

STARTING UP IN BUSINESS

Starting a successful business requires a great deal of preparation.

When starting a new business, there are many important decisions to make and many rules and procedures that must be addressed.

A small business can determine which type of business organization is right for him when he's aware of the legal consequences of the structure chosen and his role in the community where his business is active. The chosen structure has everything to do with legal liability. The obligations and responsibilities are subject to evaluation, interpretation and enforcement in a court of law.

The Netherlands Antilles laws distinguish various forms for organizations, which an enterprise can take.

In this study we will concentrate on the two most popular types of business organization in Bonaire. They must usually take the form of:

- Limited Liability Corporation (L.L.C.) (**Naamloze Vennootschap, N.V.**)
- Sole proprietorship (**Eenmanszaak, E.Z.**)

4.1 Features Naamloze Vennootschap

What is an N.V.?

When one or more persons found an N.V., every one of them can take a share of the total investment for their account. The total amount of funds invested is then the share capital of the N.V. Based upon the investment ratio/proportion per person, each party will receive shares in the N.V. equivalent to the percentage of their participation in the capital, that's why we talk about shareholders. The shareholders can therefore be seen as joint owners of the N.V.

When one (1) person has executed the foundation/establishment, then he owns 100% of the share capital.

The minimum investment in the share capital is Naf. 10.000. This can be in the form of cash, but also for example in the form of business equipments.

The most an owner can lose, as a shareholder is the amount he has paid for the shares. This means that if the corporation is sued and loses they cannot take the personal assets of the owner.

Qualities considered unique to a Naamloze Vennootschap namely are:

1. Absence of personal liability, it allows the owners not to be personally liable for debts or liabilities of the business.
2. It is regarded by the courts as an artificial person; it may own property, incur debts, sue or be sued.
3. Limited liability, owners can lose only what they invest.
4. Ownership is represented by shares,
5. Continuity of existence
6. Centralized management
7. There must be at least two founders.
8. Only 20% of the authorized capital must be subscribed at the time of the incorporation.

9. If the shares issued are bearer-shares, then the value has to be paid in full.

4.2 Features Eenmanszaak

A sole proprietorship also named by the Department of Economic Affairs in Bonaire as a “one-man business” is the most common forms of business organization.

The efficient and simplest procedure to set up a one-man business is as follows:

The entrepreneur describes the objectives of the one-man business (EZ) that he would like to set up and attach to this a copy of his identification card and/or passport.

These documents are added as an annex to a written request to the executive council. In the written request to the executive council, the entrepreneur in question is asking for permission to set up a business.

The further continuation of the procedures, such as advise from DEZA, the tax department etc. shall be conducted during the handling of the request. The only thing that the entrepreneur has to do is to wait on the decision of the executive council.

In this case, persons, born in the Netherlands Antilles, requesting an establishment license will automatically receive a management license. This management license is incorporated in the establishment license.

As soon as the license is received, the entrepreneur has to approach the chamber of commerce in order to register in the trade registry. The chamber of commerce cannot refuse to register, even though the license has **not** been provided and/or is still handling. Once the registration has taken place, the business can start.

A quality considered unique to a one-man business namely is:

1. It's easy to form and it offers complete managerial control to owner.
2. As it resembles in its name a one-man business is established by one-man and usually involves just one individual who owns and operates the enterprise.
3. The name one-man-business can be misleading by giving the impression that only one man works in the company but if necessary the sole owner can hire more employees.
4. Selecting the one-man business structure means the owner is personally liable for all financial obligations of the business. As a result, the owner is placing his own assets at risk, and they could be seized to satisfy a business debt or legal claim filed against the owner.

4.3 Company law

While there is no single source for all filing requirements, the following steps, a detailed 'road map' for the requirements of registering a business (N.V. and E.Z.) on the island of Bonaire have been developed to avoid red tape and start a business hassle-free.

Step Suggested Pre-establishment Itinerary

1

It helps start-up companies to begin with a checklist. The following checklist should guide the small companies through the process of registering.

- copy of a passport or local identification (sedula)
- Business name for the N.V. or E.Z.
- description of the main activities of the company
- the investing sum
- the place of business

Step Who can help?

2

A. The Notary-at-law

There is no single first stop office designed for establishing an N.V. in Bonaire. The notary office come the closest to a one-stop-shop. The easiest way to obtain a business permit is to contact the Notary's Office and let the notary draw up the articles of the concerned trading company, handle the payment of the legal fees and write the request to the Island's Executive Council for the company.

The set up of an N.V.

As illustrated previously the notary is the key person in setting up an N.V.

The procedure is as follows;

The founder of the N.V. seeks the assistance of the notary. He should have in his possession a copy of his passport and/or identification card, the name of the N.V. and a description of the objectives.

The notary forwards the name of the N.V. to be founded to the Ministry of Justice in Curaçao for a name investigation. This name investigation is needed in order to verify that there is no other N.V. with the same name, because this is by law not permitted. When the approval of the name is received, the notary designs a foundation deed, which is then forwarded again to the Ministry of Justice for the approval of the deed itself and to take notice of the names of the founders, the objectives etc. etc.

After the approval a petition is send to the executive council via the notary requesting the establishment permits. The executive council seeks advice from the department of economic and labor affairs (DEZA) and eventually other concerned government agencies and/or departments.

Once of the establishment licenses have been received, a management license has to be petitioned at DEZA. This step is only necessary when the manager in question has not been born in the Netherlands Antilles, meaning that for Antilleans a Management license is not required.

The act will contain general information/description of the company; such as, date of establishment, objectives, and yearly board meetings of the shareholders, how the transference of the shares from one person to the other is regulated etc.

After the deed has been passed a shareholders register is formulated, and after the foundation deed has passed, a corporate body is established. Then the establishment licenses are received, meaning that the N.V. is operational and the business can start. The notary registers the deed at the tax department and forwards a copy to the chamber of commerce, thus informing both departments officially of the establishment of the new N.V. This step is purely formal, meaning that for the acquisition of a status at these departments, one has to approach these departments.

Legal Fees N.V.

The cost for the establishment of an N.V. is approximately Naf. 2.250.00, depending on the amount of requested permits it can vary.

The following is a current listing of charges¹ by the notary in order to process necessary licenses and permit for the company.

Declaration of No Objection /Stamps and registration costs	Naf. 385, -
Legal dues establishment permit	Naf. 255, -
Legal dues management license	Naf. 105, -
Announcement Curaçaosche Courant	Naf. 40, -
Register Chamber of Commerce first time	Naf. 120, -
Deposit copy act of memorandum of association for the register of the Chamber of Commerce and Industry	Naf. 50, -
Turnover tax 5%	Naf. 2.50
Honorarium	Naf. 1250, -
Turnover tax	Naf. 1850, -

¹ prices mentioned could be submitted to changes

Average Duration

The establishment of an N.V. including approaching the notary entails ten (10) working days. The acquisition of the necessary licenses requires minimal a month for proper handling, however the establishment license can take 3 to 4 months.

The set up of an E.Z.

For foreigners, the most efficient and simplest procedure to set up a one-man business is *through* the notary.

It is advisable to seek the assistance of a notary; this will eliminate a lot of headaches and most of the time the acquisition of the necessary documents is easier through the notary. Locals normally go through the Chamber of Commerce and Industry.

Without assistance of the notary the entrepreneur would have to describe the objectives of the one-man business (EZ) that he would like to set up and attach to this a copy of his identification card and/or passport.

These documents are added as an annex to a written request to the executive council. In the written request to the executive council, the entrepreneur in question is asking for permission to set up a business.

The further continuation of the procedures, such as advise from DEZA, the tax department etc. shall be conducted during the handling of the request. The only thing that the entrepreneur has to do is to wait on the decision of the executive council.

In this case, persons, born in the Netherlands Antilles, requesting an establishment license will automatically receive a management license. This management license is incorporated in the establishment license.

As soon as the license is received, the entrepreneur has to approach the chamber of commerce in order to register in the trade registry. The chamber of commerce cannot refuse to register, even though the license has **not** been provided and/or is still handling. Once the registration has taken place, the business can start.

Legal fees

It will cost you approximately Naf. 260.00 For legal charges and two Naf. 5.00 stamps this is increased with a sum of Naf. 120.00 For the first registration at the Chamber of Commerce. Thus in total a lot less than the cost involved in establishing an N.V.

The costs are then increased with approx. Naf. 150.00 For the assistance of the notary.

The present notary is Mr. M. Maartense; the Notary Office on Bonaire is located at:

Kaya Isla Riba 2

Postbus 83

Bonaire, N.A.

Telephone: (599) 717-8540/Fax: (599) 717-8054

E- mail: notarisbonaire@bonairelive.com

B. The Department of Economic & Labour Affairs

The Department of Economic & Labour Affairs also delivers permits. Every Thursday from 9.a.m. to 11 a.m. the permit department is available to the public for all necessary information regarding establishment of a business, business licenses, management licenses, HORECA permits, and petition in process. Fill in forms are available at the permit department.

The present Acting Head of the Department of Economic & Labour Affairs (DEZA) is Mrs.Everarda Paulina Martis van Arneman, the Department is located at:
Kaya Amsterdam 21

Bonaire, N.A.
Telephone: (599) 717-5330 ext.521
Fax: (599) 717-7309
E-mail:afddeza@bonairelive.com

C. Police Force Bonaire /Immigrations

Work and Residence permits are issued by the Immigrations with the permission of the Island's Lt. Governor through a favourable Declaration of No Objection from the Minister of Justice. No foreign-born individual or corporation may work or operate on the Island without having these permits.

Although the notary-at-law can assist the Managing Director in filing the application for the Work and Residence Permit, the Managing Director is recommended to personally visit the Offices of the Immigration in order to complete the application with any additional information required.

The requirement of a Work and Residence Permit is used by the Immigration Department as a guide to regulate the admittance of qualified, skilled, and experienced labour on the island of Bonaire.

Point of departure from the Immigration policy is that nobody without a permit according to the Admittance and Deportation Regulations (P.B. 1966, no. 17) is allowed in the territory of the Netherlands Antilles without a (temporary) resident permit.

Procedures

According the Immigrations a foreigner who wants to be admitted in the Netherlands Antilles, for employment or resident needs to fill in triplicate the Immigration form so-called Model I and send to the Lt. Governor Office. On petition the Forms can be obtain

Free of charge at the immigration department and if necessary the forms can be sent to the address of the requestor. Even though this is legally prescribed in Bonaire the petition goes through a different route.

On Bonaire the requestor or his authorized representative has to go in person to the Lt. Governor's office to fill in a petition. The requestor has to leave the island and wait on the decision in a foreigner country until a decision about his petition has been made. As soon as a decision has been made the foreigner will receive a notice. If the decision is positive and the foreigner can be admitted to Bonaire he will receive a landing permit where he will be admitted to travel to the Netherlands Antilles.

With the request for admission the following documents has to be added:

- a current health certificate (maximum of one month old)
- certificate of good conduct (maximum of two months old) over the past five years, issue by the competent authority of his place of resident.
- for domestic help, house cleaning personnel and working class employers a official document (maximum of 6 months old) indicating his single status.
- a copy of a legal birth certificate (not older than 1 month)
- a copy of legal certificate indicating if the employer is married/divorce/widow
- three identical photo
- diplomas and certificates (in case the person wants to work)
- payment of dues ad. Naf. 350,00
- a written statement indicating that the person concerned has sufficient income to support himself during his stay.
- a copy of a valid passport and
- a copy of identification from the employer in case the foreigner intends to work. the employer has to prove that the tax and social premiums have been paid.

At the submission of his petition, the requestor (foreigner) has to supply all the necessary information and documentation. If the request is in a foreign language and translation is necessary for the judgement or preparation of the request the petition will not be handle. The requestor will get 6 weeks to supply the immigrations with the necessary translations regarding his petition.

If documentations is lacking in the petition of the requestor according to the Admittance and Deportation regulation, the requestor will get the opportunity to restore the shortcomings in six weeks, if it's not restore the petition will not be handle by the Immigrations.

Average Duration

Average duration for handling the immigration documentations will be approximately four months.

The present coordinator is Mr. O.I. Obispo and the office is located at:

Kaya Prinses Marie z/n

Bonaire, N.A.

Telephone: (599) 717-6880/Fax: (599) 717-6880

D. The Chamber of Commerce and Industry

The Chamber of Commerce and Industry also named in Bonaire as Kamer van Koophandel en Nijverheid (KKN) is *the* place to register your company an N.V. (through the notary) or E.Z. on the island of Bonaire.

Every company that presents itself commercially on the market is obligated to be registered in the business registry of the Chamber of Commerce.

You can imagine, that an entrepreneur who does **not** promote its business and thus is not commercially visible on the market, does not have to be registered. See example of a house doctor.

The law prescribe that every business has to has it's own unique name. The department of Judicial and General Affairs from the Government is in charge of advising the Minister of Justice about this issue.

Registration and annual fees

The amount that has to be paid for the registration in the business registry depends on the amount of the invested capital.

The following is a current listing of the KKN registration and annual fees

Invested Capital between	Registration Fee	Annual Fee
0 - 25,000	120	90
25,001- 50,000	200	125
50,001- 100,000	275	150
100,001- 200,000	350	200
200,001- 500,000	450	275
500,001- 1,000,000	725	325
1,000,001- 2,000,000	1,250	500
2,000,001- 3,000,000	1,250	650

3,000,001- 4,000,000	1,250	750
4,000,001- 5,000,000	1,250	900
5,000,001- More	1,250	1000

Average Duration

Registration of a business is register in the administration of the Chamber on the date of the intake. After two days of registration a copy of the company registration number (E.Z.) can be obtained by the office for Naf. 7,50. If it turns out that after some time no news has been received from the tax department, it would be advisable to approach this department with this document (memorandum of association) and to register the company.

General Information regarding establishment of a business and documentation (forms) needed for registration of the company is available and can be obtained during office hours from 8:15 a.m. to 12.00 noon from Monday through Friday.

Chamber of Commerce and Industry

The present president is Mr. A. Sealy and the office is located at:

Kaya Grandi 53

P.O. Box # 52

Bonaire, N.A.

Telephone: (599) 717-5595

Fax : (599) 717-8995

E-mail : bon.commerce@bonairelive.com

Step DECLARATION OF NO OBJECTION

3

To establish an enterprise on Bonaire a Business License is required from the Island's Executive Council represented by the Island's Lieutenant Governor. Prior to receiving this, a Declaration of No Objection must be obtained.

The N.V. shall be legally incorporated by deed of incorporation passed before a Notary-at-Law, established in the Netherlands Antilles. Before passing the deed of incorporation, the Notary-at-Law shall, on behalf of the incorporator(s) and the corporation, file an application at the offices of the Federal Department of Justice for the Declaration of No Objection. This application comprises information about the incorporators and a draft of the deed of incorporation. The Executive Council will conduct a screening as to the

antecedents of the incorporators and the stipulations and provisions set forward in the deed of incorporation.

To obtain a Declaration of No Objection from the Minister of Justice, an instrument of incorporation or a draft of it must be submitted to him for his approval.

The Declaration of No Objection may be refused only for the reason that in view of the plan or the antecedents of the persons who will define or help define the policy of the corporation; a serious danger exists that the corporation will be used for unlawful purposes; its activities will lead to harm for its creditors; that the instrument is contrary to public policy, public order or public law, or that it is not shown that the incorporators will together participate for at least 20% of the corporate stock.

If the Declaration of No Objection is refused, the submitter is informed of the reason thereof and may appeal the decision.

STEP BUSINESS LICENSES & PERMIT

4

To establish an enterprise on Bonaire a Business License is required from the Island's Executive Council represented by the Island's Lieutenant Governor

To conduct business activities on Bonaire the Naamloze Vennootschap (N.V.) needs a permit to establish a business.

For a business permit a letter has to be written to the Executive Council of the Island Territory of Bonaire or the Bestuurscollege.

All one-man businesses of foreign owners need a business permit. Only Dutch persons born in the Netherlands Antilles and Arubian's have born before the year 1986 don't need a permit to conduct economic activities on the island. Business permits for one-man-businesses can be applied for by letter to the Administrative College.

In addition to Business permit, non-residents need a residence permit and a working permit. The residence permit and the working permit can be applied for by the Department of Economic and labour Affairs.

Beside the business permit all persons not born in the Netherlands Antilles (including person of the Dutch nationality) need to request for a **Management license**. This is also valid for Arubian's born after the year 1986.

Persons of Dutch nationality born in the Netherlands Antilles do not need a management license to conduct business activities on Bonaire

Branches of companies legally established on other islands need to apply for a permit to carry out business activities on Bonaire. This is also valid for branches of companies established on other islands like B.V., Inc. etc.

A company to be can file all required documentation for Work and Residence Permit with the Lt. Governor's Office requesting permission to live and engage himself, as well as other foreign-born directors and staff personnel, in the operating activities of the corporation.

Letters requesting a business permit should be addressed to:

Bestuurscollege (BC)

Plaza Wilhelmina z/n

Kralendijk – Bonaire

Telephone: 717-5330 ext. 0 (the operator)

Or:

Executive Council of the Island Territory of Bonaire

Plaza Wilhelmina z/n

Kralendijk – Bonaire

Telephone: 717-5330 ext. 0 (the operator)

To gain more insight into the different kinds of permits and licenses granted on the island of Bonaire an overview in the form of a table has been put together.

Naamloze Vennootschappen (N.V.)

<i>Permits and licenses</i>	<i>Petition by locals</i>	<i>Petition by foreigners</i>
<i>Business Permit to establish?</i>	<i>YES</i>	<i>YES</i>
<i>Management license?</i>	<i>NO, do not need a management licence to conduct business activities on Bonaire</i>	<i>YES, All persons not born in the Netherlands Antilles including person of the Dutch nationality and Arubian's born after 1986</i>
<i>Notary act?</i>	<i>YES, notary has to draw up act</i>	<i>YES, notary has to draw up act</i>
<i>Registration of business in Chamber of Commerce administration?</i>	<i>YES, the law prescribe that every one who owns commercially a company have to register.</i>	<i>YES, the law prescribe that everyone that owns commercially a company have to register.</i>

Eenmanszaken (E.Z.)

<i>Permits and licenses</i>	<i>Petition by locals</i>	<i>Petition by foreigners</i>
<i>Business Permit to establish?</i>	<i>NO, only Dutch persons born in the Netherlands Antilles and Arubian's born before 1986 don't need a permit to conduct economic activities on the island.</i>	<i>YES</i>
<i>Resident permit?</i>	<i>NO, not applicable</i>	<i>YES</i>
<i>Working permit</i>	<i>NO, not applicable</i>	<i>YES</i>
<i>Notary Act?</i>	<i>NO, act is not necessary but the notary can make all the arrangements; petitions/permit etc. for the E.Z.</i>	<i>NO, act is not necessary but the notary can make all the arrangements; petitions/permit etc. for the E.Z.</i>
<i>Registration of Business in Chamber of Commerce administration?</i>	<i>YES, the law prescribe that every one who owns a company have to register.</i>	<i>YES, the law prescribe that every one who owns a company have to register.</i>

Branches of businesses (N.V.'s)

<i>Permits and licenses</i>	<i>established on Bonaire</i>	<i>Established on other islands</i>
<i>Business Permit to establish?</i>	<i>YES, in this case there is no need to establish a new Limited Liability Company</i>	<i>YES, branches of companies legally established need to apply for a permit to carry out business activities on Bonaire</i>
<i>Resident permit?</i>	<i>NO, not applicable</i>	<i>YES</i>
<i>Working permit?</i>	<i>NO, not applicable</i>	<i>YES</i>
<i>Registration of Business in Chamber of Commerce administration?</i>	<i>YES, the law prescribe that every one who owns a company have to register.</i>	<i>YES, the law prescribe that every one who owns a company have to register</i>

STEP Additional Licenses or permit

5

As we have seen before in order to business in the territory of Bonaire, every corporation requires a business license. In addition to this license, certain forms of business require an additional license or permit. The following is a list of some of these businesses:

- Insurance Companies
- Finance Companies
- Manufacturers
- Pharmaceutical Manufacturers/Retailers
- Car Rental Companies
- Communications and Telecommunications
- Transportation (Land, Sea, or Air)
- Media
- Gaming Establishments (Casinos, Lotteries)
- Hotel/Guest Houses
- Auto Garages
- Restaurants and Drinking Establishments

On Bonaire many business activities requires special licenses. Especially in the HORECA sector we can see that different kind of licenses are granted by the island territory. Because this sector is one of the most popular one on Bonaire we find underneath descriptions of the categories of the Ordinance of the Central Government for Beverages, Hotels, Restaurants and Catering on Bonaire.

Apartment license

Gives the holder the right to rent out apartments. (Living space to be rented as separate unities to tourist by a legal body).

Bar license

Gives the holder the right to sell small amounts of beverages with a high alcohol memorandum of association percentage for consumption on the spot or elsewhere. The holder can also sell beverages with a low percentage of alcohol, non-alcohol beverages and ice for consumption or a similar product for use on the spot.

Beer license

Gives the holder the right to sell small amount of beverages with a low percentage of alcohol, non-alcoholic drinks and ice fit for consumption or a similar product. The consumption needs to take place on the spot.

Liquor wholesale license

Gives the holder the right to sell big amounts of beverages with a high percentage of alcohol. The beverage may not be used on the spot.

Hotel license

Gives the holder the right to run a hotel (an accommodation for ten guest or more) which sells beverages with a high and low percentage of alcohol, non-alcoholic drinks, ice fit for consumption or a similar product and/or food for immediately consumption.

Accommodation license

Gives the holder the right to run an accommodation (Maximum of nine guests) and sell small amounts of beverages with a low alcoholic percentage, non-alcoholic drinks, ice fit for consumption or a similar product and/or food for immediate consumption. The beverages can only be sold to the guests and/or their visitors

Clubhouse license

Gives the holder the right to sell small amounts of beverages with a low percentage of alcohol, non-alcoholic drinks, ice fit for consumption or a similar product and food only to members of the clubhouse and their potential members. The consumption needs to take place on the spot and fall under the rights given by the license.

Take-out license

Gives the holder the right to sell food, which is prepared on the spot at the existing kitchen. The consumption needs to take place elsewhere.

Restaurant license

Gives the holder the right to small amounts of non-alcoholic drinks, ice fit for consumption or a similar product and food, which is prepared on the spot at the existing kitchen. The consumption needs to take place on the spot.

Liquor license

Gives the holder the right to sell small amounts of beverages with a high alcohol percentage. The beverages need to be consumed elsewhere.

Snack license

Gives the holder the right to sell small amounts of beverages with a low alcoholic percentage, non-alcoholic beverages, ice fit for consumption or a similar product and food which can be prepared easily on the spot at the existing kitchen. The consumption needs to take place on the spot.

Icehouse license

Gives the holder the right to sell small amounts of non-alcoholic beverages and ice fit for consumption or a similar product for immediate consumption

Additional information on certain forms of business or licenses annual renewal can be obtained by the Department of Economic and Labour Affairs.

For the licenses mentioned above dues have to be paid. The dues for the ordinance of the Central Government for Beverages, Hotels, Restaurants and Cafés are the following:

Beer license, Liquor license, Icehouse License.	Naf. 40, -/\$23
Bar license, Accommodation license, Take-out license, Restaurant license, Snack License, Clubhouse License	Naf. 60, -/\$35
Hotel License for a maximum of 49 rooms	Naf. 250/ \$143
Apartment license for a maximum of nine units	Naf. 60/ \$35
Apartment license for 10 units or more	Naf. 100, -/\$58

4.4 Establishments and Enterprises in Bonaire

The latest business census data is from the year 1998. I'm pretty much aware that the business situation described here is outdated but due the fact that it is the official data available from the Central Bureau of Statistics it's taken into consideration.

This deficiency can be completed with the Recent National Accounts Publication where the Economical Development of Bonaire for the year 2001 is described.

The most recent information of the Chamber of Commerce and Industry in Bonaire and the first results of the Labor Force Survey, 2002 are also added. It is good to mention that there are no antitrust or monopoly law and/or a law on fair competition.

4.4.1 Business Census

The Central Bureau of Statistics (CBS) conducted between May and August of 1998 a business census for the Netherlands Antilles, which included Bonaire. This time the Census was combined with a job vacancy count.

This business census comprised also the micro- and small enterprises in order to know its importance for the economy in particular in respect of employment.

The Business Census distinguishes 4 major types of enterprises, which are defined according to the amount of persons employed and the turnover of the enterprise.

The types of enterprises are:

1. *Micro enterprises*: enterprises with less than 5 persons employed and a turnover of less than half a million guilders per year.
2. *Small enterprises*: enterprises with between 5 and 10 persons working or a turnover between half and 5 million guilders per year.
3. *Middle-sized enterprises*: enterprises with between 10 and 50 persons working and turnover between half a million and five million guilders per year.
4. *Large enterprises*: enterprises with 50 or more persons working, and a turnover between half a million guilders per year.

The business sector on Bonaire according to size and employment is shown in the table below:

4. Business by Size on Bonaire, 1998

Size business	Number	% Total	Employment	% Employed
Micro	435	64.5%	780	16.5%
Small	68	10.1%	432	9.1%
Medium	164	24.3%	2,670	56.5%
Large	7	1.0%	842	17.8%
Total	674	100%	4,724	100.0%

The micro enterprises are in the majority.

There are 64.5% micro-businesses on Bonaire and only 10.1% small businesses.

1. The businesses to be included had to comply with one of the following criteria:

- a) average working hours of at least 15 per week;
- b) Production and sale of at least Naf. 50,000 per annum;
- c) Value of assets at least Naf. 50,000 at the end of the last book year.

2. The business, which was not included in the Business Census, was:

1. self-employed drivers of taxis and mini-busses;
2. sellers of Lottery;
3. farmers, livestock, fishermen;
4. market vendors;
5. sellers of vouchers;
6. owners of bread trucks (mobile roll truck)

5. Business per Industry, Bonaire 1998

Industry	
Agriculture and mining	5
Manufacturing	35
Electricity, gas and water	1
Construction	46
Trade	211
Hotels and restaurants	116
Transport and communication	26
Financial services	25
Business services	111
Education	3
Health and social work	23
Other services	72
Total	674

Source: Business Census 1998

6. Establishments, Businesses and Subsidiaries, Bonaire 1998

Establishments	Businesses	Subsidiaries	Subsidiaries per 1000 businesses
729	674	55	81.6

Source: Business Census 1998

7. Businesses by Legal Status, Bonaire 1998

Legal Status	247
Individual proprietorship	4
Common partnership	29
Foundation	388
Limited Liability Company	6
Other and unknown	674

Source: Business Census 1998

8. Businesses Bonaire by annual turnover

Annual Turnover in thousands of guilder, 1998	
< 500	477
500 – 5000	127
> 5000	19
n.a.	51
Total	674

Source: Business Census 1998

9. Employment in businesses by company size

Company size	
Micro	780
Small	432
Medium	2670
Large	842
Total	4724

Source: Business Census 1998

4.4.2 Vacancy Count

The principal goal of the Vacancy Count was to describe the number of vacancies that enterprises have available and to describe the characteristics of these vacancies. It gives an insight into the functioning of the supply and demand mechanism on the local labor markets. It also describes the future aspect of the labor market, meaning to what extent the enterprises expect to have more vacancies by the end of 1998.

The characteristics of the job vacancies are:

1. New Job openings
2. Level of education
3. Educational specifications
4. Work experience
5. Other requirements
6. Possibilities for work experience for the youth
7. Type of work agreement
8. Part-time work

The Job Vacancy Count distinguishes just like the Business Census the 4 major type of enterprises.

The most important result shows that there is a relatively large amount of job vacancies in Bonaire. The vacancies/total job openings ratio is 2.5. Great deals of the vacancies are in the Hotel and restaurant industry of the economy as well as in the Trade industry. Most of the vacancies are concentrated in the very small (micro) enterprises.²

The vacancies in Bonaire demand a relatively high level of education (Mid-vocational and higher). There are no vacancies that demand a low level of education (elementary school and lower). Consequently, there is a large discrepancy between what the labor market demands and what is a supply. Surveys such as the Labor Force Survey shows that the average educational level in Bonaire is lower vocational and less and there is little supply of labor from the higher educational end of the labor market. The high demand for skilled and experienced labor manifests itself particularly in micro enterprises.

10. Vacancies and employment by enterprise, Bonaire 1998

Sector	Employed	Vacancies	Percentage Vacancy	Vacancy Ratio
Agriculture, fishing and mining	71	-	-	0
Manufacturing	288	2	1.7	0.7
Electricity, gas and water	114	5	4.1	4.4
Construction	551	-	-	0
Trade	897	27	22.3	3
Hotels and restaurants	1100	28	23.1	2.5
Transport and communication	362	7	5.8	1.9
Financial services	178	10	8.3	5.6
Business services	455	19	15.7	4.2
Education	27	5	4.1	18.5
Health and social work	282	4	3.3	1.4
Other services	449	14	11.6	3.1
Total	4774	121	100	2.5

Source: CBS Vacancy Count 1998

² CBS vacancy count 1998

4.4.2 Registered Companies

By the end of the year 2002, the Chamber of Commerce and Industry in Bonaire have 4660 companies' register from which ca. 2133 is not active. A specification in which sector the business is operating was not possible.

4.5 Economical development in Bonaire

The Gross Domestic Product (GDP) of Bonaire was 300 million in 2001, which is equal to nominal decrease (inclusive increase in prices) of ca. 7 percent in comparison to 2000. In 2000 the GDP was 321 million.

Measured in volume the GDP was decreased with nearly 8 percent. The Gross Value Added of the business sector decreased with ca. 9 percent, while the government sector decreased with 4 percent.

The business sector where growth was measured is the sectors of Financial Services and Hotels and Restaurants (HORECA), both with 2 percent. The growth in the HORECA is related to the growth of tourism from the Europe and North America region.

The most remarkable decrease was in the Agriculture, Fishing and Mining sector with 36 percent, which mainly was caused by the declining in the demand from exterior. Decrease is also notice in the public utilities sector (24%), Construction (17%) and Transport and Communication with 16%.

11. Volume development by kind of economic activity and business sector

	2000	2001
Agriculture, fishing and mining	5	-36
Manufacturing	-4	-6
Electricity, gas and water	-3	-24
Construction and Installation companies	0	-17
Trade	-16	-3
Hotels and restaurants	-8	-2
Transport, storage and communication	-8	-16
Financial services	5	2
Real estate, renting and business activities and education	-12	0
Health and social work	-4	-5
Other community, social and personal services activities and extra-territorial organizations and bodies	1	-1
Private households with employed persons	-10	-11
LESS: Imputed services charge	5	2
Value added of enterprises	-7	-9
Value added governments	-4	-4
Gross Domestic Product	-6	-8

Source: CBS, Recent National Accounts, 2001

4.5.1 Development of the expenditures

Analysis of the expenditures shows us that with exception of the consumption expenditure of the government and export a negative development has taken place for all the expenditures in 2001. Remarkable is the decrease in the consumption expenditure of the households with nearly 13 percent nominal and ca. 14 percent real. This development has to do with a decrease in the population figures, a decrease in income and an increase in unemployment. The unemployment rate increases from 6 to 9 percent.

There was an increase in the export with approximately 4 percent and nearly 3 percent real growth. This increase has especially to do with the increase of export of services. The export of goods shows us a decrease of ca. 15 percent nominal.

The increase in the consumption of the government expenditure is the consequence of a growth herein from ca. 21 million in 2000 to 24 million in 2001

12. Expenditure component Gross Domestic Product, Bonaire

	2000 value	2001 value	2001 Mutation	2001 mutation
	mln. Naf	mln. Naf	nominal (%)	real (%)
Consumption expenditure government	79.1	81.1	2.5	1.2
Consumption expenditure households	199.8	175.0	-12.4	-13.6
Net capital formation enterprises	49.5	45.9	-7.3	-8.5
Net capital formation government	20.8	20.4	-1.9	-3.5
Exports of goods and services	135.1	140.7	4.2	2.9
Imports of goods and services	163.6	162.7	-0.6	-1.8
Domestic product (gross, market prices)	320.8	300.4	-6.5	-7.7

Source: CBS, Recent National Accounts, 2001

13. Supply and Use of goods and services, Bonaire

Description	1999	2000	2001
mln Naf, market prices			
Use			
Gross Domestic Product	632.9	618.5	579.1
Imports	145.7	163.6	162.7
Total use	778.6	782.0	741.8
Supply			
Intermediary consumption	304.6	297.6	278.7
Consumption expenditure			
Households	209.1	199.8	175.0
Consumption expenditure			
Government	83.1	79.1	81.1
Investment enterprises	50.9	49.5	45.9
Investment government	20.9	20.8	20.4
Exports of goods and services	110.0	135.1	140.7
Total use	778.6	782.0	741.8
Gross Domestic Product mp			
Value Added			
- enterprises	268.3	260.8	241.8
- government	60.1	60.0	58.6

Source: CBS, Recent National Accounts, 2001

14. Supply and Use of goods and services, Bonaire

Description	1999	2000	2001
mln Naf, market prices			
Use			
Gross Domestic product	342.9	333.8	320.9
Imports	140.6	157.3	160.6
Total use	483.5	491.1	481.5
Supply			
Intermediary consumption	26.1	25.4	24.4
Consumption expenditure			
Household	201.8	192.1	172.7
Consumption expenditure			
Government	80.2	76.1	80.0
Investment enterprises	49.2	47.6	45.3
Investment government	20.1	20.0	20.1
Exports of goods and services	106.2	129.9	138.9
Total use	483.6	491.1	481.5
Gross Domestic Product			
Constant prices	316.9	308.5	296.5

Source: CBS, Recent National Accounts, 2001

4.6 Labour

Hereby follows the first results for labour market data, which are for Bonaire. The data is taken from the Labour Force Sample Survey, 2002, on the occasion persons of 15 years and older were asked questions on employment. Thus, it could be established how many persons held a job and how many were looking for a job. Together they formed the labour force.

The figures presented are the net result of the development that during the period (June 2000- September 2002) has taken place. It is therefore a picture of the labour market at a given moment in time.

The employed population in Bonaire has decreased with 1154 persons, a decline of 21 percent. Possible factors are the emigration to foreign countries and the growth in the job-seekers population. The actual employed population counts approximately 4300 persons in Bonaire.

Employed population by Sex

The employed male population experienced a decrease of ca. 26 percent. In June 2000, the male employed population was 2980 and in September 2002, the employed male population is 2195. Also here migration can be a factor and an increase in the job-seekers population.

The total female employed population has decreased with 370 persons. This is a 15 percent decrease. The actual employed female population is 2138.

Employed population by Age

Youth employment population is the proportion of the age group 15-24. This group has decreased with 235 persons. The percentage is 39 % among the youth.

Of the persons in the age-group 15-24, 363 held a job in September 2002.

Of those age-group 25-44, also experienced a decrease in the employed population. This group has decreased with 860 persons. The percentage is 27 percent; it is evident that this is related with migration. Employed population in this age group is 2372 persons.

Employed Population by Status in Employment

From the employed population in Bonaire, 55 percent is in permanent service, 12 percent is employer or own account worker and 33 percent works in other employments. In comparison with the year 2000 is the employers in permanent service lesser then in the year 2002. A decrease of 2 percent. The employer or own account worker decreased also with 1 percent. Employed population in other employments such as casual jobs, temporary service and contract experienced an increase of 3 percent.

Unemployment rates

In 2002, the unemployment rate, that is the proportion of persons looking for a job with regard to the total labour force, was 11,6 %. Currently there are 571 persons looking for a job.

Unemployed population by Sex

Table 13, shows us that the male population looking for a job in 2002 has increased with more than 50 percent. Currently there are nearly 300 male persons in Bonaire without a job. The female population looking for a job has multiplied itself in comparison with the year 2000. There are currently 280 persons looking for a job. The unemployment rate under the female population has increased from 5,1% in 2000 to 11,6% in 2002.

This is an increase of 6.5 percent. Both the increase of the persons looking for a job as a decrease in the working population is the causes.

Remarkable in Bonaire is that the unemployment rate among the male population nearly even is of the unemployment rate of the female population.

Unemployment population by Age

In September 2002, is the unemployment rate among the youth population 32 %.
 A total of 167 youth population was looking for a job was in September 2002.
 The total youth unemployment rate has to be seen as the ratio on the total unemployment percentage. In relation with the total unemployment rate is the ratio in Bonaire is 2.1. The norm international is less than 2 percent.

In the age group 25-44, the persons looking for a job increased with 118, an increase of nearly 84 %.

15. Development of the Population and Economically Active Population

Total	Jun-00	2-Sep	Mutation	% mutation
1. Employed population	5488	4334	-1154	-21.0
2. Unemployed	322	571	249	77.3
3. Economically Active (1+2)	5810	4905	-905	-15.6
4. Economically Not Active	2364	2306	-58	-2.5
5. Population 15+	8174	7211	-963	-11.8
Population 0-14	2939	2717	-222	-7.6
6. Total Population	11113	9928	-1185	-10.7
7. Participation rate	52.3	49.4	-2.9	
8. Unemployment rate %	5.5	11.6	6.1	
9. Employed/Total population (%)	49.4	43.7	-5.7	

Source CBS, Labour Force, 2002

16. Male Population

	Jun-00	2-Sep	Mutation 2000-2002	% mutation
1. Employed population	2980	2195	-785	-26.3
2. Unemployed	188	290	102	54.3
3. Economically Active (1+2)	3168	2485	-683	-21.6

4. Economically Not Active	840	886	46	5.5
5. Population 15+				
Population 0-14	4008	3371	-673	-15.9
6. Total Population	1489	1381	-108	-7.3
7. Participation rate %	5497	4752	-745	-13.6
8. Unemployment rate %	57.6	52.3	-5.3	
9. Employed/Total population (%)	5.9	11.6	5.7	
	54.2	46.2	-8.0	

Source CBS, Labour Force 2002

17. Female Population

	Jun-00	2-Sep	Mutation 2000-2002	% mutation
1. Employed population	2508	2138	-370	-14.8
2. Unemployed	134	281	147	109.7
3. Economically Active	2642	2419	-223	-8.4
4. Economically Not Active	1524	1420	-104	-6.8
5. Participation rate %	4166	3839	-327	-7.8
	1450	1337	-113	-7.8
	5616	5176	-440	-7.8
	47.0	46.7	-0.3	
	5.1	11.6	6.5	
	44.7	41.3	-3.4	

Source CBS, Labour Force 2002

The island administration Comments

The Netherlands Antilles is governed by the democratic principle. As a part of the Netherlands Antilles, Bonaire is also part of this political and the constitutional system.

Although many laws, rules and regulations exist, the system is not clear and many SME, especially from outside the country have to deal with a lot of complications and unclarity while establishing a business on Bonaire.

Although obeying the law and following the many rules and guidelines in the time consuming process of gathering the required permits and licenses, there is still no guarantee that the final permission will be issued.

All governmental institutions like DEZA, DROB, the fire brigade, STINAPA, CMM, BNMP and many others, only have an advising function to the government. At the end of every request it is still the island government, who takes the decision. This means in theory that politics can make or break the appliance of the (future) SME.

Basic in a democratic system is the separation of power. Also basic is that politics make rules and laws. Obeying laws, rules and regulations should directly lead to a yes or no to the request of the entrepreneur, without the intervention of politics in the final stadium of decision.

More clearance in the process of establishing a company is a requirement to promote doing business on or with Bonaire and make the island more accessible to prospective SME.

Two initiatives have been taken. The Department of Economic Affairs published "Bonaire Investment Guide 2003" and a consultancy bureau published the booklet "De Kleine Ondernemer" (The Small Entrepreneur), both very useful publications the create more clearness in this matter.

A professional Chamber of Commerce combined with a Business Center to supervise and escort the applier and the request can be of great help in developing a system, based on modern, simplified procedures.

In general streamlining and clearing the process is recommended to make Bonaire easier to be achieved by initiatives from outside the island, especially from the United States of America and Europe.

4 STARTING UP IN BUSINESS

By Otto K.P. Bartels

Executive summary

When starting up a business, as anywhere else in the world there are certain general, international, local and governmental rules and laws that has to be obeyed and which will limit the possibilities for the establisher or starting entrepreneur.

This off course is a logical and simple determination of the common way that most communities function.

In most communities an SME cannot violate these rules and laws, because the SME needs to obey them in order to be able to get the necessary licenses to do business.

The only mistake the SME can make is by neglecting the rules and laws and start without (a part of) the required papers at his or her disposal.

The difference of establishing, starting or proceeding on a business is found in the way the paperwork procedure is organized by the local government and the local authorities.

The laws and rules on The Netherlands Antilles are not of the simplest kind, especially not for non-local born SME.

When starting up the procedure to establish a business being non-local born, one has to leave the island during the processing of the request: in practice normally a procedure of several months.

For non-local Dutch people an exception is made: they can stay on Bonaire for 3 months to prepare and proceed the request.

Not only the procedures to establish a SME-business are rather complicated, but also the procedures for immigration of non-local born entrepreneurs are not the most efficient. An often-occurring problem is found in the reality of the time consuming procedures and bureaucracy.

An immigrant has to take care of a lot of legalized certificates, while the law tells us that the validity of these papers is restricted to only a few months (mostly 3). Many times it occurs that the procedure takes more time and the immigrant has to go back home to revive the certificates. For businessmen this is very frustrating and can withhold them from proceeding with their intended plans and in this matter these Antillean requirements will have a very negative spin off on the networks of these businessmen and therefore on Bonaire.

Limited Liability Corporation or Naamloze Vennootschap

Quotation from the booklet "The Small Entrepreneur".

How to establish an N.V?

The procedure is as follows:

The establisher of the N.V. provides the notary with a copy of his/her passport or Identification Card (Sedula), the name of to be established N.V., and a description of the objectives of the new N.V. It does not matter how many establishers/ shareholders will set up the N.V. Anyone can establish an N.V. in Bonaire.

The notary will send the name of the new N.V. to the Ministry of Justice in Curaçao who will do a name research. This name research is necessary to find out if there is already an existing N.V. with the same name. That is not allowed.

When the name is approved, the notary will compose a deed of establishment, which again will be sent to the Ministry of Justice for the approval of the *act as such, the objectives of the N.V., and the approval of the person (-s) who want to establish the N.V. et cetera.*

Comment: So far the procedure mostly goes very fast and is a matter of days.

After these approvals the notary will send a petition to the Island Council (in Dutch Het Bestuurscollege or abbreviated to B.C.) to apply for a "domiciliation permit" or the license to open the new business. The B.C. will consult the Economic Department of Bonaire (DEZA) and, if necessary, other departments and governmental organizations.

Comment: This part of the total procedure may take a lot of time. Mostly the request will pass many of the departments and governmental organizations and often it is not very clear where the file of the applicant remains.

An often heard complaint is the time consumption of this part of the procedure and an other concerns the privacy of the applicant: "Can anybody in this small community take a look in my file, read my plans or read my private information?"

As soon as the business license is procured, a director's license will be applied for at DEZA. This step is mandatory only for directors not born in The Netherlands Antilles. For persons, born in The Netherlands Antilles a director's license is not mandatory.

As soon as the authorities have provided this license, the establishers have to appear at the notary's office to execute the deed. After execution of the deed, the notary will create the shareholders' register and the corporate body becomes official.

An N.V. is always legally required to be registered!!

Registration costs ANG 125, =, for the first year and the yearly contribution for the second year and all following years for small N.V.'s is ANG 90, =.

Comment: This part of the procedure normally is under control of the notary and is not very time consuming: a matter of 1 or 2 weeks.

The higher mentioned business license is not a requirement to establish the N.V. The notary can execute the deed without one, but then the N.V. is not licensed to operate on the market and is in fact worthless.

Getting this business license can take many months and sometimes more than a year.

How to establish an E.Z.

Quotation from the booklet "The Small Entrepreneur".

An efficient and simple procedure to establish an E.Z. goes as follows:

The applicant-entrepreneur describes the objective of the E.Z. to be established and provides a copy of his or her passport or Sedula.

These papers are attached to a petition to the Island Council. (The B.C.)

In this petition the applicant requests permission for the establishment of his or her business.

The rest of the procedure, like an advice of DEZA, the formal registration at the Tax Office and the Chamber of Commerce, et cetera will be processed during the discussion of the case. The only thing the applicant can do after submitting the petition is wait for the final decision of the Island Council.

Persons, born in the Netherlands Antilles applying for an establishment license get a manager's license automatically. The manager's license is included in the establishment license.

As soon as the applicant receives the permit (the license) he or she has to show this paper to the Chamber of Commerce for inclusion in the Trade

Register.

When registration is completed, then the business is ready for take-off.

Comment: *Indeed, establishing an E.Z. normally is an efficient and simple way to set-up a business on Bonaire. The only and again occurring problem is found in the laws and rules concerning immigration: a long and time-consuming procedure.*

Although the E.Z.-circuit is a Bonairian matter, immigration is a matter of the Central Government. Simplifying the system will require changes of the law.

Conclusion and recommendations

In general establishing business for SME on Bonaire is not very easy and applicants will have to conquer a lot of procedures and bureaucracy an update of the many rules and laws and simplification of procedures is highly recommended.

An obstacle for Bonaire will be the fact that most of the laws, rules and procedures are under the responsibility of the Central Government of the Netherlands Antilles and thus not an island matter. Changes of the law will thus be necessary: a long and time-consuming procedure!

Another fact to be revised is that after processing all the paperwork necessary to get the required licenses, the final decision is made by the government. Even though all formalities have been processed and all laws, rules and regulations have been complied with, the politicians for some reason or the other can still decide negative.

In a common democratic system, the government is responsible to make the laws and regulations, followed by maintenance. Replacing a final decision on the request of an SME to a governmental department, without the possibility of any political interference is recommended.

**Police Force Bonaire /Immigrations
Procedures
Average Duration**

Comment: *Although the laws and regulations as described in the “ECONOMIC DATA AND INFORMATION RESEARCHER (EDIR) FOR THE ISLAND OF BONAIRE” seem to be clear, in practice the implementation is not so simple. The information at the Immigrations desk is not loud and clear, many times people are sent home to do their homework over and over and waiting and procedure times are common in the process of becoming resident of the Netherlands Antilles.*

It is true, that for Dutch non-residents the procedure is not as long lasting as for other non-residents, but even then better streamlining and simplification of the system, compared to less bureaucracy would make Bonaire much more attractive for foreign investors and SME’s to start their business or to start cooperating with local SME on our island.

Although the Immigration Department states, that requests to become a resident of The Netherlands Antilles will be used as a guide to admit qualified, skilled and experienced labor, the procedure is very impersonal and bureaucratic.

A bunch of paperwork has to be done by the requestor, but a personal interview is NOT a standard part of the procedure. In any business, governmental, non governmental or commercial, a personal interview may never be lacking, especially not in personal cases like business and emigration.

The average duration to handle requests is long. In the EDIR an average period of 4 months (!) is mentioned, however much longer periods are not exceptional. In many cases periods of a year or longer are known and even cases never came to a conclusion (even not after 4 or 5 years).

It is not a good recommendation, that in many cases the applicant has to take the initiative to write, e-mail, call, fax or otherwise, to try to get information about the status quo of the request or even to reactivate the procedure.

Conclusion and recommendations

Simplify ALL procedures for immigration of candidate SME.

Make procedures easier and better accessible, clearer and less time-consuming.

Add a personal and professional interview to the procedure and give candidates the feeling, that in principle, they are welcome on Bonaire instead of the feeling that they are not.

Create a one-stop shop for immigration and establishing business for potential SME from abroad, including all the above mentioned recommendations and including advice about investment in real estate, banking, technical information, taxes, general and specific business information.

The Chamber of Commerce and Industry

Conclusion and recommendations

Although The Chamber of Commerce and Industry is a governmental department, that should monitor and guard over industry and commercial business in general, on Bonaire the Chamber only exists as a registration office. There is no help desk and the amount of information is very poor, opening hours are limited.

In general any Chamber can be of great help for businessmen, especially SME, because SME normally don't have the possibility to employ specialists in laws, rules, subsidies and many other needed skills.

For the Netherlands Antilles and thus for Bonaire, many possibilities exist to obtain funds for development, know-how, cooperation et cetera from Europe and The Netherlands. The Chamber should be able to provide this information as well as the way the preliminary requests and procedures have to be procured.

Recommended is to review the definition of The Chamber of Commerce and Industry and to reorganize the department.

An example of a well functioning Chamber can be found round the corner. The Chamber on Curacao is well informed and is well documented. This Chamber has an outstanding reputation in the market.

Another solution can be found in The Netherlands. Information can be obtained by for example the Vereniging Nederlandse Gemeenten VNG (Association of Dutch Municipalities).

The VNG seems willing to help Bonaire with the set-up of a Chamber of Commerce modern style, taking in account the small scale of the island.

Maybe a connection and cooperation with the mentioned one-stop-shop would be a good idea.