operators, SEZ Enterprises and Single Zone Enterprises shall be dealt via consequential amendments to substantive finance related legislation as opposed to the new SEZ Act. This approach thereby allowing for greater flexibility in ensuring the attractiveness of the business climate of Trinidad and Tobago and protecting the domestic revenue base to the greatest extent possible.

The Incentive Framework will be applicable only to SEZ Operators, SEZ Enterprises and Single Zone Enterprises seeking to operate under the ambit of the new SEZ Legislation. It should be noted that the current fiscal and other incentives which



currently exist in domestic legislation (under for example, the Fiscal Incentives Act, Corporation Tax Act and Income Tax Act) are not being altered in respect of those entities operating outside the SEZ framework.

Currently, the status of the Trinidad and Tobago's Free Zone regime as assessed by the Forum on Harmful Tax Practices (FHTP), which is the body within the BEPS Framework that conducts the assessment of preferential tax regimes, is *'in the process of being eliminated'*. Given this, the Government has given commitments to the FHTP that the current regime is administratively closed-off to new applicants. The latest date by which current tax and other incentives to existing 'approved enterprises' under the current Free Zones Act can be grandfathered is 30 June 2021.

#### **iv) Zone Types, Activities and Designation**

It is recommended that all SEZs in Trinidad and Tobago be designated as one of the following:

- "free port" – a duty free area , located at a port of entry, where imported goods may be unloaded for warehousing, repackaging or processing of imported goods for value-adding activities;
- "free trade zone" – a duty free area that accommodates specific activities targeted for international trade;
- "industrial park" – a purpose built industrial estate that leverages domestic and foreign fixed direct investment in value-added manufacturing industries;
- "specialized zone" – a place designated for specialized activities including (i) manufacturing; (ii) maritime services; (iii) aviation services; (iv) fishing and fish processing; (v) agriculture and agro processing; (vi) software design and applications; (vi) creative Industries; and (viii) financial services.
- "development zone" – development activities focused on the development of a specific geographic region with emphasis on factors such as employment, skills training, entrepreneurship and rural development and overall social and economic development of the area; and

- “single zone enterprise” – restricted to one business entity engaged in any one of the following business activities (i) manufacturing; (ii) maritime services; (iii) aviation services; (iv) fishing and fish processing; (v) agriculture and agro processing; (vi) software design and applications; (vi) creative Industries; and (viii) financial services.

**v) Transitional provisions, Repeal and ‘Grandfathering’ of existing Incentives**

Any ‘approved enterprise’ under the existing Free Zones Act which desires to continue its activities as an SEZ Enterprise or Single Zone Enterprise under the proposed SEZ legislation shall have to apply to the SEZ Authority prior to 30 June 2021.

Notwithstanding the **repeal of the Free Zones Act**, the following shall apply:

- all Orders made under section 3 of the Free Zones Act granted prior to 31 December 2018 shall remain in force until 30 June 2021;
- an enterprise granted approval under the provisions of section 15(2) of said Act prior to the 31 December 2018 shall be entitled to all benefits under said Act until the 30 June 2021;
- any approved enterprise under the Free Zones Act entitled to receive benefits until 30 June 2021 shall cease to receive such benefits after this date and may apply to the Authority to be considered an SEZ Enterprise or Single Zone Enterprise and receive the related benefits in keeping with the provisions of the new SEZ legislation; and
- the SEZ Authority shall be vested with all of the assets, liabilities, rights and obligations of the Trinidad and Tobago Free Zones Company Limited.

**10. IMPLEMENTATION OF THE POLICY**

The MTI shall be responsible for the implementation of this Policy and will issue regular progress reports to Cabinet on its implementation. The implementation of the plan of

action will involve all the relevant stakeholders associated with or affected by the trade in goods that are processed, manufactured or provided in a SEZ in Trinidad and Tobago, including the Ministry of Trade and Industry; Ministry of Finance; Ministry of Planning and Development; Ministry of Works and Transport; Ministry of the Attorney General and Legal Affairs; investTT, exporTT, eTeck, TTFZ, and the Customs and Excise Division.

## **11. MONITORING AND EVALUATION OF THE POLICY**

The development of an Implementation Plan for the Special Economic Zones Policy shall form the basis for monitoring and evaluating the implementation of the Policy. Specifically, the MTI shall develop a monitoring and evaluation system based on agreed indicators. In view of the above, the MTI may from time to time make changes, modifications, additions to this Policy and may review and update it at certain intervals to meet the changing needs of Industry, subject to the approval of Cabinet. This Policy shall be reviewed every three years and a progress report developed to inform such review and modifications.