

# FEEDBACK MASTER PLAN ARUBA “REPOSITIONING OUR SAILS”

## AHATA - ATIA - KVK

August 7, 2020

### INTRODUCTION:

As representatives of the business sector which generates employment and taxes for the country, we appreciate the opportunity to offer feedback to the Master Plan. After review of the document we have concluded that “Repositioning Our Sails” lacks some key elements:

1. The plan includes many recommendations made in past years (including by our organizations) and offers nothing new nor a step forward from these previous recommendations.
2. The plan lacks prioritization and specific action steps. It is not possible to work on such a broad plan in a simultaneous effort.
3. The plan encourages introduction of new taxes which is counter to the goal of tax reform and simplification.
4. Implementation of the plan requires additional expenses; however, budgets are not outlined.
5. For all tasks, the public sector is assigned to lead its progress.
6. There needs to be acknowledgment of the fact that public sector will have political hurdles to accomplish many parts of the plan and consequently should require technical assistance as well as private sector NGO participation, especially for economic, financial, tax decisions.
7. There is no consideration included regarding continuity of plan implementation when there is change in government.
8. Enforcement is not addressed.

We also understand that various task forces of the “Plataforma Nacional” do not consider their recommendations properly represented in the final document. In various areas the plan refers to discussions and further dialogue and lacks specific goals or actions. We believe analysis and recommendations have taken place for many years and it is time for immediate action rather than further analysis. Meanwhile, short term focus is needed for providing lifelines and stimulate economic recovery.

### TOP CONTENT CONCERNS:

#### **Labor Market**

- Labor Market Reform and Modernization of Labor Laws sections describe need for productivity issues in public sector and do not emphasize the need to maximize productivity in private sector. There is no apparent acceptance of the economic benefits of labor law reform and a more flexible labor market.
- Need for reform is contradicted with a goal for job security (apparently in law). Job security in a productive labor market is based on production and performance (productivity rather than entitlement).
- There is no description of Aruba’s youth unemployment problem (defining if there is an issue) and how it compares to rest of the region or world.

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- There is no mention of youth unemployment also being a result of a greying workforce (that is not compelled to retire).
- There is mention of “income inequality” without defining what the problem or goal is.
- There is no plan for the large illegal workforce on island, which is a significant economic, social and labor issue.
- Compelled retirement is not addressed (to free up jobs and reduce “cessantia” burden).

### **Tax Reform**

- Lack of clear and actionable goals, i.e. there is mention of indirect taxes but BTW is not listed as a specific goal (to replace a variety of taxes and possibly import tariffs).
- Need to address lowering of the high cost of doing business.
- Expand the trading market.

### **Circular Economy**

- Serlimar legislation revision AB 2005 no. 5 should not be introduced without significant changes to the language. Private sector had expressed these concerns last year, mostly due to the law eliminating the opportunity for free enterprise.

### **Terminology and Goals requiring proper definition**

- Economic leakage
- Job Security
- Income inequality
- Youth Unemployment.

### **Priorities**

We recommend setting the following as top priorities in the document:

- Labor law reform to improve investment climate and assist with recovery after crisis.
- Public Sector reform and eGovernment (digitalization of records and real-time access between departments).
- Eliminate red tape.