

New business activities for St. Eustatius
Creating income by producing instead of importing

Report August 9 2007



Fabian van de Raadt

University of Twente

August 2007

Departure: May 07 2006

Return: July 07 2006

Address abroad: L.E. Saddlerweg z/n
Oranjestad
St. Eustatius
Netherlands Antilles

Principal: Mr. Koos Sneek, Executive Director
St. Eustatius Business Association (STEBA)
Oranjestad, St. Eustatius

Graduation committee:

Chairman: Dr. Ir. S.J. de Boer

Member: Prof. Dr. P.B. Boorsma

Management Summary

Introduction

St. Eustatius belongs to the Netherlands Antilles under the current agreement. Expectedly December 15th 2008¹ The Netherlands Antilles will end; St. Eustatius will get the status of a special municipality of the Netherlands. The population as of January 1st 2005 includes 2584 inhabitants².

On this moment, the high degree of imported products and services results in a negative trade balance. This is an unwanted situation for the developing island. The main problem is therefore formulated as follows:

What new business activities are promising for St. Eustatius and how can these be developed?

Framework

The first chapter includes an introduction of the island and the main problem. Chapter 2 provides a framework to understand the followed steps. After the current situation is analyzed in chapter 3, the report consists of two parallel parts: chapter 4, which provides criteria for the alternatives, and chapter 5 and 6, which results in alternatives for new businesses. An important technique for analyzing data is the use of interviews. This technique is chosen because of the small size of the island and therefore limited data availability.

An improvement in the trade balance can be achieved by two main economic possibilities: increasing export and import substitution, on which this research is concentrated. This choice is based on the current situation, in which almost all products are imported.

Current situation

The yearly tax income for St. Eustatius amounts to NAF 7.5 million, according to the information given by the government. The Gross Domestic Product (GDP) of St. Eustatius has grown the last years. The total GDP in 2003 was NAF 114.9: the government generated NAF 17.2 and the enterprises generated NAF 97.7.

The general idea of entrepreneurs is that the government is delaying economic development. This can be explained by government's low interest in economic growth and the limited possibilities to execute development policy in a developing economy.³

The most important stakeholder is the government, with high power and high legitimacy. St. Eustatius Business Association (STEBA), the society and the current entrepreneurs are less important, but it is recommended to communicate in an early stage of a new business activity with the stakeholders to anticipate on their reaction and to handle in a way that stakeholders can deal with it. The main imported products and services are gambling activities (lottery), supermarket products, clothes and shoes, airline services and food and vegetables.

Creating alternatives

A comparison of the situation of St. Eustatius with the situation of Anguilla shows that the government of Anguilla has attracted foreign investors. With the help of these investments, luxury tourism has significantly improved. The economic growth of the tourism sector resulted in an attractive economy, and raised economic activities in a lot of sectors. The agriculture in St. Eustatius is on a low starting point. A stage of settled agriculture is necessary for economic growth.⁴ Other alternatives are selected by interviewing the stakeholders.

Multi Criteria Analysis

The overall goal of the MCA is to become a ranking of the alternatives of the business opportunities. The first category alternative is agriculture. In the second category, manufacturing companies, a water bottling factory is the only selected alternative. The last category consists of Service

¹ Ministry of the Interior and Kingdom Relations

² Central Bureau of Statistics Netherlands Antilles, January 1st, 2005

³ Cornelisse, P.A., 2003

⁴ Hagen, Everett E., 1962

organizations: airline service, gambling activities, a clothes shop, a wholesale for supermarkets and ICT services.

To select the products and services with an additional value for St. Eustatius, criteria are set up. The new possible products and services for St. Eustatius have to meet with these criteria. The criteria are described in chapter 4.

With the criteria the chosen alternatives are ranked. The best alternative is the 'Agriculture activities'. It scored well with the most points, except that the investment is unclear. The second best alternative is a clothes shop. A clothes shop scores well on the available resources and the dependence on the government, despite the fact that the export possibilities and the additional value are low. The sensitivity of the Multi Criteria Analyze is low. If one criterion is left out, the first and second alternatives are the same. Which criterion is left out does not make a difference.

Feasibility

The financial data of more agriculture are unclear. Before agricultural projects will start, more research is necessary. The best form of agriculture is producing new products or high potential products in new or niche markets. More agriculture in St. Eustatius is feasible, if the conditions and the possible problems mentioned above will be monitored and analyzed. In line with the wishes of the principal, the agricultural businesses are not addressed in the Business Plan.

Looking on the other alternative, the market is large enough to handle more clothes shops. The challenge is to find the products which are directly imported now. Conditions for a new store are entrepreneurship, a minimum market share of 7.5% and import substitution instead of competition with existing stores. Furthermore, entrepreneurship should be stimulated to find entrepreneurs who will invest in new business. Two important economic aspects for St. Eustatius are the limited size of the market and the volume of the flow of saving available for investment.

Conclusions & Recommendations

Past agricultural activity in other regions frequently shows an increase in labor and therefore an increase of the income of the society. In St. Eustatius, the stage of a settled agriculture is not reached in the current situation. In line with the theory, it is recommended to pursue a situation with a settled agriculture. To achieve the situation, it is necessary to focus on agriculture. Further research for the best agricultural products is recommended.

Three important barriers for economic growth are the political state, the unchanging technology and a vicious cycle of inadequate markets. It is recommended to reduce the current growth barriers, and try to break through the unchanging technology and the vicious cycle of inadequate markets. Possibilities are for example innovation or another political system. More research on the best way to organize this is necessary.

The main imported products and services are gambling activities, supermarket products, clothes and shoes, airline services and food and vegetables. St. Eustatius has a yearly cash outflow of NAF 334,000 from St. Eustatius to St. Maarten for gambling activities. The optimal situation, in a case of a complete local gambling-business, the income of the government will increase with NAF 273,764, calculated using normal tax payments. Legalization of gambling activities is therefore recommended. For clothes and shoe-products, there is a cash outflow of NAF 4,427,163. In the optimal situation, the estimated cash outflow is NAF 1,770,865. The number of airline tickets sold by Winair, the most important airline in St. Eustatius, for air connections is around 17,500 yearly. This results in a yearly cash outflow of NAF 2.9 million.

St. Eustatius can learn from the manner in which Anguilla has raised their economy. If one sector experiences fast growth, other sectors can benefit from this success. It is recommended to monitor the success story.

Another recommendation is the stimulating of entrepreneurship. With the help of the government or an organization comparable to a chamber of commerce, entrepreneurship can be improved. The expectations are that a clothes store in St. Eustatius is profitable. There is a stable market demand, there are enough suppliers and the store can be profitable. The main financial risk is that the expected market share is not achievable. In that case, the financial results are under pressure.

Table of contents

Preface.....	6
1. Research Plan	7
1.1 Background and objective	7
1.2 Problem formulation	9
1.3 Central Problem and related research questions	9
1.4 Structure of the research	10
2. Research Approach	11
2.1 Introduction	11
2.2 Framework	11
2.3 Current situation	12
2.4 Criteria	13
2.5 Current import and export	14
2.6 Creating alternatives	14
2.6.1 Anguilla	14
2.6.2 Theory for alternatives	14
2.7 Multi Criteria Analysis	15
2.8 Feasibility	15
2.9 Business Plan	16
2.10 Conclusions and recommendations	16
3. Current situation	17
3.1 Basic economic information	17
3.1.1 Employment per sector	17
3.1.2 Taxes	18
3.1.3 Gross Domestic Product	18
3.1.4 Conclusion	18
3.2 Stakeholders	19
3.2.1 STEBA	19
3.2.2 Society of St. Eustatius	19
3.2.3 Government	20
3.2.4 Current entrepreneurs	20
3.2.5 Goals of stakeholders	21
3.2.6 Conclusion	21
3.3 Culture	21
3.4 SWOT analysis	22
3.5 Conclusion	24
4. Criteria	25
5. Current import and export	27
5.1 Current import	27
5.1.1 Gambling	27
5.1.2 Clothes and shoes	28
5.1.3 Local traveling	29
5.1.4 Supermarkets / wholesale	30
5.1.5 Conclusion	31
5.2 Current export	31
5.2.1 Statia terminal (Valero LP)	31
5.2.2 Conclusion	32
5.3 Conclusion	32
6. Creating alternatives	33
6.1 Anguilla	33
6.1.2 Comparison with St. Eustatius	36
6.2 Agriculture	36
6.3 Conclusion	37

7. Selection.....	38
7.1 Problem structuring for Multi Criteria Analysis (MCA).....	38
7.2 Alternatives for MCA.....	40
7.3 Multi Criteria Analysis.....	42
7.4 Conclusion.....	42
8. Feasibility.....	43
8.1 Aspects for feasibility.....	43
8.2 Feasibility: Agriculture	43
8.3 Feasibility: Clothes store.....	46
8.4 Conclusion.....	47
9. Business Plan	48
9.1 Strengths and weaknesses	48
9.2 Mission and targets.....	48
9.3 Products and services	48
9.4 Market and competition	48
9.5 Financial plan	49
9.6 Assumptions and risks.....	49
9.7 Conclusion.....	49
10. Conclusions & recommendations.....	50
10.1 Conclusions	50
10.2 Reflection	51
10.3 Recommendations	51
Bibliography.....	53
Appendices.....	57

Preface

Enschede, The Netherlands, August 2007.

This report is the result of operational research in St. Eustatius from May 2006 till July 2006 and a literature study in The Netherlands. The goal of the research is to create new business opportunities for St. Eustatius, in order to improve the trade balance. Products and services should be produced on the island, instead of being imported.

I want to thank the graduation committee, dr. ir. S.J. de Boer and prof. dr. P.B. Boorsma for their advices and supervision and Mr. Koos Sneek (Executive Director of STEBA) for his supervision in St. Eustatius. Furthermore, I want to thank Tom Tiggeloven, who executed another master thesis in St. Eustatius at the same time, for his advice and consultations.

Special thanks are for the people who have cooperated with an interview. Without their cooperation, this report was not possible.

Finally, I want to thank Dorothy Voorhees for checking and correcting the English grammar and spelling in this report.

The political situation in St. Eustatius will change soon, expected at the end of 2008. This report is still useful when the political situation is changed to improve the economy of St. Eustatius, because the economic situation will not change immediately.

I hope this report can contribute to improving the economy of St. Eustatius, although further research is recommended for the areas of the economy not selected for this project.

Fabian van de Raadt

1. Research Plan

Chapter 1 presents the research plan and a description of historical, geographical, and economic factors of St. Eustatius. Furthermore, the problems to solve are described.

1.1 Background and objective

St. Eustatius, better known as Statia, is a small Caribbean island that belongs to the Netherlands Antilles. Expectedly December 15th 2008⁵ the situation will change. The Netherlands Antilles will end; St. Eustatius becomes a status of a special municipality of the Netherlands. The Caribbean area is situated between Mexico and Venezuela and counts more than 3200 kilometers of tropical islands. The similarity between these islands lies in the fact that their populations are mostly descendants of African slaves, who were brought to the islands in the time of the European hegemony. Cuba is the largest island in this area, with more than ten million inhabitants. The temperature at the coast lies between 27° and 34° degrees Celsius, but it is colder in the mountains. The rainiest months are May until June and September until October. Tourists, especially Americans, use the Caribbean as a winter home.

History of St. Eustatius

Christopher Columbus discovered St. Eustatius in 1493. Throughout the colonial era that followed, St. Eustatius changed hands at least 22 times. In 1636, the Dutch took possession. During the 17th and 18th century, St. Eustatius was a major trading center with some 20,000 inhabitants and thousands of ships calling at her shores⁶.

During the latter part of the 18th century, St. Eustatius was the major supplier of arms and ammunition to the rebellious British Colonies in North America and the subject of conflict among the most powerful seafaring nations of the time.

For a while, St. Eustatius was the only link between Europe and fledgling American colonies. St. Eustatius, remembered as the emporium of the Caribbean, was nicknamed "The Golden Rock", reflecting its former prosperous trading days and wealthy residents⁷.

St. Eustatius became famous on November 16, 1776. The American Brig-of-War, the "Andrew Doria", sailed into the harbor of St. Eustatius firing its 13-gun salute indicating America's long-sought independence. The 11-gun salute reply, roaring from the canons at Fort Oranje under the command of Governor Johannes de Graaff, established St. Eustatius as the first foreign nation to officially recognize the newly formed United States of America. Statia day commemorates the First Salute with an entire week of cultural manifestation and celebration starting each year on November 16.

Most of the current inhabitants of St. Eustatius are descendants of slaves. The Netherlands was responsible for 7% of the worldwide slave trade, St. Eustatius was an important slave trade island.⁸

Geography and politics

The island forms together with Sint Maarten and Saba the Dutch Windward islands. Looking at these islands in terms of size, Sint Maarten is the largest (34km²), Saba is the smallest (13km²) and St. Eustatius is in between (21km²). The population at January 1st 2005 includes 2584 inhabitants⁹. On the other hand, Kennisnet estimates the population at around 3600 inhabitants¹⁰. Causes for this deviation could be illegal stay, family members who are temporary in St. Eustatius, tourism, etc. In this report, the official number of 2584 inhabitants is used.

⁵ Ministry of the Interior and Kingdom Relations

⁶ Statia Tourism

⁷ Statia Tourism

⁸ Wikipedia Slavenhandel

⁹ Central Bureau of Statistics Netherlands Antilles, January 1st, 2005

¹⁰ Kennisnet

The official language is Dutch but English is the lingua franca. Most of the education is done in English; also most governmental meetings are conducted in English. The currency is the Antillean Guilder, worth less than half a Euro; the American Dollar is also widely accepted on the island. The guilder fixed to the US Dollar at Nafl 1.80 = US\$ 1.

In the southern part lies a volcano called the Quill (600 meters). In the northern part of the island lies another volcano called Boven. Oranjestad is the capital of St. Eustatius. The main part of the population lives in this city. The city is divided into two parts: upper town and lower town. The airport, Franklin D. Roosevelt, lies one kilometer outside the capital; the port is situated in lower town.

The population can be divided into four groups with a different background¹¹.

- The Statia-born Antilleans and Antilleans from other Dutch islands
- People from other Caribbean islands (English, Spanish and French speaking)
- European Dutch
- Expatriates from countries like US, Canada and European countries.

Economic situation

At the moment, the high degree of imported products and services results in a negative trade balance of St. Eustatius. This is an unwanted situation for the developing island. With possible new businesses, the economic situation of the island can be improved.

The St. Eustatius Business Association (STEBA) is very active in St. Eustatius, to improve business activities. The general objective of the St. Eustatius Business Association (STEBA) is the promotion of the interest, in the broadest sense of the word, of the St. Eustatius business people in particular and that of the local community in general. Until the association was reactivated in June 2003, it was mainly advising the island government as well as the federal government in matters pertaining to the economy and the business climate in St. Eustatius. The mission of STEBA is to be the major representative of the business sector by providing excellent service towards the members and being recognized as such by the social partners and the Government in particular.¹²

STEBA will also take a leading role in the economic development of the island by taking initiatives in the following areas:¹³

- Attracting investment
- Promoting St. Eustatius' business interests abroad
- Carrying out studies that lead to business opportunities
- Educating the St. Eustatius' business community through workshops, lectures and courses
- Encouraging young people to become entrepreneurs

The general objectives of the research are new business opportunities for St. Eustatius.

The specific objective of the research includes a general overview of the trade balance of St. Eustatius, a feasibility study of the best selected new product or service on the island and a plan to implement the best selected product or service.

The current imported products and services and the comparison with other islands give an overview of possible new products and services for St. Eustatius. Furthermore, a market research to obtain an overview of the needs for new products and services of the local community. Tourism and the possible new golf resort will be excluded in this research because tourism is already a growing sector in St. Eustatius. A new golf resort will have a large impact on the economy of the island. Other students¹⁴ have researched the impacts and the feasibility of a golf resort in St. Eustatius. The main point for this research is other, new, business opportunities for St. Eustatius.

¹¹ According to Mr. Sneek

¹² STEBA

¹³ STEBA

¹⁴ Blokvoort, Rob and Tiggeloven, Tom, 2005

1.2 Problem formulation

The economic activity in St. Eustatius is considered to be too low. This creates an unfavorable business climate and poses an extra burden for the government. Income from taxes is low and unemployment is high. On the other hand, it forces the government through lack of a social security system to employ persons that otherwise would have remained unemployed. Most of the products and services on the island are imported and not all the products and services in contrast with, for example St. Maarten, are available.

The high degree of imported products and services results in a negative trade balance. This is an unwanted situation for the developing island. The main problem can therefore be formulated as follows:

What new business activities are promising for St. Eustatius and how can these be developed?

1.3 Central Problem and related research questions

The central problem in this research is how to stimulate the economy of St. Eustatius. This research is specified on new business activities and entrepreneurship to implement new business activities. This is the reason that the important factor of tourism is excluded in this research.

First of all, a relevant literature study and orientation in The Netherlands is important to set up a framework. The next step is creating a consistent framework to work within. It specifies the activities I will execute.

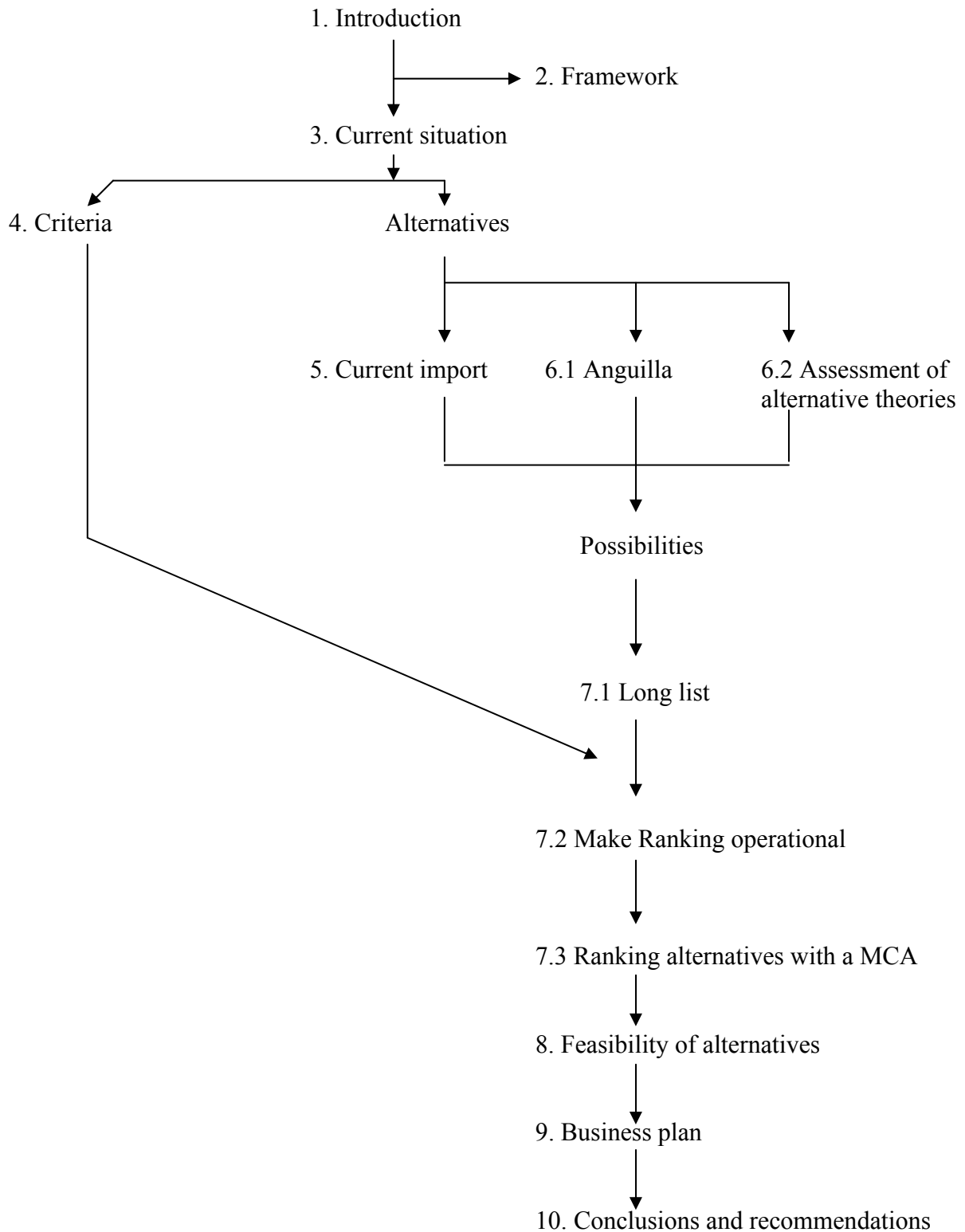
The central problem is differentiated in sub questions. Each question will be answered in a chapter. These questions contribute to answer the main problem. The first question will give an insight in the current situation. The next step is to set up criteria for the alternatives and to analyze the import and export of St. Eustatius. When this part is finished, alternatives can be set up and analyzed with a Multi Criteria Analysis. Finally, the questions are of the new product or service is feasible in St. Eustatius, and how this product or service should be implemented.

The following sub questions are used in this report:

1. What are the characteristics of the current situation of St. Eustatius?
2. With which criteria can an alternative business activity be measured?
3. What are the main imported and exported products and services?
4. Which alternative business opportunities have St. Eustatius?
5. Which product or service are the best to improve the economy of St. Eustatius?
6. Is the new product or service feasible for St. Eustatius?
7. How can the product or service be implemented on the market of St. Eustatius?

Chapter 2 will explain the sub questions and will give a research approach.

1.4 Structure of the research



2. Research Approach

This chapter is the result of the literature research done in the Netherlands. It provides a framework to understand the followed steps and the used literature.

To achieve the expected results, it is important to specify how to get the information and how to specify the resources with the help of research methods, sources and analysis instruments.

In this research, it is important to find out when and why economic growth starts. Important for understanding and explaining the situation in St. Eustatius is the book of Hagen, 'On the Theory of Social Change'.¹⁵ Hagen describes the start of economical growth in lower developed countries. The emphasis in of the theory in this report is therefore on the economic growth part of his book. In this report, the book of Hagen is used for explaining the situation, and for explaining the normal expectations.

2.1 Introduction

A short introduction of the island is given in chapter 1. This includes a description of historical, geographical, and economic factors. The problems to solve are also described.

2.2 Framework

A theoretical framework will be given to understand the outline of the research. You can find more about this framework in chapter 1.4.

The framework consists of two parallel parts. Chapter 4 provides criteria for the alternatives, chapter 5 and 6 results in alternatives for new businesses. In this phase of the research, data will be collected and analyzed. An important technique is to use interviews. This because the small size of the island and therefore a limited availability of data.

An improvement of the trade balance can be achieved by two main economic possibilities: import substitution and an increasing export. By import substitution, current imported products or services will be produced in the country. Therefore, import of these products of services is not longer necessary.

In the case of export, new or existing products or services are produced on the island and exported to other islands or countries. The payments for these products or services improve the trade balance. The basis for an improving trade balance is a comparative advantage. This economic theory results in an advantage for two parties to trade, if one has a lower relative cost of producing good. Both possibilities, import substitution and export, results in an improving trade balance. This research is concentrated on import substitution. The choice for import substitution is based on the situation in St. Eustatius, in which almost all products are imported in the current situation. This report can support a solution to this problem.

Social System

Hagen¹⁶ addressed the problem of economic growth with different types of the social systems. Hagen has addressed in his book why some undeveloped countries are 'quick to adopt Western technology'. On the other hand, some countries are resistant. Hagen found his solution in the personality theory. Economic analysts were attracted to the 'failure of economic growth' in lower developed countries, like St. Eustatius. This failure of economic growth to begin in some low-income societies has attracted the attention of economic analysts in recent years, and they have researched this point.

Contacts

The contacts with 'The West' (Western Europe and the United States) are necessary for growth, but the influences on growth are low. According to Hagen¹⁷, there is no correlation between the amount

¹⁵ Hagen, Everett E., 1962

¹⁶ Hagen, Everett E., 1962

¹⁷ Hagen, Everett E., 1962

of contact and the amount of investment in low-income countries or the influence on the social system.

This means for St. Eustatius that, according to literature, the contacts with the European Union and the United States do not influence the economic growth directly. Therefore, these contacts are not directly mentioned in this report for improving economic activity.

On the other hand, Latin American countries in general have a higher income level than the countries of Asia and Africa, according to the literature. Some literature suggests that Latin American countries have an advantage from the past, the better contacts with Europe results in technological progress. St. Eustatius has this advantage from the past because of the historical contacts with the United States and Europe.

2.3 Current situation

To analyze the current situation in St. Eustatius, I will map the current economic situation and analyze the results.

Hagen¹⁸ argues that the two most important economic aspects are the size of the markets and the volume of the flow of saving available for investment: The more favorable these economic circumstances are, the more readily change in personality may bring about continuing technological progress. If a market is too small, it is a barrier. If the market has reached a regional scale, even with persons of low incomes, this point is not longer a barrier. Furthermore, 'the opportunity is multiplied if the market is expanding since its expansion makes it possible for a lesser degree of innovational skill than otherwise to be successful.'

An expanding market is important also because the expanding market provides greater profits, and thereby more earnings for the innovational process.

Hagen concludes that the independent influence of market size or market growth may not be great. Where innovational effort is present, size of the market is not a serious barrier, for an expanding market is created almost automatically if any considerable measure of innovational activity is present or if a vigorous national effort to induce new output to meet some national purpose is moving forward.

Another factor is the change in economic conditions as the force for initiating growth. The factors market size and the flow of savings does not seem important as a force causing economic growth to begin. In a traditional society in which nothing else has yet occurred to change traditional personality and culture, an increase in the size of the market or in the flow of saving available is not likely to have a great effect in inducing continuing change in technology.

For St. Eustatius could be learned from past colonial experiences: in colonial societies the market expansion that followed Western intrusion did not result in continuing economic growth. Hagen analyzed that if colonial rule ends, economic growth is likely apt to become robust until change in personality has occurred. This suggests a minimum lag of roughly 30 years between the time when interdependence is assured and the time when economic growth strengthens, and a typical lag somewhat longer.

The used sources for mapping the current economic situation are the available information of the government of St. Eustatius and the Central Bureau of Statistics Netherlands Antilles.

Stakeholders

In the current situation, there are a number of different parties involved. Therefore I provide an overview of the different stakeholders. A stakeholder is everyone who has a stake in the outcomes of the research.¹⁹ This could be STEBA and the government, but also the society of St. Eustatius. The stakeholder's perspective emphasizes the balance between different interests. A crucial success factor is the degree of realization of the targets of the stakeholders. Mitchell et al. argue that the groups of stakeholders can be identified with three attributes: power, urgency, and legitimacy.²⁰

¹⁸ Hagen, Everett E., 1962

¹⁹ Weiss, J.W., 1994.

²⁰ Mitchell et al, 1997

To analyze the stakeholders, it is necessary to interview selected inhabitants of St. Eustatius. Entrepreneurs, STEBA (principal) and the government are important, along with written sources. Stakeholders outside from St. Eustatius will be excluded in this research. The reason for excluding foreign stakeholders is the small influence of these stakeholders and the large number of potential stakeholders. The effect of foreign stakeholders on this research is limited.

After analyzing the stakeholders and research literature, criteria will be set up for analyzing alternative possible business activities in St. Eustatius.

Chapter 3 presents also a SWOT matrix. In a SWOT-matrix, the internal and external positive and negative factors are confronted with each other. Strengths are the positive internal factors, weaknesses the negative internal factors. Positive external factors are the opportunities; the negative external factors are the threats. The SWOT-analysis constitutes the analysis of the current situation, it supports the criteria of chapter 4.

Barriers

Hagen²¹ describes three important barriers to economic growth. These are the political state, unchanging technology and a vicious cycle of inadequate markets.

The first barrier is the political state. There is a relation between the economic state and the political state. If there are forces that change one, it also brings 'some sort of change' in the other.

The second barrier, as argued by Hagen, is that a society whose technology is unchanging is unchanging in other elements of its culture as well. The lack of consistent progress in techniques is seen as a characteristic of all traditional societies.

The third barrier mentioned by Hagen is a vicious cycle: inadequate demand to justify investment in improved methods. He describes this circle as follows: More efficient plants, it is argued, have a minimum efficient capacity, because of the low level of income, the market is not large enough to provide a market for this minimum flow of output; hence there is a little inducement for investment; without investment, productivity does not increase and incomes do not rise. This does not mean directly that the local market in low-income countries is not large enough, it is only a barrier.

In some literature, it is assumed that incomes in low-income countries are low, because the technological progress has been swamped by population growth. Hagen argued that this point is incorrect. This problem, the Malthusian problem, has not appeared.

Hagen²² argues that it is necessary that values conducive to technological innovation should appear in personalities, if the social change that occurs is to be a transition to economic growth. Institutional changes favorable to economic growth are likely to be made by innovators, not by reformers.

St. Eustatius has to deal with these barriers. It is important to recognize them, and to reduce these barriers as much as possible.

2.4 Criteria

In chapter 4, criteria for a Multi Criteria Analysis are set up. With the outcomes of local research, investment-literature, the employment and culture and more general MCA-literature, criteria can set up for the Multi Criteria Analysis. There should be a differentiation between compensatory and non-compensatory criteria.

A compensatory criterion is a criterion which is not absolutely required to be met; rather, it can be "traded off" (compensated) with other criteria. In other words, all the compensatory criteria are considered, there is no absolute constraint imposed. A non-compensatory criterion is a criterion that absolute must be met for an alternative to be considered. All the alternatives for which a non-compensatory criterion is not satisfied will be eliminated in the decision process for a specific cell.²³

²¹ Hagen, Everett E., 1962

²² Hagen, Everett E., 1962

²³ Oregon State University

2.5 Current import and export

The presently imported products should be analyzed to obtain an overview of the imported products and services of St. Eustatius. The lists of the imported products and the exported products and the balance of payment of St. Eustatius should give a clear overview. The most important imported products or services, in the sense of the most out flowing cash, can now be analyzed and specifically described.

In this chapter, I will analyze the main imported and exported products and services in St. Eustatius. Mapping the currently imported products and services in St. Eustatius and looking for substitutions is very important.

2.6 Creating alternatives

Chapter 6 creates alternatives by a comparison with another island, and literature about economic growth.

2.6.1 Anguilla

To create alternatives, the economic situation of St. Eustatius will be compared with the situation of Anguilla. The comparison with Anguilla, another small Caribbean island, shows the financial strengths and weaknesses of St. Eustatius. The choice for Anguilla results from the success story of this island. Anguilla implemented economic stimulations successfully. An example of a success factor of Anguilla is the Golf Resort on the island. The differences between St. Eustatius and the other islands are very important.

A comparison of the situation in St. Eustatius with the situation on other comparable islands, for example Anguilla, can lead to possible new products. To achieve this comparison, literature research is necessary. It would be better to visit Anguilla and interview a representative of the government, but unfortunately, an interview was not possible. The used source for the comparison of Anguilla with St. Eustatius is the website of the Anguilla government.

2.6.2 Theory for alternatives

Chapter 6.2 provides alternatives on the basis of the theory of Hagen²⁴. This theory explains which development is necessary before economic growth starts. Therefore results this paragraph in (an) alternative(s).

The alternatives can be divided to three main sectors:²⁵

- *Agriculture*
- *Manufacturing*
- *All service organizations*

Agriculture is an opportunity in low and middle developed countries. Agriculture results in a higher degree of self-sufficiency.²⁶ Export of tropical products is a possibility. The development of agriculture has a positive influence on the economy; it can improve the whole economy. A condition for every new product is the low competition in the region. Therefore, the new products should be substitutions for imported products. Examples of agricultural products are food, vegetables and aloe.

The second main sector is manufacturing. Normally, this sector is more recommended for middle developed countries, and a large market size is recommended.²⁷

The third sector includes all service organizations.

²⁴ Hagen, Everett E., 1962

²⁵ Johnston, Bruce F., 1970

²⁶ Majid, Nomaan, 2005

²⁷ Johnston, Bruce F., 1970

2.7 Multi Criteria Analysis

Chapter 7 includes three parts: a long list with alternatives, a paragraph which make the criteria operational and the Multi Criteria Analysis²⁸.

The long list is the result of chapter 5 and 6, which provides alternatives for businesses. These alternatives are analyzed with a Multi Criteria Analysis, to obtain an insight in the best alternatives.

After collecting the data and specifying the alternatives, a Multi Criteria Analysis will be used to achieve an overview of the best products or services for St. Eustatius. A Multi Criteria Analysis is a decision-making tool developed for complex multi-criteria problems that include qualitative and/or quantitative aspects of the problem in the decision-making process.²⁹ With this method, described in the guideline “Applying Multi-Criteria Analysis to the Assessment of Criteria and Indicators”, principles, indicators and verifiers can be defined.

The importance of the different criteria can be defined in a meeting with the principal. Using rating means that there can be a variety of importance between the criteria. Another option is to use two similar criteria, so that a small difference can be made. On this way, the criteria have a higher weight also.

Each criterion is assigned a score between one and five. Five is the best, one the worst. This analysis results in a ranking of the best alternatives, the alternative with the most points is the best. As a control tool, a sensitivity analyze will be executed. This analysis excludes one criterion to see if the result is changing. The best two alternatives will be used to set up short feasibility study.

2.8 Feasibility

According to the model of Behrens and Hawraned³⁰, there are four studies in the pre-investment phase: an opportunity study for the identification, a pre-feasibility study for pre-selection and the preparation with a feasibility study. Finally, an appraisal report is recommended in this phase. As the model supposes, the *‘commercial, technical, financial, economic and environmental prerequisites for an investment project should therefore be defined and critically examined on the basis of alternative solutions already reviewed in the pre-feasibility study’*.

The ‘best’ analyzed new product or service is not necessarily feasible. Therefore, a feasibility study for this product or service can be helpful for entrepreneurs of the new product or service. Main elements are the available resources and the ‘entrepreneurial climate’. Are there entrepreneurs who want to start a new business and is there a climate for these entrepreneur(s) to start their business successfully? If this is a problem, how can entrepreneurship be stimulated?

With the best two alternatives, a feasibility study is executed. Are products or services feasible for St. Eustatius? The four most important aspects of the feasibility are the market, competition, locations and the financials. Is the market big enough for the products or services to be a benefit for St. Eustatius, how large is the consumer market and what are the expected sales? It is important to look for the interregional market: export to other Caribbean islands (St. Maarten, Saba, St. Kitts etc.) could be possible.

Who are the competitors and is producing in St. Eustatius competitive with importing the products or services? Are there possible locations to produce the products or facilitate the services to the consumers? What are the expected sales for these products or services, and are these sales high enough to make the products or services profitable?

An additional value and a small number of employees are important. The questions above will answer the degree of feasibility of the new product or service.

²⁸ Gal et al, 1999

²⁹ Guideline for Applying Multi-Criteria Analysis to the Assessment of Criteria and Indicators, 1999

³⁰ Behrens, W. and Hawraned, P.M, 1991

2.9 Business Plan

In this chapter, a plan will present a short business plan for the best feasible alternative.

The business plan includes, according to the 'Manual Starting Entrepreneurs'³¹ the personal data of the entrepreneur. Furthermore, this plan describes the goals and properties of the new business, a global description of the products and the insurances needed. The marketing part includes the 4 P's of Kotler³², the market, the formula and the competition in the market. The financial chapter of a business plan deals with the needed investments, the finances, the budget, etc. Normally, this includes the repayments capacity as well as the exploitation. These points are described to a limited extent in this plan, in addition to the liquidity prognosis. The aspect 'entrepreneurial climate' is very important in this part of the research.

2.10 Conclusions and recommendations

This chapter is the final result of the research. The conclusions of the research questions will be answered. The recommendations for St. Eustatius' economy and further research are also described in this chapter.

³¹ ABN-Amro, Manual Starting Entrepreneurs, 1992

³² Kotler, Philip, 1991

3. Current situation

Chapter 3 is divided in three parts. The first part consist basic info about the situation in St. Eustatius, especially the economic situation. The second part includes the stakeholder analysis. The last part includes a SWOT-analysis, to become a global overview of the strengths and weaknesses of St. Eustatius.

3.1 Basic economic information

The population of St. Eustatius includes 2584 people and is growing slowly. The unemployment is 8.5%. The level of education of the population in St. Eustatius is lower than the level of education at Bonaire and Curaçao, but the differences are small. The level of education in St. Eustatius is comparable with the level of education on Saba and St. Maarten. In St. Eustatius, 16% of the working population is higher educated.³³ Compared to the Netherlands, the educational level is very low. In the Netherlands, 32% of the working population is higher educated.

Employment by level of education	Bonaire		Curaçao		Saba		St. Eustatius		St. Maarten	
	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%
Elementary education	386	8.3	5206	10.1	134	22.8	226	21.90	3337	20.6
Secondary education 1st stage	1977	42.4	21191	41.2	210	35.7	406	39.34	7053	43.5
Secondary education 2nd stage	1337	28.7	14307	27.8	124	21.1	207	20.06	3394	21.0
Higher education	781	16.8	9483	18.4	88	14.9	165	15.99	1854	11.4
Unknown	180	3.9	1288	2.5	33	5.6	28	2.71	562	3.5
TOTAL	4661	100.0	51475	100.0	589	100.0	1032	100.0	16200	100.0

Table 1: Employment by level of education. Source: Central Bureau of Statistics Netherlands Antilles, 2005.

The employment per sector is given in the table shown in paragraph 3.1.1. The employment in the sector of agriculture, fishing and mining is very low, only 1.3%. The number of 1,038 is the total of employees of St. Eustatius. The small difference of 6 people of the working population between the two tables is probably the result of a different measuring period.

3.1.1 Employment per sector

Employment per sector	Employees	%
Agriculture and fishing	14	1.3
Manufacturing	31	3.0
Electricity, gas and water	14	1.3
Construction	102	9.8
Trade, restaurants and hotels	299	28.8
Transport, storage and communication	69	6.7
Banking, insurance and business services	87	8.4
Other services	422	40.7
Total	1,038	100.0

Table 3: Employment per sector. Source: Central Bureau of Statistics Netherlands Antilles, 2005.

³³ Central Bureau of Statistics Netherlands Antilles

According to table 3 may be concluded that the island is underdeveloped. The average income per capita on the Netherlands Antilles is NAF 28,419; the average income per capita in South America is NAF 12,780. The distribution of income is uneven, with large differences between very rich and very poor people. The financial support of the Netherlands per capita of the Netherlands Antilles is high, around 85 million NAG each year for the five islands of the Netherlands Antilles. Expressed in percents of the GNP per capita, it is a marginal phenomenon, it is only an increase of the GDP of 1.2%. The Netherlands Antilles is not a developing country, but a middle income country, the GDP per capita is relative high. The payments are both at the top (European) and at the bottom (Caribbean) conform to the market.³⁴

3.1.2 Taxes

The yearly tax income for St. Eustatius amounts NAF 7.5 million, according to the information given by the government. The oil terminal has a direct impact of NAF 1.5 million and an indirect impact of NAF 2.5 – 3 million.³⁵

3.1.3 Gross Domestic Product

The Gross Domestic Product of St. Eustatius has grown the last years. This is the result of the growth by the enterprises. Especially the Statia terminal of Valero LP improved the GDP. In 2003, the total GDP for St. Eustatius amounts NAF 114.9 million (US\$ 63.8 million). The calculated GDP per capita is NAF 44,465. For the complete Netherlands Antilles the average income per capita is NAF 28,419 (US\$15,788). The high difference with the average income per capita is probably caused by the differences in the estimated inhabitants of St. Eustatius. The average income of NAF 28,419 is more expected for St. Eustatius.

According to the GDP per capita, St. Eustatius is a middle income country in relation with other countries. A more specific table of the GDP per sector is not available.

Gross Domestic Product by sector , St. Eustatius (in million NAF)			
	Government	Enterprises	GDP
1996	15.9	56.5	72.3
1997	22.9	64.1	86.9
1998	15.8	75.1	90.9
1999	15.5	79.1	94.6
2000	15.0	86.6	101.6
2001	18.3	89.8	108.1
2002	17.3	92.0	109.2
2003	17.2	97.7	114.9

Table 3: Gross Domestic Product by sector, St. Eustatius.

Source: Central Bureau of Statistics Netherlands Antilles

3.1.4 Conclusion

The population of St. Eustatius includes 2584 people and is growing slowly. The unemployment is 8.5%. It can be concluded that new employees are available in St. Eustatius for organizations which needs a few new employees. The yearly tax income for St. Eustatius amounts NAF 7.5 million, which is mainly caused by Valero LP. In 2003, the total GDP for St. Eustatius amounts NAF 114.9 million, with an expected average income per capita of 28,419 is St. Eustatius a middle income country.

³⁴ MicroMacro consultants

³⁵ According to Mr. Roy Hooker

3.2 Stakeholders

To come to a complete overview, the different stakeholders of this problem should be defined with the help of the stakeholder model. For this research, I will use a broad definition of stakeholders: A stakeholder is everyone who has a stake in the outcomes of the research.³⁶ This could be STEBA and the government, but also the people of St. Eustatius.

The stakeholder's perspective emphasizes the balance between different interests. A crucial success factor is the degree of realization of the targets of the stakeholders. Mitchell et al. argue that the groups of stakeholders can be identified with three attributes: power, urgency, and legitimacy.³⁷

As already mentioned, a good analysis is not possible without information from the stakeholders. During the time on the island, I have discussed the different stakes with stakeholders.

The most important stakeholders for creating new businesses for St. Eustatius are STEBA (Mr. Koos Sneek), the government of St. Eustatius, the current entrepreneurs in St. Eustatius and the society of St. Eustatius. These stakeholders are selected with the three attributes mentioned above.

3.2.1 STEBA

The stakes of STEBA are creating new businesses on the island. As described in chapter 1.1, STEBA will take a leading role in the economic development of the island. New business activities for the island will help the island to be more self-sufficiency and more independent. At the moment, a lot of products and services are imported from St. Maarten, the USA and the Netherlands. Examples are clothes and shoes. For shoes, trousers and shirts, the people of St. Eustatius need to fly to St. Maarten. The flight to St. Maarten is with Winair, the only airline between Saba, St. Maarten and St. Eustatius. None of the employees are employees of St. Eustatius. All the money is flowing out of St. Eustatius to St. Maarten. Another example is food. Despite the lack of a chicken farm on the island, the population of St. Eustatius consumes lots of chicken. Setting up a chicken farm would be an opportunity. Also exotic fruits and vegetables are produced in St. Eustatius. The unemployment is 8.5% (according to the CBS of the Netherlands Antilles) in St. Eustatius at the moment, which means there are employees for new enterprises. Another suggestion is a small form of a casino or other gambling activity, since the people of St. Eustatius spend a lot of money on gambling, organized by a company outside St. Eustatius. Some money is coming back, but the most of the money is flowing to St. Maarten.

There are a lot opportunities in the production chain also. Supermarkets can import products together; they can execute activities in a larger part of the value chain. These are only a few of many opportunities for St. Eustatius.

The power, related to the stakeholder model, of STEBA is medium. STEBA will help new and existing entrepreneurs with new ideas. Furthermore, STEBA has contacts within the government and tries to cooperate with the government of St. Eustatius. STEBA has legitimacy because it is accepted as the Business Organization and has contacts with the government and with entrepreneurs.

Summarized, important for STEBA are:

- New businesses
- Economic development of St. Eustatius

3.2.2 Society of St. Eustatius

As referred above, there is an unemployment rate of 8.5%. Stakes for the society are more employment and more cash on the island, for the society. The motivation for work and improvements is a disadvantage for the economy of St. Eustatius. There is in general less motivation to make a career or to become a better function.³⁸

The level of education is also low. There are no higher education possibilities, with the exception of the Medical University. This private University is too expensive for the majority of the society.

³⁶ Weiss, J.W., 1994

³⁷ Mitchell et al, 1997

³⁸ According to Mr. Ronald Courtar

This results in an outflow of potential well-educated people to other islands, Europe and the United States. The payments in most of the countries are higher, another reason for the outflow of (potential) well-educated people.

The society has a stake in more business activities on the island, but they do not see the opportunities the island has. There is a lack of entrepreneurs who start a new enterprise. The entrepreneurs who are on the island are starting a very small company, most without really additional value, in the form of export or reducing import, for the island.³⁹ Unfortunately, the figures of entrepreneurship in St. Eustatius are not available. Most of the society wants improvements, but they do not like change.⁴⁰

The society has also a stake in the environment. St. Eustatius has a lot of nature and historical places, which should be kept conserved for the future. The society has medium power also. The society can buy own products of St. Eustatius, or imported products. The society is interested in new business activities, if there is an advantage for them. Their influence on starting new businesses is low. The legitimacy is low, society is not an organized collective, but has individual stakes. The role of the government on the stakes of the society is low.

The most important points for the society of St. Eustatius are:

- Employment
- Higher incomes
- Clean environment

3.2.3 Government

The government has an interest in more tax income and fewer people who depend on social security. More tax income can be achieved by executing more business activities. The trade balance of St. Eustatius will be influenced positively if there are less products imported or more products exported. In the case of more business activities, there will be more money available for the government, so they can execute and/or start projects.

The government has a stake in a beautiful island, without pollution, also. Pollution will influence tourism negatively. The government has a lot of power. For example, the government can delay, block or advance business. The legitimacy of the government is high also, the government can influence business activities legally.

It can be concluded that the most important points for the government are:

- Tax income
- Clean environment

3.2.4 Current entrepreneurs

The current entrepreneurs on the island have a stake in new business activities also. It would be cheaper if they could buy raw materials, semi finished products and needed resources on the island, instead of importing these products.

More competition could endanger the current business of entrepreneurs. Because of this competitive disadvantage, current entrepreneurs could be against some new business, if it brings their current business in danger. The power of the current entrepreneurs is low. They have a small influence on new business activities, except when the current entrepreneurs setting up new business themselves. The legitimacy of current entrepreneurs is medium. The entrepreneurs are on the island, but do not have the authority to influence new business activities set up by others. The government has a high influence on the current entrepreneurs and is therefore an important factor.

The current entrepreneurs have stakes by:

- New business
- Not more competitors

³⁹ According to Mr. Koos Sneek

⁴⁰ According to Mr. Ronald Courtar

3.2.5 Goals of stakeholders

As described above, the stakeholders could have a different stake in the case of new business activities. It depends on the location, the kind of new business and the advantages for the parties if there are contradictory stakes or not. In the most cases, STEBA and the government are supporting new business. For current entrepreneurs and the society is the situation unclear. Their stake by a new business depends on the situation.

There could be contradictory stakes when a new business may pollute the environment, or if there are plans for a new building in a protected area, a historical place or a beautiful landscape. Contradictory stakes could occur also when a new entrepreneur wants to start a competitive business, or even overlap an existing business.

The general idea of entrepreneurs is that the government is delaying economic development. This can be explained by governments low interest in economic growth and the limited possibilities to execute development policy in a developing economy.⁴¹ Receiving a license takes a long time, sometimes more than a year.⁴² Bringing attention to the possible problems mentioned above can prevent contradictory stakes.

The most important stakeholder is the government, with high power and high legitimacy. STEBA, the society and the current entrepreneurs are less important, but it is recommended to communicate in an early stage with the stakeholders to anticipate on their reaction and to handle in a way that stakeholders can deal with it.

3.2.6 Conclusion

The most stakeholders which are selected for this research are STEBA, the government of St. Eustatius, the current entrepreneurs in St. Eustatius and the society of St. Eustatius. The power of the stakeholders is medium, except the power of the government. The power of the government in relation with new business activities is high, which make it the most important stakeholder. The exceptions are that contradictory stakes can be arising out of competition for current entrepreneurs or out of possible damage of the environment.

3.3 Culture

St. Eustatius is part of the Netherlands Antilles, which is part of the Kingdom of The Netherlands. St. Eustatius is one of the three Windward Islands. The others are St. Maarten and Saba. The islands have a lot of differences, including culture, geography and economy. The government of the Netherlands Antilles is located on Curaçao, 900 km from of St. Eustatius. The islands are one country, but the distance results in cultural differences. There are not economic relations between Curaçao and Bonaire on one side, and the Windward islands (St. Maarten, Saba, St. Eustatius) on the other side.⁴³ St. Eustatius has economic relations with the Windward islands, and with other islands in the region. These are, for example, St. Kitts, Nevis and Anguilla. The products available on the island are not imported from Curaçao, but from St. Maarten, The Netherlands, the US or other regional islands.⁴⁴

In St. Eustatius, there is a central idea that improvements are good, but changes are bad. The majority has the opinion that the current situation is good enough.⁴⁵ This phenomenon of lack of entrepreneurship is often seen in developing countries. There is a need for entrepreneurship in a developing country, to improve the economy.⁴⁶

This is the reason that local entrepreneurs, both Statian and non-Statian, frequently call the majority of the population less motivated. It is difficult for them to find good employees. Troubles are often that Statian people are always too late, do not work hard and are not educated. Another prevalent argument is that it is necessary to educate the people. Ronald Courtar, the largest local

⁴¹ Cornelisse, P.A., 2003

⁴² According to Mr. Ronald Courtar

⁴³ According to Mr. Roy Hooker

⁴⁴ According to Ms. Louise Duggins

⁴⁵ According to Mr. Ronald Courtar

⁴⁶ Leibenstein, Harry, 1968

farmer and chairman of STEBA, said that the history of slavery does not have a negative influence to his opinion on the willingness to work in the agriculture.

St. Eustatius is not self-sufficient. The best example is the last hurricane in the region. St. Eustatius was not destroyed, but St. Maarten was more unlucky. This results in a lot of problems for St. Eustatius, because of the large dependence on shipping from St. Maarten. There were not enough products (food, drink water) available for a couple of weeks, because no ships were available to transport cargo. The oil terminal, the largest company on the island, arranged cargo flights for the population of St. Eustatius.⁴⁷ St. Eustatius is very dependent on third parties.

The political situation is changing at the moment. The referendum in 2005, about the future of the Netherlands Antilles, showed that St. Eustatius wants the same construction in the future, within the Netherlands Antilles. The other islands have chosen other options. The consequence is that the current situation of the 5 islands (Curaçao, Bonaire, St. Maarten, Saba, and St. Eustatius) within the Netherlands Antilles will end. The new situation for St. Eustatius will be comparable with a municipality, within the Netherlands.⁴⁸

The general consideration in St. Eustatius is that the central government, on Curaçao, spends relatively more money on Curaçao than on the other Antillean islands. The seats in the national parliament, the 'Staten', are divided over the islands. Curaçao has 14 seats, St. Maarten and Bonaire 3, and Saba and St. Eustatius only have 1 seat.⁴⁹

There is a family culture in St. Eustatius. There are a few large families, which have influences in the local government. It is possible that, when there are elections on the island, they select a member of the family to go into the government for the next period. The whole family votes for their candidate. This results in family interests and people who have less capacity than other candidates in the government. This can be seen as a disadvantage of a democracy in a small population.⁵⁰ An extended family can prevent individual development. Withdrawing of family-ideas can be result in a social exclude if one member of a family is contradictory.⁵¹

3.4 SWOT analysis

In a SWOT-matrix, the internal and external positive and negative factors are confronted with each other. Strengths are the positive internal factors, weaknesses the negative internal factors. Positive external factors are the opportunities; the negative external factors are the threats.

The availability of land, in relation with islands in the region, is a strength of St. Eustatius. In the past, there were a lot of plantations on the island.⁵² The majority of the land is now property of the government. Data about the surface are not available, but it is assumed that the surface is large enough be seen as a strength of St. Eustatius.

The relations within the Kingdom of the Netherlands and with the European Union are strengths of St. Eustatius as well. These relations are positive for subsidies and economic relations, possibilities for trade etc. The relations with the United States are positive for the trade to the US. These relations are the result of the history of both countries.

As described in the stakeholder analysis, the government has high influence on new businesses. The government can delay economic development by not taking decisions and by working too slow. Current entrepreneurs frequently complain about this, although facts about the delaying or the needed time for licenses are not available. Because so many current entrepreneurs share this opinion, the government can be seen as an internal weakness in the case of new business.

The society of St. Eustatius in general is critical about changes. The current situation is good enough, they can live their life at the moment. There are often no future plans, nor is the majority looking forward to the future. As described in the stakeholder analysis, there is a lack of entrepreneurial spirit

⁴⁷ According to Mr. Ronald Courtar

⁴⁸ Ministry of the Interior and Kingdom Relations

⁴⁹ Government of the Netherlands Antilles

⁵⁰ According to Mr. Koos Sneek

⁵¹ Adviesraad Internationale vraagstukken, 2005

⁵² According to Mr. Evert Rijlaarsdam

in St. Eustatius, which can be seen as a weakness.

Education is a problem in St. Eustatius, and on the other islands of the Netherlands Antilles. Only 16% of the working population is high educated.⁵³ There is not a considerable difference with the education on the other islands. For comparison, in The Netherlands is 32% of the working population high educated (see also chapter 3).⁵⁴ The level of education blocks new businesses, economic development and progressive thinking. Therefore, it is also seen as an internal weakness.

The market size of St. Eustatius is very small. With a population of only 2584 registered people⁵⁵, the local market is too small for most products. The export possibilities St. Eustatius has for products are especially to the neighbor islands, for example, St. Kitts, Nevis, Saba and St. Maarten. These islands are importing the most of the products in the current situation. If these islands are importing from St. Eustatius instead of Europe or the United States, the price of their products will not be influenced negatively. In the case of producing exotic goods or services, interregional export could be an opportunity. Interregional export is export to other regions, for example Europe or the United States. The export possibilities St. Eustatius has for services are principally worldwide, for example call centre services or online services. The market size is a weakness, but global services provide an opportunity for St. Eustatius.

The current imported products and/or services can be seen as a threat for new businesses. Production on a high scale or in countries with low production costs could result in products with a lower cost price than products which are produced in St. Eustatius. Future production in low production costs countries could threaten the production in St. Eustatius.

The 'Statia Oil Terminal' is the largest company in St. Eustatius and is part of the international company Valero LP. An accident by the oil terminal may have a large impact on the island, and could pollute the beaches and coral reefs.

St. Eustatius is located in a hurricane area. The hurricane season starts every year at June 1st and ends November 30th. Theoretically, there is a hurricane every 5 years in St. Eustatius. A hurricane can destroy the infrastructure and buildings and in the worst case scenario injure or kill people. Almost every year, a hurricane warning is given. Everybody should go into a shelter or safe area and wait. The electricity is switched off to prevent problems. This negatively influences the productivity of companies, and can therefore be seen as a threat.

The mentioned positive and negative factors of St. Eustatius results in the following SWOT-matrix:

	Positive	Negative
Internal	Strengths: <ul style="list-style-type: none"> • Availability of land • Relation with EU • Kingdom of The Netherlands • Relation with US (historical) • OCTE 	Weaknesses : <ul style="list-style-type: none"> • Government • Entrepreneurship • Education • Market size
External	Opportunities: <ul style="list-style-type: none"> • Export to other islands: St. Kitts, Nevis, Saba, St. Maarten etc. • Interregional export • Global services 	Threats: <ul style="list-style-type: none"> • Imported products and/or services • Oil terminal • Hurricane

Table 4: SWOT-matrix of St. Eustatius

⁵³ Central Bureau of Statistics Netherlands Antilles

⁵⁴ Central Bureau of Statistics The Netherlands

⁵⁵ Central Bureau of Statistics Netherlands Antilles

This SWOT analysis results in a few criteria. Criteria resulting from this analysis are the dependence of the government, the level of education of the employees, the export possibilities and the sales market.

3.5 Conclusion

Important characteristics of St. Eustatius are the small population (2584 people) and the unemployment of 8.5%. The yearly tax income is mainly caused by Valero LP and amounts NAF 7.5 million. In 2003, the total GDP for St. Eustatius amounts NAF 114.9 million. St. Eustatius is a middle income country.

The most important stakeholders are STEBA, the government, the current entrepreneurs and the society of St. Eustatius. The government is the most important stakeholder because the high power and legitimacy.

Positive characteristics of St. Eustatius in relation with new business activities are the relative high availability of land and the relations of the island. The export possibilities to islands in the region are positive also. Important negative characteristics are the influence of the government, the market size of St. Eustatius and the lack of entrepreneurship.

4. Criteria

To select products and services with an additional value for St. Eustatius, criteria are set up. The new possible products and services for St. Eustatius have to deal with these criteria. The criteria are the result of the analysis of the current situation (chapter 3). This chapter is a parallel part of this research. The criteria mentioned below are the result of the interviews with the stakeholders and the SWOT analysis. In chapter 7.1, the criteria will be more specified.

Receiving licenses

The government does not give permission quickly. Starting a new business takes a several time, dependent from the needed licenses.

Investment

Starters need to invest in their new company. The amount of investment influences the interest in an investment. A high investment deters the most investors in St. Eustatius.

Return on Investment (ROI)

The return on Investment, also known as accounting rate of return and return on capital employed, is calculated by dividing the average annual profits from a project into the average investment cost.

$$\text{Accounting rate of return} = \frac{\text{Average annual profits}}{\text{Average investment}}$$

When the expected ROI is higher, an entrepreneur will invest earlier in a new business.

Number of employees needed

There is an unemployment of 8.5 % in St. Eustatius. The working population (15-64 year) includes 1775 people, there are 151 people unemployed.⁵⁶

Large companies can not find enough employees on the island themselves. Growing to a relative large company in a few years will be not possible.

Level of education of employees

The level of education in St. Eustatius is, compared to developed countries and larger islands, low. There are a few projects, but if you need specialized people, you need to educate them yourself.

Export possibilities

Export can be important for new products or services. The market of St. Eustatius is too small for a lot of products and services. A small form of export to, for example, other island in the region can be a realistic possibility.

Additional value

The additional value is the value added in the production process. A larger additional value means more profit per delivered product or service.

Expected growth

Products and services which can expect a growth of the sales in the next years. Products and services with higher growth rates are more interesting to start.

⁵⁶ Central Bureau of Statistics Netherlands Antilles, January 1st 2005

Sales market

The sales market is the size of the market where you have possibilities to sale your product. For example, the sales market for a bottle of water will be much higher than the sales market for a speedboat. It has to do with the price, the needs (primary essentials, secondary essentials)

Resources

Availability resources on the island. Importing raw materials special for your business results in higher production costs than in the case of availability on the island.

Dependence of government

The dependence of the government is an important factor. The relative slow reactions of the government, according to the entrepreneurs, could be a negative factor for a business.

5. Current import and export

In chapter 5, the presently imported and exported products and services are described to become an overview of the situation in St. Eustatius. The goal of this part of the chapter is to generate alternatives.

5.1 Current import

The main imported products and services are gambling activities, supermarket products, clothes and shoes, airline services and food and vegetables. These products and services are selected by interviewing the stakeholders: STEBA, current entrepreneurs, the government. For the last product group, food and vegetables, there are not enough data available to analyze it. The other product groups are analyzed in this chapter.

5.1.1 Gambling

Gambling is an illegal activity in St. Eustatius, although it is legal on most islands of the Netherlands Antilles. Gambling remains a part of the culture in St. Eustatius. The estimation is that 40 – 50 % of the society buys gambling-lots regularly. The government tolerates the gambling activities.⁵⁷

According to an anonymous owner of gambling activities, there is a total turnover of NAF 2,850,000.

According to the given information, a calculation shows that if gambling were legalized, the government would have an additional tax profit of NAF 173,535.

Gambling (in NAF)			
	St. Eustatius	St. Maarten	Total
Market share	20%	80%	100%
Sales	570,000	2,280,000	2,850,000
Provisions 5%	28,500	114,000	142,500
Payments (prices)	418,100	1,672,400	2,090,500
Provisions 12% (salary)	68,400	273,600	342,000
Profit	55,000	220,000	275,000
Tax payments normally			
Turnover TAX 3%	17,100	68,400	85,500
Profit TAX 30%	25,050	100,200	125,250
AOW salary (11%)	7,524	30,096	37,620
AOW provision (11%)	3,135	12,540	15,675
AVBZ salary (2%)	1,368	5,472	6,840
AVBZ provision (2%)	570	2,280	2,850
Income government of St. Eustatius if gambling would be legal:			
Turnover tax	85,500		
Profit tax	25,050		
AOW	53,295		
AVBZ	9,690		
Total	173,535		

Table 5: Gambling analysis, St. Eustatius

⁵⁷ According to Mr. Roy Hooker

In the current situation, there is a yearly cash outflow of NAF 334,000 to St. Maarten. This is calculated by the profit of the gambling activities of St. Maarten, minus the provisions sold to the salesman of St. Eustatius.

Cash outflow in current situation (in NAF)	
Profit	220,000
Provisions Sint Maarten 5%	114,000
Total	334,000

Table 6: Gambling, cash outflow in current situation for St. Eustatius

The optimal situation, in a case of a complete local gambling-business, the income of the government will increase with NAF 273,764, calculated with the normal tax payments. An optimal situation would be feasible if the government regulates the gambling-activities and punishes illegal gambling activities.

Optimal situation (in NAF)			
	Existing firms	New local firms	Total
Market share	20%	80%	100%
Sales	570,000	2,280,000	2,850,000
Provisions 5%	28,500	114,000	142,500
Provisions 12% (salary)	68,400	273,600	342,000
Profit	55,000	220,000	275,000
Tax payments normally			
Turnover TAX 3%	17,100	68,400	85,500
Profit TAX 30%	25,050	100,200	125,250
AOW salary (11%)	7,524	30,096	37,620
AOW provision (11%)	3,135	12,540	15,675
AVBZ salary (2%)	1,368	5,472	6,840
AVBZ provision (2%)	599	2,280	2,879
Total government income			273,764

Table 7: Gambling, optimal situation for St. Eustatius

5.1.2 Clothes and shoes

The availability of clothes and shoes in St. Eustatius is limited. According to Ms. Van Polanen, owner of a clothes store, around 75% of the clothes and shoes is directly bought outside of St. Eustatius.⁵⁸ The CBS-data shows that the inhabitants of the Netherlands Antilles spend 5.48% of their income on clothes and 1.41% of their income on shoes.

There are four shops who sell clothes and/or shoes. Furthermore, there are many inhabitants who sell clothes from their house. There are an estimated 10 inhabitants who sell clothes and shoes from their house.

The clothes shops are primary selling basic products such as T-shirts, underwear, simple trousers etc. Better trousers, shoes and shirts are not available, which could provide an opportunity for a new business, set up for the local market.

According to the given information, a calculations shows that there is a cash outflow of NAF 4,427,163. In the optimal situation, the estimated cash outflow is NAF 1,770,865.

⁵⁸ According to Ms. Van Polanen

Clothes and shoes (in NAF)		
Average yearly income per capita		28,419
Average spending on clothes	5.48%	1,557
Average spending on shoes	1.41%	401
Average spending on clothes and shoes	6.89%	1,958
Population (2005)	2,584	
Total spending on clothes		4,024,193
Total spending on shoes		1,035,422
Total spending on clothes and shoes		5,059,615
Spending in St. Eustatius	25%	1,264,904
Spending outside St. Eustatius	75%	3,794,711
Purchase costs	30%	379,471
Transportation cost	20%	252,981
Turnover tax	3%	37,947
Current outflow of cash		4,427,163
Optimal situation		
Spending in St. Eustatius	100%	5,059,615
Purchase costs	30%	1,517,884
Transportation costs	20%	252,981
Turnover tax	3%	151,788
Outflow of cash in optimal situation		1,770,865

Table 8: Clothes and shoes, analysis St. Eustatius

5.1.3 Local traveling

Local traveling results in relative high cost of the society of St. Eustatius. People fly often (6-7 times a year) to St. Maarten. The main reasons are business, visiting family, medical reasons and shopping.⁵⁹ The availability and the diversity of products are higher on St. Maarten. The only supplier for flights to St. Maarten is Winair, a company based on St. Maarten. None of its employees are housed in St. Eustatius, and there is not maintenance in St. Eustatius.

The money which stays in St. Eustatius is the turnover tax, the profit of the travel agency's and the charge for the airport facilities, which is estimated on 10% and is defined as contributions.

There are two travel agencies in St. Eustatius who sell Winair tickets: Killy Killy Travel Agency and Rainbow Travel. According to their information, the number of sold tickets is around 17,500 yearly. This results in a yearly cash outflow of NAF 2.9 million.

⁵⁹ Killy Killy Travel

Local traveling (in NAF)			
	Killy Killy Travel	Rainbow Travel	Total
Market share	60%	40%	100%
Sales (number of tickets)	10,530	7,020	17,550
Price per ticket (return)	215	215	
Profit per ticket (return)	21	21	43
Turnover tax (3%)	67,919	45,279	113,198
Cash outflow to St. Maarten in current situation			
Sales (number of tickets)			17,550
Price per ticket (return)			215
Total			3,773,250
Profit			374,868
Turnover tax (3%)			113,198
Contributions			377,325
Cash outflow			2,907,860

Table 9: Local traveling, analysis St. Eustatius

5.1.4 Supermarkets / wholesale

In the current situation, there are eight supermarkets in St. Eustatius. Four of them are Chinese supermarkets, and four are supermarkets of local entrepreneurs.

Almost all the products are imported. The majority of the products come from the United States or Puerto Rico. A small percentage of the products are imported via St. Maarten or Europe. The only food product in bulk available on the island is the local meat.

Supermarket products (in NAF)		
Turnover Duggins		4,642,857
Market size Duggins	50%	
Turnover Golden Rock Supermarket		650,000
Market share Golden Rock Supermarket	7%	
Profit	12.5%	81,250
Total spending in supermarkets	100%	9,285,714
Purchase costs	30%	2,785,714
Total transportation cost	20%	1,857,143
Turnover tax	3%	278,571

Table 10: Supermarket products, analysis St. Eustatius

A wholesale, or purchasing together, would be an opportunity. A main problem is that the Chinese supermarkets do not want to purchase together with the local supermarkets.⁶⁰ The entrepreneurs call

⁶⁰ According to Ms. Duggins

this the main reason for purchasing separately.

5.1.5 Conclusion

The product groups analyzed in this chapter are gambling activities, supermarket products, clothes and shoes, and airline services. There is a yearly cash outflow of NAF 334,000 to St. Maarten for gambling services. In the optimal situation, the income of the government will increase with NAF 273,764 yearly.

For clothes- and shoe products, the estimated cash outflow is higher: NAF 4.4 million yearly. If all the products are sold in St. Eustatius, the estimated cash outflow for clothes and shoe products is only NAF 1.8 million yearly.

Local traveling results in a yearly cash outflow of NAF 2.9 million. The cash flow for local traveling in the optimal situation depends on a lot of factors and is unclear yet.

Almost all the products available in supermarkets are imported in the current situation. Purchasing together or a wholesale for supermarkets would be an opportunity. Unfortunately, this is not feasible because not all the supermarkets want to cooperate.

5.2 Current export

There are a few exported products in St. Eustatius. A small amount of food products, mostly fruits and vegetables, are exported. The exact data are not available. The main export is caused by the largest company in St. Eustatius, Valero LP.

5.2.1 Statia terminal (Valero LP)

The Statia oil Terminal, property of Valero LP, is located in the North-West of St. Eustatius and is the largest company of the island. The Statia oil Terminal is executing their activities on a market with above-average demand growth. The terminal in St. Eustatius has a tank capacity of 11.3 million barrels and a transshipment facility and is located at a point of minimal deviation from major shipping routes. The facility of Valero LP is capable of handling a wide range of petroleum products, including crude oil and refined products, and can accommodate the world's largest tankers for loading and discharging crude oil and other petroleum products. The St. Eustatius facility has a total of 51 tanks. The Statia oil Terminal is capable of processing up to 25,000 barrels per day of feedstock, ranging from condensates to heavy crude oil.⁶¹

Valero LP has, as largest employer in St. Eustatius, a tax agreement with the governments of St. Eustatius and the Netherlands Antilles. The agreements are for a couple of years. The main points of the agreements are as follows:

St. Eustatius Tax Agreement. On June 1, 1989, the governments of the Netherlands Antilles and St. Eustatius approved a Free Zone and Profit Tax Agreement retroactive to January 1, 1989, which expired on December 31, 2000. This agreement required a subsidiary of Kaneb, which is acquired on July 1, 2005, to pay 2% of taxable income, with a minimum of NAG 500,000 per year. On February 22, 2006, Valero LP entered into a revised agreement (the 2005 Tax and Maritime Agreement) with the governments of St. Eustatius and the Netherlands Antilles. The 2005 Tax and Maritime Agreement is effective beginning January 1, 2005 and expires on December 31, 2014. Under the terms of the 2005 Tax and Maritime Agreement, Valero LP agreed to make a one-time payment of NAF 5,000,000. Valero LP further agreed to pay an annual minimum profit tax to St. Eustatius of NAF 1,000,000, beginning as of January 1, 2005. Valero LP agreed to pay the minimum annual profit tax in twelve equal monthly installments, to the extent the minimum annual profit tax exceeds 2% of taxable profit. Valero LP is also a party to additional claims and legal proceedings arising in the ordinary course of business.⁶²

⁶¹ Valero LP

⁶² Valero LP, Tax agreement

5.2.2 Conclusion

The gross of the export is caused by or related to Valero LP. In the new tax agreement of February 22 2006 between the government of St. Eustatius and Valero LP, Valero LP agreed to make a one-time payment of NAF 5 million. Furthermore, Valero LP has to pay an annual minimum tax profit to St. Eustatius of NAF 1 million.

5.3 Conclusion

The main imported products and services of St. Eustatius are gambling activities, supermarket products, clothes and shoes, and airline services. The supermarket products and the airline services are responsible for the highest outflow of cash, followed by clothes and shoes and gambling activities.

Valero LP is the most important organization in the field of the export of St. Eustatius and has a high contribute to the tax income of the government.

6. Creating alternatives

In this chapter, the situation of St. Eustatius is compared with that of Anguilla, which has been an economic success in recent years. The way in which Anguilla organized this success could be useful for St. Eustatius. Furthermore, literature is mentioned which explained an important alternative: agriculture.

6.1 Anguilla

Anguilla is a small Caribbean island. Anguilla is the northernmost of the Leeward Islands, and also comprises the island of Sombrero, lying 48 km north of Anguilla, and several small islets or cays. The nearest islands are St. Maarten, 8 km south of Anguilla, and St. Kitts and Nevis, 113 km to the southeast.

Columbus sighted Anguilla in 1493 and named it for its eel like shape, Anguilla means “eel” in Spanish. Europeans changed the island’s name to Anguilla for its long eel shape.

In 1650, Anguilla became a British Crown Colony and was colonized by English settlers who started corn and tobacco plantations. The soil on Anguilla, however, was thin and rainfall scant making the conditions for a plantation economy unfavorable. Therefore, the plantations on Anguilla were small and could not employ many slaves. Slavery on Anguilla was officially abolished in 1834.

Anguilla was governed as part of St. Kitts, Nevis, Anguilla from the early 18th Century.

Anguilla is now a separate dependency under the British government. The 1982 constitution provided that executive power should be in the hands of the Governor, who is appointed by the British Monarch. The Executive Council, led by the Chief Minister, advises the Governor. The legislature comprises the House of Assembly, seven members of which are elected by universal adult suffrage for five-year terms, two are ex officio, and two appointed by the Governor.⁶³

The capital of Anguilla is ‘The Valley’. The official currency is the Eastern Caribbean dollar, although US dollars are widely accepted. The official spoken language is English. The total population of Anguilla is around 12,000 people.⁶⁴ The land surface of Anguilla is 91 km², including the inland waters 155 km².⁶⁵

The religions of the inhabitants of Anguilla are Roman Catholic, Anglican, Baptist, Methodist and Moravian, with Hindu, Jewish and Muslim minorities.⁶⁶

Expected results of a developing economy

Economic growth does not start by foreign companies or other outside investors. Normally, main foreign capital starts flowing to a country, after economic growth starts. Hagen describes an example, Colombia. The contacts were not greater than in other low-developed countries where growth started. In history, growth did not wait for the development of infrastructure or financial aspects for creating a national market, or laid a base for progress.⁶⁷

After economic growth, the demands for, for example, transportations, communication and power facilities will raise. Hagens conclusion is that growth begin in spite of the supposed economic barriers, not because the barriers were removed.

The rest of this chapter shows the situation of Anguilla. It is conspicuous that the differences with the expected results are low.

Economic situation

Over the past three years, Anguilla has enjoyed quite significant success in stimulating foreign as well as domestic investment and luxury tourism. For example, the luxury golf courses on Anguilla have returned the country to robust economic growth, high employment and increasing disposable

⁶³ Villascaribe.com

⁶⁴ Turquoise Net

⁶⁵ University of Utrecht

⁶⁶ Worldtravelguide.net

⁶⁷ Hagen, Everett E., 1962

income. The Anguillians say that the Government's financial situation is the best it has ever been. The prospects remain good for the growth, but Anguilla must monitor the risk of overdeveloping.

The economic situation on Anguilla between 2000 and 2002 was bad. The Anguillians call it 'the dark economic days'. They have achieved a completely different economic situation, only a few years later.

The main economic activity during the twelve months prior to the 2001 Census was "working for pay or profit". 73% of the population aged 15 years and over fell into this category. This was the case for both men and women. 80% of men said that they were economically active compared to 66% of women of working age.

In 2001, the employed population increased at a slower rate over the past decade than it has between previous Censuses. The increase between 1992 and 2001 was 4.1%.

The self-employed, defined as 'those who have a business with or without paid help', made up 16% of the employed work force in 2001. The private sector paid employment has increased in importance, while public sector employment has become less important over the period 1992 to 2001.

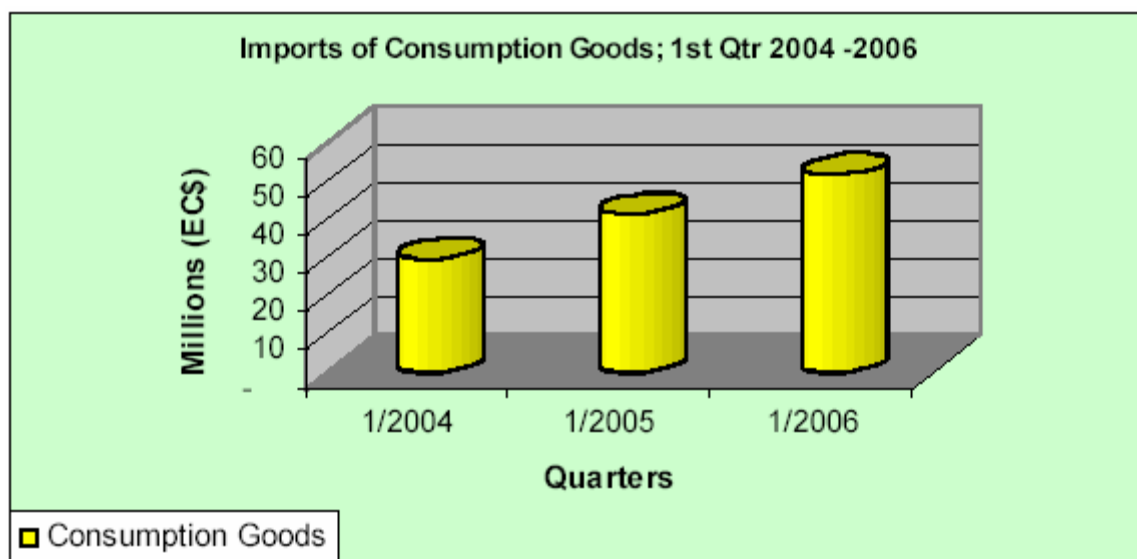
The comparison of employment by industry for 2001 with 1992, shows that there is a similar pattern of employment growth for trade, hotels and restaurants, construction, real estate, business services, public administration and security.⁶⁸

Nowadays, the economic situation is changed completely in relation with 1992. Anguilla had a 44.4% increase in merchandise trade imports to the island during the 1st quarter in 2006, over the 1st quarter in 2005. NAF 74.1 million (EC\$112.2 million) in goods were imported during 2006 compared to NAF 51.2 million (EC\$77.6 million) in 2005. Alcoholic beverages, water-based and acrylic paints, fertilizers, PVC pipes and fittings, tires, wood fabric, generators, heavy equipment and machinery, aviation fuel, medical supplies and equipment and home finishing materials (such as doors, windows, ceramic fixtures and electric lamps and fittings) were the major contributors to the increase.

Consumption Goods for this period recorded an increase of 25.2% over the 1st quarter of 2005. Imports of tires, wood, home furnishings (such as doors and windows), fabric and toiletries were some of the commodities that contributed to the increase. The Beverages and Tobacco component recorded the largest annual percentage increase (122.6%) within the Consumption Goods category. Meanwhile, imports within the Food and Live Animals and Animal and Vegetable Oils, Fats and Waxes components declined by 11.8% and 9.5% respectively during this period from the corresponding period in 2005.⁶⁹

⁶⁸ Government of Anguilla

⁶⁹ Government of Anguilla



Anguilla's Gross Domestic Product, in real terms grew by 13.7% in 2004. This represented a tremendous improvement from the growth rate of 3.5% in 2003. Anguilla's growth rate in 2004 was the highest among Caribbean Development Bank borrowing countries. Construction and tourism, as measured by activity in hotels and restaurants, were two of the main drivers of economic activity growing by 45% and 15%, respectively. Economic activity in Anguilla in 2005 has remained buoyant. Projections are that economic growth for the year will be in the region of 10%, in real terms, with construction and tourism continuing to drive activity.⁷⁰

Taxes

The business laws at Anguilla differ from the business laws in England: only NV's are allowed to emit shares, and all enterprises are obliged to have a registered office at Anguilla. There is no corporation tax at Anguilla, furthermore there is no difference between local and international business. There is no VAT, income tax, interest tax or a dividend tax at Anguilla. The wealth tax is NAF 1,335 (US\$ 750) a year, if the income is higher than NAF 89,000 (US\$ 50,000).

Anguilla has import taxes: 25% for the most products, 5% for food and computers, 30% for beer and cigarettes. The amount for social security is 5% of the rewards with a maximum of NAF 299 (US\$ 168) a month.⁷¹

Anguilla is sometimes called a tax paradise, because of the low taxes.

Government

The government of Anguilla is trying to manage the economic growth. Anguilla's significant growth in the tourism sector began with the arrival of golf resorts. Nowadays, Anguilla recognizes the disadvantages of development and the risks of overdeveloping. The government analyzes the main risks of overdeveloping for Anguilla, such as severe labor shortages, an excess supply of real estate products, and the focus on one sector (tourism) instead of economic diversification.⁷² Furthermore, violence is increasing on Anguilla.

Restrictions on the role of foreign investment are critical, if the government is to ensure the availability of opportunities for Anguillian entrepreneurs, as well as for the Anguillian workforce on an ongoing basis.

⁷⁰ Government of Anguilla

⁷¹ Geld.plein.nl

⁷² Government of Anguilla

Education

In general, the working population of Anguilla is better educated than the working population of St. Eustatius. In St. Eustatius, 21.9% of the working population is only elementary educated; on Anguilla it is only 1.7%. The higher educated percentage of the working population is almost the same: 16.0% in St. Eustatius and 14.1% in Anguilla. The available data are mentioned in the table below.

Level of Education of the working population

Level of education	Anguilla	%	St. Eustatius	%
None	133	1.6	-	-
Elementary education	143	1.7	226	21.9
Primary education	2,494	30.3	406	39.3
Secondary education	3,935	47.8	207	20.1
Higher education	1,164	14.1	165	16.0
Other	199	2.4	-	-
Unknown	160	1.9	28	2.7
Total	8,228	100.0	1,032	100.0

Table 11: Level of education of the working population of Anguilla and St. Eustatius

6.1.2 Comparison with St. Eustatius

Both Anguilla and St. Eustatius are Caribbean islands with relations with European countries. Anguilla has direct ties with the United Kingdom, whereas St. Eustatius is part of The Netherlands Antilles. In the economic area, there are more differences. The working population of Anguilla is higher educated than the working population of St. Eustatius. Furthermore, the taxes at Anguilla are very low. The economy of Anguilla is growing fast, but the economic situation at Anguilla was very bad before 2001. The government of Anguilla has attracted foreign investors. With the help of the investments of these investors, the luxury tourism has especially improved. The economic growth of the tourism sector resulted in an attracting economy, and raised economic activities in a lot of sectors. The luxury tourism can be seen as the driven factor for the growing economy. The strengths of Anguilla, such as beautiful white beaches, a tropical climate and safe environment are optimal used by profiling Anguilla as an attractive island for tourism. Furthermore, the tax climate can be seen as an advantage of Anguilla. Entrepreneurs will invest earlier in an area that is a tax paradise.

St. Eustatius can learn from the manner in which Anguilla has raised their economy. If one sector experiences fast growth, other sectors can benefit from this success. Anguilla's growing economy is attracting entrepreneurs, investors and Anguillians who are coming back to Anguilla. The last point results in a growing population, caused by immigration. Furthermore, St. Eustatius could attract investors with tax advantages for new projects, which will make for an increase in investment. The main point is to use the island's strengths to its advantage.

6.2 Agriculture

Hagen⁷³ argued in his book that *in the world's history, economic growth has begun only in agricultural societies, or in new societies created by migrants from agricultural or industrial societies. It seems unlikely that it can begin in societies that have not reached the state of settled agriculture.*

⁷³ Hagen, Everett E., 1962

The agriculture in St. Eustatius is on a low level at the moment. In the past, in the colonial era, the agriculture was higher developed and widely spread. In this research, the state of the agriculture and the expected results are more described. There are no indications that St. Eustatius is different from other countries on the stage of settled agriculture before economic growth begins. Therefore is agriculture an important factor in this research.

6.3 Conclusion

Anguilla has had a bad economic situation. Nowadays, it is completely changed. Anguilla has enjoyed quite significant success in stimulating foreign as well as domestic investment and luxury tourism. This could be an opportunity for St. Eustatius: Stimulate foreign and domestic investment, for example in luxury tourism to break through the vicious cycle and to stimulate economic growth.

An alternative business opportunity for St. Eustatius is agriculture. The agriculture in St. Eustatius is on a low level at the moment. Literature shows that economic growth starts when a country has a stage of settled agriculture.

7. Selection

With the results of chapter 4 and the literature about investments, employment and culture and more general MCA-literature, criteria can be set up for the Multi Criteria Analysis. There should be a differentiation between compensatory and non-compensatory criteria.

A Compensatory Criterion is a criterion which is not absolutely required to be met; rather, it can be “traded off” (compensated) with other criteria. In other words, all the Compensatory Criteria are considered, there is no absolute constraint imposed.⁷⁴

A Non-Compensatory Criterion is a criterion that absolutely must be met for an alternative to be considered. All the Alternatives for which a Non-Compensatory Criterion is not satisfied will be eliminated in the decision process for a specific cell.⁷⁵

As described in chapter 2.6, a multi criteria analysis will be used to rank new business opportunities. The criteria are formulated with the help of interviewing current entrepreneurs, the government and STEBA.

7.1 Problem structuring for Multi Criteria Analysis (MCA)

The main issue of the problem is the quantity of business possibilities. Not all the possibilities are true opportunities. The overall goal of the MCA is to become a ranking of the alternatives of the business opportunities.

Non compensatory criterion:

Receiving licenses

The government does not give permission quickly. Starting a new business takes a considerable amount of time, depending on the needed licenses. If it is impossible to obtain the necessary licenses, there is no alternative. The possible values are as follow:

Not possible (1) – Difficult (2) –Medium (3) – Easy (4) – Very Easy (5)

Compensatory criteria:

Investment

Starters need to invest in their new company and current entrepreneurs need to invest in their new business. The amount of investment influences the interest in an investment. A high investment deters the most investors in St. Eustatius, while entrepreneurs generally support a lower investment. The possible values are as follows defined: Very High (1 point) until Very Low (5 points).

Return on Investment (ROI)

The return on Investment, also known as accounting rate of return and return on capital employed, is calculated by dividing the average annual profits from a project into the average investment cost. It shows the profit in relation to the investment.

$$\text{Accounting rate of return} = \frac{\text{Average annual profits}}{\text{Average investment}}$$

When the expected ROI is higher, an entrepreneur will invest earlier in a new business. The values of this criterion are defined as:

Very Low (1 point) until Very High (5 points).

⁷⁴ Oregon State University

⁷⁵ Oregon State University

Number of employees needed

Large companies can not find enough employees on the island themselves. Growing to a relative large company with a lot of employees in a few years will be not possible, unless the employees come from outside St. Eustatius. At the moment, there is an unemployment rate of 8.5 % in St. Eustatius. The working population (15-64 year) includes 1775 people, of which 151 are unemployed.⁷⁶ Therefore, the possible values for this criterion are:

Very High (1 point) until Very Low (5 points).

Level of education of employees

The level of education in St. Eustatius is low compared to developed countries. If an entrepreneur needs specialized or highly educated employees, the he must educate them themselves. Therefore, the demand for high educated employees has a negative impact on the business opportunity. The possible values are as followed defined:

Very High (1 point) until Very Low (5 points).

Export possibilities

Export can be important for new products and services because St. Eustatius is too small a market for most products and services. A form of export to, for example, other islands in the region can be a realistic possibility and has a positive influence on the business opportunity. In this MCA, the values are as followed:

Very Low (1 point) until Very High (5 points).

Additional value

The additional value is the value added in the production process. A higher additional value means more contribution of the production factors. More additional value is a positive factor for the business opportunity. The values are defined as:

Very Low (1 point) until Very High (5 points).

Expected growth

Normally, starting enterprises expect a growth of the sales in the next years. If the expected growth is higher, the business opportunity is more interesting for entrepreneurs.

The possible values are as follow: Very Low (1 point) until Very High (5 points).

Sales market

The sales market is the size of the market where you have possibilities to sell your product. For example, the sales market for a bottle of water will be much higher than the sales market for a speedboat. It has to do with the price and the needs (primary essentials, secondary essentials).

The possible values are as follow: Very Low (1 point) until Very High (5 points).

Resources

For executing a new business, resources are needed. The availability of resources on the island will be taken into account with this criterion.

The possible values are as follow: Very Low (1 point) until Very High (5 points).

Dependence on government

The dependence on the government is an important factor. The relative slow reactions of the government, according to the current entrepreneurs, could be a negative factor for a business if a new business is heavily reliant on the government.

Therefore, the values of this criterion are: Very High (1 point) until Very Low (5 points).

⁷⁶ Central Bureau of Statistics Netherlands Antilles, January 1st 2005

7.2 Alternatives for MCA

The first alternative is positioned in the main sector 'agriculture'. For St. Eustatius, a possible manufacturing product, as suggested by stakeholders, is a water bottling factory. Selected Service organizations are: airline service, gambling activities, a clothes shop (shoes, shirts, pants, hats etc.), a wholesale for supermarkets and ICT services.

Agriculture

Past agricultural activity frequently shows an increase in labor and therefore the income of the society.⁷⁷

The investment for agricultural activities is different. Investments for base agricultural products are low, and the products are already available. For more exotic or special products, the investments could be higher. The main resources for agriculture are land, employees, machines and buildings. These resources are available in St. Eustatius.

There is discussion about the normal rate of Return on Investment (ROI) for agricultural businesses.⁷⁸ Normally, the feasible Return on Investment for agriculture is relative high in the first years. Exact data are not available, but the estimations for St. Eustatius are high relative to the competition.

The required number of employees, and the level of education of the employees are low. The necessary licenses for agricultural business are available.⁷⁹ For food and vegetables, regional export is possible. In the case of more exotic products, for example aloe, interregional export could be feasible. The demand of food and vegetables will be stable, as it is a basic need. The future demand of exotic products is unclear. In the current situation, almost all the products are imported. Therefore, growth is possible in the coming years.

Airline

Airline services are in this case defined as flights with an airplane to islands and countries in the region. The total sales market for tickets to St. Maarten, is around 17,500 tickets a year (see also chapter 5.1.3). Investments in new airline services will be high. There is a need for airplanes, highly educated personnel (pilots, ground personal) and other personnel. Furthermore, a lot of licenses are needed. The competition with other airlines will be high. Both Winair and Caribbean Sun Airlines are active in the market with direct flights to Saba, St. Maarten, St. Kitts and Puerto Rico.

The ROI in this market is unclear because, while the additional value is the service of transporting people and luggage and export possibilities are unlimited, the competition will be high in other regions. There is not a new market available.

Gambling activities

In this research, gambling activities are all possible activities involving gambling in St. Eustatius. There is a small form of gambling in the current situation. Officially, it is illegal, see chapter 5.1.1. Investments for new the most gambling activities, as available on the island now, would be low. On the other hand, the ROI is high thanks to the small number of selling points and salespeople. The number of necessary employees is relative low. Furthermore, there is no need for the employees to have a high level of education. The market in St. Eustatius is stable, and the resources are available. There are more players in the market, but the level of competition is acceptable. The additional value is low and the expected growth is unclear. The main problem is to obtain licenses, due to the illegality of gambling activity under current law. In the case of changing laws, gambling activities are a good opportunity.

⁷⁷ Kregel, J.A., 1972

⁷⁸ Hottel, Bruce J. and Gardner, Bruce L., 1983

⁷⁹ According to Mr. Ronald Courtar

Clothes shop

A clothes shop in St. Eustatius is in this research defined as a shop for clothes and shoes. The selling products should be basis products, not exclusive products. Examples are pants, shirts and shoes. Investments for a new clothes shop are medium. A building and an inventory are the main investments. The market size is the population of St. Eustatius, so growth of the market is difficult. The competition will be low, only a few clothes shops with a few products are on the island in the current situation. The number of employees needed is low, even as additional value. The expected ROI is medium, although data are not available. The additional value is low because only a service is given, and the products are produced elsewhere.

Bottling of water

The water network of St. Eustatius does not supply drinkable water. Nowadays, the population drinks bottled water imported from St. Maarten, St. Kitts or the USA. A local bottling company could be successful, since the resources are available to produce drinking water with a few filters. The investments are medium, as are the number of employees and the level of education of the employees. There are licenses, but these are available, if the new company obeys the laws. Regional export is possible: it is most profitable if this export is to islands who are importing their water in the current situation. Therefore, the sales market is in St. Eustatius and in the region and is stable.

Wholesale

A wholesale in this research indicates a wholesale for supermarket products. It could be possible to save on purchase and shipping costs by purchasing together. The investments can be low if all the supermarkets in St. Eustatius are cooperating. The ROI will be high, thanks to savings on the purchase costs. The number of employees needed is unclear. If there would be only a cooperation, the current supermarket employees can do the main tasks. In the case of a physical wholesale, possible in cooperation with other supermarkets on other islands, for example Saba, a few employees are needed. The level of education will be medium. The additional value is low, because it is only the profit gained by the supermarkets through cost reduction. The export possibilities are cooperation's with regional islands, therefore it will be stable, like the market. The licenses and the dependency on the government are not a problem.

ICT

ICT is the whole industry of the information and communication technology. Examples are developing computer technology (software), call centers and internet companies. The location of St. Eustatius is possible as most of the resources are available. A problem could be the number of employees and the education of these employees. The level of education for ICT is probably not readily available, so a company would need to educate employees themselves. The export possibilities are unlimited. The government and the needed licenses do not result in expected problems.

7.3 Multi Criteria Analysis

Executing the Multi Criteria Analysis results in the schema of table 12. A sensitivity analysis is attached in appendix 3.

Alternatives	Agriculture	Airline	Gambling	Clothes shop	Water	Wholesale	ICT
Criteria							
Investment	2	1	5	4	3	3	2
ROI	4	2	5	4	4	4	3
Number of employees	4	1	5	4	3	3	4
Level of education	5	1	5	3	3	4	1
Licenses	5	2	1	5	4	3	3
Export	5	5	1	1	3	3	2
Additional value	5	4	1	2	3	2	3
Expected growth	3	2	1	3	3	2	4
Sales market	5	2	4	4	3	3	3
Resources	4	1	5	5	4	3	2
Government	4	2	1	5	3	3	4
Total	46	23	34	40	36	33	31
Ranking	1	7	4	2	3	5	6

Table 12: Multi Criteria Analysis

7.4 Conclusion

With the criteria, as mentioned above, the chosen alternatives can be ranked. The best alternative is the 'Agriculture activities'. It scored well with the most points, except that the investment is unclear. The second best alternative is a clothes shop. A clothes shop scores well on the available resources and the dependence on the government, despite the fact that the export possibilities and the additional value are low.

The sensitivity of the Multi Criteria Analyze is low. If one criterion is left out, the first and de second alternative are the same. Which criterion is left out does not make a difference. The third place is only changing if the criterion 'licenses' is left out. By leaving out a few criteria, gambling can achieve a shared third place.

The complete ranking is schematic set up in table 12; the sensitivity analysis is attached in appendix 3.

8. Feasibility

Chapter 8 presents the aspects for feasibility of a new product or service.

According to the model of Behrens and Hawraned⁸⁰, there are four studies in the pre-investment phase: An opportunity study for the identification, a pre-feasibility study for pre-selection and the preparation with a feasibility study. Finally, an appraisal report is recommended in this phase.

The previous chapters can be seen as an opportunity study, in where the alternatives are analyzed.

8.1 Aspects for feasibility

A feasibility study should provide data, necessary for an investment decision. As the model supposes, the *‘commercial, technical, financial, economic and environmental prerequisites for an investment project should therefore be defined and critically examined on the basis of alternative solutions already reviewed in the pre-feasibility study’*.

This assessment describes the commercial aspects on the basis of the competitors in the market. The economic and environmental prerequisites are described by the market, the growth possibilities and the available resources. The technical side is explained by the possibilities and the current situation.

In a complete financial part of a feasibility study, the scope of investment is mentioned. This includes the net working capital, production and marketing costs, sales costs and the return on investment. This feasibility assessment is focused on the main financial aspects as production and sales cost. It is recommended to research the financial aspect completely, before an investment decision is made.

In a feasibility study, the assumptions, used data and solutions should be described and justified, so that the project more comprehensible is for investors. This feasibility assessment results in a careful recommendation about the feasibility of the alternative. In any case is more research recommended.

8.2 Feasibility: Agriculture

History

There is in St. Eustatius a cooperation of farmers, The Statia Farmers Cooperative (SFC). This cooperation started in the eighties in order to combine power, knowledge, money and resources. During the first ten years, the output was very good. The cooperation was a cooperative union with shares and profit. The main contribution of the profit came from the Experimental Garden. In the past, there was a lot of production of fruit and vegetables, with a few dozen employees.

After the successful start of the cooperation, an export cooperation started to sell the residues outside St. Eustatius. A lot of products were bought from the farmers and sold and shipped to St. Maarten by containers.⁸¹

Current situation

The SFC is only a ‘paper construction’. The board contains three people, but there are no activities. There are only three active farmers and the rest of the members have stopped their membership because there is not a need for the people. Large employers such as Valero LP and the government have a negative influence on the motivation to develop new businesses, or to develop small expanding businesses. It is very easy to go to the supermarket, compared with producing food. As Evert Rijlaarsdam, head of LVV, said: You can, very careful, see the connection to the less developed tourism. When you can earn money easily, you do not have to be creative and initiate or develop businesses.⁸²

⁸⁰ Behrens, W. and Hawraned, P.M, 1991

⁸¹ According to Mr. Evert Rijlaarsdam

⁸² According to Mr. Evert Rijlaarsdam

The local meat is the only bulk product which is available on the island. The animals have lived on the island and are slaughtered in the own slaughterhouse. Only in one supermarket are a few local vegetables available. All the other products are imported.

Possibilities

There are many possibilities. The main condition is the climate. Problems will be initiative, entrepreneurship and enthusiasm, as well as some logistical problems. But everything can be transported to other islands. In the current situation, almost empty containers go back to St. Maarten. The best new products are new niche markets, where you can be the only producer, with low maintenance and a relatively high profit. An example, given by Evert Rijlaarsdam, is the natural sweetener Stevia. It is much sweeter than sugar and a good substitution for Aspartame. It grows well on tropical, former sugarcane fields. This initiative has not resulted in a successful start of the production of Stevia.⁸³

It is not clear if there is pride in local products or not. The largest local farmer, Ronald Courtar, said: It is better to export Statian products to St. Maarten, place a label with St. Maarten on the products and import them from St. Maarten. His idea is that pride in local products is very low. Evert Rijlaarsdam, head of the agriculture department, sees a growing pride in products, especially meat. The consumers are satisfied with the products, and the prices are lower than the prices in the supermarket. The local government does not have activities to motivate or help starting entrepreneurs in the current situation.

The OBNA⁸⁴ says that the government should take the initiative to help local entrepreneurs with new ideas etc, especially on agriculture. Literature shows that development often starts with agriculture. The Agriculture sector (A-sector) results often in a rise of other sectors, especially the Service sector (S-sector).⁸⁵

A suggestion of a more traditional product which is widely consumed is chicken meat. Meat chickens have a lifetime of six weeks, during which they grow to a weight of 2.5 kilograms. The chickens live in a barn with 16 to 24 animals per square meter.⁸⁶

A short analysis (table 13) of the benefits shows that a small chicken farm (30,000 chickens) can achieve a turnover of NAF 3,304,470. The turnover is calculated with the Dutch prices for meat chickens⁸⁷, and is converted to NAF with the exchange rate available on July 27th 2007.

This analysis assumes that the prices in The Netherlands and in St. Eustatius are the same and that there are 8 population cycles per year (given that each group of chickens lives about 6 weeks). The average number of chickens per square meter is 20. With these assumptions, the yearly revenue is NAF 1,335,820. Unfortunately, there is not enough data available to analyse the costs. Further research is necessary to fully evaluate the profitability of a meat chicken farm.

⁸³ According to Mr. Evert Rijlaarsdam

⁸⁴ Developing Bank Netherlands Antilles

⁸⁵ Majid, Nomaan, 2005

⁸⁶ Wikipedia Kip

⁸⁷ Pluimveehouderij.nl

Meat chicken farm revenue (in NAF)		
Number of chickens per m2	20	
Square meters per farm	1,500	
Number of chickens	30,000	
Annual population cycles	8	
Chickens sold per year	240,000	
Average chicken weight (kg)	2.50	
Price per kilogram		2.23
Price per chicken		5.57
Yearly revenue		1,335,820

Table 13: Meat chicken farm revenue

Market

For non-exclusive food and vegetable products, the regional market is available. The market of St. Eustatius includes supermarkets, hotels and restaurants. The regional market includes the Caribbean islands in the regions which are currently importing food and vegetables. According to Mr. Ronald Courtar, export of food and vegetables at market prices is feasible.

Exclusive agriculture products can be exported to the whole world, of which the main areas of interest are the United States and Europe. Other regional islands are executing this kind of activity. An example is Aruba, which is exporting Aruba Aloe worldwide⁸⁸.

Competition

In the case of producing non-exclusive food and vegetable products, there is a high competition. It is necessary to deal with the market price of the imported products. Otherwise, the products will not be sold. If local products are available for the same price as imported products, the local products can be sold in St. Eustatius.⁸⁹

The worldwide market is available for exclusive agricultural products. The competition could be lower if the product is unique or almost unique. If the product has competitive differences with similar products, a higher price can be asked.

Financials

The total expenditure of St. Eustatius on food (all products) is NAF 10,111,886 a year. The costs of production are completely dependable of the products. Natural products such as Aloe Vera have low costs of water needed for the production. Planted or sow products typically require more water. Important costs are the costs for the logistics. High costs are the costs of transportation of the resources and the products, if the products are exported. Because of the multi-purpose of agricultural products, data can not be given.

The turnover of a meat chicken farm is shown in table 13. The internal demand can be foreseen with a farm, and a part of the production is reserved for regional export.

Conclusion

The financial data of more agriculture are unclear. Before agricultural projects will start, more research is necessary. The best form of agriculture is producing new products or high potential products in new or niche markets. A more traditional product with potential is a chicken farm. The costs of a chicken farm are unclear yet. More agriculture in St. Eustatius is feasible, if the conditions and the possible problems mentioned above will be monitored and analyzed.

⁸⁸ Aruba Aloe

⁸⁹ According to Ms. Louise Duggins

8.3 Feasibility: Clothes store

History

Both in the past and in the current situation, the people of St. Eustatius buy their shoes and clothes in different ways. The partitioning in the past is unclear, but most products are bought outside St. Eustatius, with a few products sold in shops, and the rest sold by inhabitants from their houses.

Current situation

Nowadays, the estimation is that around 10 inhabitants sell clothes and shoes from their houses. Furthermore, there are four shops which sell clothes and/or shoes. As described in chapter 5.1.2, these shops sell basic products: t-shirts, underwear, simple trousers etc. Better trousers, shoes and shirts are not available. Therefore, around 75% of the clothes and shoes are bought directly outside St. Eustatius. The most products are bought in other islands (mainly St. Maarten) and countries, and a smaller part of the products are mail ordered.

Possibilities

Principally, all possible clothes and shoe-products can be imported to sell in St. Eustatius. A location for a shop will not be problematic, as locations are available in the town center. The necessary employees are also available, and a high level of education is not necessary.

The logistics are not a problem because products can be delivered by post services. Suppliers of clothes and shoe-products are all over the world, therefore the supply is also not a problem.

It is recommended to stimulate other sectors to increase the service sector.⁹⁰

Market

According to CBS-data, the inhabitants of St. Eustatius spend more than NAF 4 million on shoes, and more than NAF 1 million on shoes yearly. The total market is estimated NAF 5,059,615.

The export possibilities are limited. The products sold to tourists are negligible with the current state of development of the tourism. Therefore, the market comprises 2584 people with a total turnover of NAF 5,059,615.

Competition

The current competitors sell around NAF 1.3 million on clothes and shoe-products. The other competitors are located outside St. Eustatius and sell around NAF 3.8 million on clothes and shoe-products to the inhabitants of St. Eustatius.

⁹⁰ Kregel, J.A., 1972

Financials

If the clothes store can reduce the imported clothes and shoes by 10%, the estimation is that the financials of a clothes store would be as follows:

Total spending on clothes and shoes		5,059,615
Spending in St. Eustatius	25%	1,264,904
Spending outside St. Eustatius	75%	3,794,711
Market share	7,5%	379,471
Purchase costs	30%	113,841
Transportation costs	20%	75,894
Turnover tax	3%	11,384
Fixed costs		21,600
Variable costs		93,600
Other costs	5%	18,974
Profit (before taxes)		44,178

Table 14: Estimated costs and benefits clothes store

The estimations for this calculation are as follows:

Fixed costs of the store are NAF 1,800 a month.

Variable costs: 1 employee, 36 hours a week, with a salary of NAF 50 an hour (including taxes).

Other costs (products which are not sold, unexpected costs, etc) are 5% of the turnover.

Conclusion

The market is large enough to handle more clothes shops. The challenge is to find the products which are directly imported now. If the shop sells these products, there is not direct competition between the new shop and the current shops. With a market share of 7.5%, the store is profitable. In that case, import substitution will be the main point.

Conditions for a new store are entrepreneurship, a minimum market share of 7.5% and import substitution instead of competition with existing stores.

8.4 Conclusion

According to the available data, both agricultural activities as a clothes shop are feasible in St. Eustatius. It is necessary to look for unique products to achieve import substitution or new export, instead of competition with current business in St. Eustatius. Furthermore, entrepreneurship should be stimulated to find entrepreneurs who will invest in new business.

In line with the wishes of the principal, the agricultural businesses are not addressed in the rest of this research. Therefore, chapter 9 presents a short business plan for a clothes store.

9. Business Plan

Chapter 9 presents a short business plan for a clothes store. A business plan includes, according to the 'Manual Starting Entrepreneurs'⁹¹ the personal data of the entrepreneur. Furthermore, this plan describes the goals and properties of the new business, a global description of the products and the insurances needed. The marketing part includes the 4 P's of Kotler⁹²: Price, Place, Product and Promotion. Examples are the market, the formula and the competition. The financial chapter of a business plan deals with the needed investments, the finances, the budget, etc. Normally, this includes the repayments capacity as well as the exploitation. These points are described to a limited extent in this plan, in addition to the liquidity prognosis.

9.1 Strengths and weaknesses

There is a demand in St. Eustatius for an offer of a complete assortment of clothes- and shoe products.⁹³ In the current situation, there is not a store or other point of sale where a complete package is offered. The newest fashion is not offered on the island either. This is another strength of the new shop, is that this shop will offer the newest fashion products. The unique elements of the store will be strengths.

The weakness of the new shop is the market size. The number of inhabitants is small and the export possibilities are low.

Opportunities for the new store are a changing demand for fashion products, economic growth and increased tourism on the island. If the demand for fashion products changes, a complete store can cater to the changing demand with a complete package of new products. Other external opportunities are economic growth and a growth of tourism. Tourism could grow, for example in the case of a golf resort, which would render their share non-negligible.

The most expected threats for the new clothes store are more competition if the store is successful and the rise of mail order firms.

9.2 Mission and targets

The mission is to sell clothes and shoe-related products for the local market.

The target is to offer a complete product package. Furthermore, to influence the trade balance positively: products are sold in St. Eustatius instead of St. Maarten or other islands. The need to fly to St. Maarten for products is lower.

9.3 Products and services

To become a relative high market share, it is recommended to sell a complete package of clothes and shoe products, both basic and better products and take into account with the climate. The complete package is intertwined with one of the strengths of the store. Examples are underwear, trousers, shirts, t-shirts, socks, caps, shoes, dresses, and skirts.

9.4 Market and competition

The market for the products of the clothes store is the island St. Eustatius. This includes 2584 inhabitants, and some tourists. The last group (tourists) is not large; the estimated effect of tourists in clothing stores is low. Therefore the tourists are not included in the market size for a clothes store in this report.

The competition in St. Eustatius comes from an estimated 10 inhabitants who sell clothes from their house and from four shops which sell clothes and/or shoes.

Competitors outside of St. Eustatius are mail order houses and stores operating in St. Maarten or in other countries. In the current situation, 25% of the expenditures on clothes and shoes are spent in

⁹¹ ABN-Amro, Manual Starting Entrepreneurs, 1992

⁹² Kotler, Philip, 1991

⁹³ According to Mr. Sneek

St. Eustatius.

9.5 Financial plan

A short financial plan is presented in chapter 8.3. According to this plan, a store for clothes and shoes would be profitable. The most uncertain aspect is the expected market share. To achieve this market share quickly, a marketing campaign is recommended.

The profit in the first year will be low or negative, as result of the setup costs and the costs for a marketing campaign to achieve the market share. It is expected that the market share is lower in the first year. Furthermore, starting capital is needed for a stock and for the furnish of the shop.

9.6 Assumptions and risks

It is an assumption that a local entrepreneur could be more successful than an entrepreneur from outside St. Eustatius. This is not scientifically grounded and therefore not mentioned in this chapter. The financial risks are mainly caused by the needed market share. If the market share is too low, the financial results are lower or even negative. Another financial risk is a too high unsellable stock. A non financial risk is the length of time of the needed licenses. Contact with the government in an early stage is recommended.

9.7 Conclusion

The expectations are that a clothes store in St. Eustatius is profitable. There is a stable market demand, there are enough suppliers so that the store can be profitable. The main financial risk is that the expected market share is not achievable. In that case, the financial results are under pressure.

10. Conclusions & recommendations

This chapter presents the conclusions and recommendations of the report. Chapter 10.1 gives answer on the research question: *‘What new business activities are promising for St. Eustatius and how can these be developed?’* The second paragraph of this chapter gives a reflection on the research process which also results in recommendations in chapter 10.3.

10.1 Conclusions

An improvement of the trade balance can be achieved by two main economic possibilities: import substitution and export growth. This research is concentrated on import substitution. The choice for import substitution is based on the situation in St. Eustatius, almost all products are imported in the current situation. This report supports a solution to this problem.

Barriers

Earlier research showed the importance of agriculture. Past agricultural activity frequently shows an increase in labor and therefore an increase of the income of the society. Unfortunately, the stage of a settled agriculture is not reached in the current situation of St. Eustatius. The contacts with Western Europe and the United States are present, but their influence on growth is, as concluded in theory, low. Three important barriers for economic growth are the political state, the unchanging technology and a vicious cycle of inadequate markets. Two important economic aspects for St. Eustatius are the limited size of the market and the volume of the flow of saving available for investment.

Compared to the Netherlands, there is a barrier in the level of education, the educational level of the population is very low in St. Eustatius. The level of education of the population is lower than the level of education at Bonaire and Curaçao, but the differences are small. The level of education in St. Eustatius is comparable with the level of education on Saba and St. Maarten.

Economic situation St. Eustatius

The main imported products and services are gambling activities, supermarket products, clothes and shoes, airline services and food and vegetables. There is in St. Eustatius a yearly cash outflow of NAF 334,000 from St. Eustatius to St. Maarten for gambling activities. The optimal situation, in a case of a complete local gambling-business, the income of the government will increase with NAF 273,764, calculated using normal tax payments. For clothes and shoe-products, there is a cash outflow of NAF 4,427,163. In the optimal situation, the estimated cash outflow is NAF 1,770,865. Finally, the number of sold airline tickets of Winair, the most important airline in St. Eustatius for air connections is around 17,500 yearly. This results in a yearly cash outflow of NAF 2.9 million. On the other hand, the export of St. Eustatius is small. The main export is caused by the largest company in St. Eustatius, Valero LP,

Comparison with Anguilla

A comparison with Anguilla shows that Anguilla has over the past 3 years enjoyed quite significant success in stimulating foreign as well as domestic investment and luxury tourism. The government of Anguilla is trying to manage the economic growth. Anguilla's significant growth in the tourism sector began with the arrival of golf resorts. Nowadays, Anguilla recognizes the disadvantages of development and the risks of overdeveloping. In general, the working population of Anguilla is better educated than the working population of St. Eustatius.

Alternative business activities

An alternative for economic activity is a wholesale for supermarkets. Even purchasing together would be an opportunity. The purchase and transportation costs can be reduced. Unfortunately, some supermarkets do not want to purchase together. Therefore, the entrepreneurs are still purchasing separately, a wholesale is not feasible at this moment. The ‘Agriculture activities’ is the selected alternative with the highest potency. It scored well with the most points, except that the investments

(financial data) are unclear. Before agricultural projects will start, more research is necessary. The best form of agriculture is producing new products or high potential products in new or niche markets. More agriculture in St. Eustatius is feasible, as long as the conditions and the possible problems mentioned above are monitored and analyzed. In line with the wishes of the principal, the agricultural businesses are not addressed after the feasibility research.

The second best alternative is a clothes shop. A clothes shop scores well on the available resources and the dependence on the government, despite the fact that the export possibilities and the additional value are low. The expectations are that both are feasible and at least the clothes store in St. Eustatius is profitable. The market is large enough to handle more clothes shops. The challenge is to find the products which are directly imported now. If the shop sells these products, there is not direct competition between the new shop and the current shops. With a market share of 7.5%, the store is profitable. In that case, import substitution will be the main point. The conditions for a successful new store are entrepreneurship, a minimum market share of 7.5% and import substitution instead of competition with existing stores. There is a stable market demand, there are enough suppliers and the store can be profitable. The main financial risk is that the expected market share is not achievable. In that case, the financial results are under pressure.

10.2 Reflection

This reflection compares the results with the objectives of the research and analyses the process of the research. The objective was: *What new business activities are promising for St. Eustatius and how can these be developed?* It can be concluded that the results are in general in line with the objectives. The lack of data for analyzing the situation and the estimations in a new situation results in a few assumptions. The possible generated uncertainty in some of the results of the analysis is caused by made assumptions.

As mentioned earlier in the report, this research is focused on import substitution. Another method to improve the trade balance is an increase of the export. The export possibilities are after this research still unclear, it is therefore recommended to execute further research.

Furthermore, the agricultural aspect is in this research in my opinion underexposed. From more sides came the suggestion of the alternative agriculture. At least, this alternative had the best score in the MCA. Because the wish of the principal, this alternative is not more drawn up after the feasibility study. More research on the specific agricultural products will result in more insights in the agricultural opportunities in St. Eustatius.

Planning

The process of the research in St. Eustatius was not always as planned before. The appointment with a representative of the government was difficult to make and the available information was limited. The original plan was to visit Anguilla for interviewing a representative of the government. Unfortunately, the government of Anguilla did not have enough time to prepare the requested data. The comparison with Anguilla can be described more detailed in the future, if such an appointment or another type of data collection could be achieved.

At least, the time schedule after returning from St. Eustatius could be better. It took a long time to complete the project. The delay is caused by followed courses at the University and the efforts of writing this report. It is better to finish courses before a master thesis will start. Furthermore, a strict and feasible time schedule would be better to improve the speed of the completion of the project.

10.3 Recommendations

St. Eustatius has a lot of opportunities to improve the trade balance. A recommendation is to monitor the success story of the region: Anguilla. Anguilla attracted outside investors, what finally resulted in economic growth. The start of the economic growth resulted in the development of the island: infrastructure, new enterprises, etc. Nowadays, Anguilla is talking about overdeveloping. There are opportunities to copy this success, for example with the help of a golf resort.

The stimulating of entrepreneurship is also a recommendation. With the help of the government

or an organization comparable with a chamber of commerce, entrepreneurship can be improved. Furthermore, try to find an entrepreneur who wants to start with a clothes store in St. Eustatius.

Another recommendation is to legalize gambling-activities. Legalization of gambling-activities reduces the cash outflow and improves the tax-income of the government. In the case of a complete regulation by the government in St. Eustatius, the cash outflow will reduce with NAF 334,000 yearly; the tax-income will increase with NAF 173,535 yearly.

Further research

In line with the theory, it is recommended to pursue a situation with a settled agriculture. To achieve the situation, it is necessary to focus on agriculture. Further research for the best agriculture products is therefore advised.

It is also recommended to reduce the current growth barriers, and try to break through the unchanging technology and the vicious cycle of inadequate markets. More research on the best way to organize this is necessary. Further research on the export possibilities of St. Eustatius will give insights in the possibilities for new export products. The export possibilities are unclear yet.

Bibliography

- Adviesraad internationale vraagstukken, de invloed van cultuur en religie op ontwikkeling, stimulans of stagnatie?, juni 2005.
- Augelli, John P. (1956), De Nederlandse Antillen: Land, Volk, Cultuur, in *Geographical Review*, Vol. 46, No. 3, Jul. 1956.
- Ball Donald A. et al (2004), 'International Business, The Challenge of Global Competition', *McGraw-Hill, New York*, 9th edition.
- Cadogan, John W., Adamantios Diamantopoulos and Charles Pahud de Mortanges (1999), 'A Measure of Export Market Orientation: Scale Development and Cross-Cultural Validation', in *Journal of International Business Studies*, 4th Quarter 1999.
- Campbell, Andrew and Marcus Alexander (1997), 'What's Wrong with Strategy', in *Harvard Business Review*, nov-dec 1997.
- Cornelisse, P.A. (2003), 'De blauwe ogen van ontwikkelingseconomen: De rol van de overheid in ontwikkelingsbeleid', *Erasmus Universiteit Rotterdam*.
- Curtis, Douglas C.A. (1983), 'Trade Policy to Promote Entry with Scale Economies, Product Variety, and Export Potential', in *The Canadian Journal of Economics*, February 1983.
- Demas, William G. (1987), 'The Carribean and the New International Economic Order', in *Journal of Interamerican Studies and World Affairs*, Vol. 20, No. 3, Aug. 1987.
- Freeman, R.E (1984), 'Strategic Management: a stakeholder approach', *Pitman, Boston*.
- Gal, Tomas, Theodor J. Stewart and Thomas Hanne (1999), 'Multicriteria Decision making, Advances in MCDM Models, Algorithms, Theory and Applications', *Kluwer Academic Publishers, Dordrecht*.
- 'Guideline for Applying Multi-Criteria Analysis to the Assessment of Criteria and Indicators' (1999), *Center for International Forestry Research*.
- Graafland, J.J. et al, 'Wat betekent maatschappelijk ondernemen concreet?', *Centrum voor Maatschappelijk Ondernemen*.
- Guillén, Mauro F. (2000), 'Business groups in emerging economies: A resource-based view', in *The Academy of Management Journal, University of Pennsylvania*, Vol. 43, No. 3, Jun 2000.
- Hagen, Everett E. (1962), 'On the Theory of Social Change, How Economic Growth Begins', *Center for International Studies Massachusetts Institute of Technology, Homewood, Illinois*.
- Hoefte, Rosemarijn (1996), 'Thrust Together: The Netherlands Relationship with Its Caribbean Partners', in *Journal of Interamarican Studies and World Affairs*, Vol. 38, No. 4, 1996.
- Hoskisson, Robert E. et al (2000), 'Strategy in Emerging Economies', in *The Academy Management Journal*, Vol. 43, No. 3, Jun. 2000.
- 'Improving cash flow, your guide to better cash management', (1978) in *Modern Business Reports, Alexander Hamilton Institute Inc.*
- Johnston, Bruce F., 1970, Agriculture and Structural Transformation in Developing Countries: A Survey of Research, in *Journal of economic Literature*, vol. 8, no. 2, jun 1970.
- Kent, Calvin A. and Francis W. Rushing (1999), 'Coverage of Entrepreneurship in Principles of Economics Textbooks: An Update', in *The Journal of Economic Education*, Spring 1999.
- Klein, Katherine J. and Joann Speer Sorra (1996), 'The Challenge of Innovation Implementation', in *The Academy of Management Review, University of Maryland at College Park*, Vol. 21, No. 4, Oct 1996.
- Kotler, Philip (1991), 'Marketing Management', *Pearson Education, New Jersey*, 11th edition.

- Kregel, J.A. (1972), 'The theory of economic growth', *University of Bristol and Université Catholique de Louvain, London*.
- Leff, Nathaniel H. (1979), 'Entrepreneurship and Economic Development: The Problem Revisted', in *Journal of Economic Literature*.
- Leibenstein, Harry (1968), 'Entrepreneurship and Development', in *The American Economic Review*, Harvard University, May 1968.
- Majid, Nomaan, 2005, On the evolution of employment structure in developing countries, *Employment Strategy Papers*.
- Martel, Jean-Marc (1992), 'Multicriterion Decision Aid: Methods and Applications', *Université Laval, Québec, Canada*.
- Mitchell et al (1997), 'Towards a theory of stakeholder identification and salience: defining the principle of who and what really counts', in *Academy of Management Review*, Vol. 22.
- Nelson, Robert E. (1977), 'Entrepreneurship Education in Developing Countries', in *Asian Survey*, Sep 1977.
- Nijkamp, Peter and Jaap Spronk (1981), 'Multiple Criteria Analysis, Operational Methods', *Gower Publishing Company Limited, England*.
- Nijkamp, P. and A. van Delft (1977), 'Multi-criteria analysis and regional decision-making', *Martinus Nijhoff Social Sciences Devision, Leiden*.
- Scarborough, Norman M. and Thomas W. Zimmerer (2003), 'Effective Small Business Management, An Entrepreneurial Approach', *Pretice Hall International Inc.*, 7th edition.
- Schneider, Susan C. and Jean-Louis Barsoux (1997), 'Managing across cultures', *University of Geneve, Pretice Hall Financial Times*.
- Seley, John E. (1981), 'Targeting Economic Development: An Examination of the Needs of Small Businesses', in *Economic Geography, Queens College / CUNY*, Vol. 57, No. 1, New Directions in Pubic Services, Jan. 1981.
- Torado, Michael P. (1982), 'Economics for a developing world: an introduction to principles, problems and policies for development', *Longman Group Limited*, 2nd edition.
- Torado, Micheal P. (1989), 'Economic developing in the third world', *Longman Group UK Limited*, 4th edition.
- Weiss, J.W. (1994), 'Business Ethics, A Managerial Stakeholder Approach', *International Thompson Publishing*.
- Woo, Carolyn Y.Y. and Arnold C. Cooper (1981), 'Strategies of Effective Low Share Businesses', in *Strategic Management Journal, Krannart Graduate School of Management, Purdue University, West Lafayette, Indiana, U.S.A.*, Vol. 2, No. 3, Jul - Sep. 1981.

References

- Mr. Ronald Courtar
Entrepreneur and chairman of STEBA, 05-23-2006
- Ms. Louise Duggins
Duggins supermarket, 06-20-2006
- Mr. Roy Hooker
Commissioner of St. Eustatius, 06-07-2006
- Ms. Van Polanen
Clothing shop, 06-15-2006
- Mr. Evert Rijlaarsdam
Head LVV-department St. Eustatius, 08-03-2006
- Mr. Fernand Smit
Golden Rock supermarket, 06-06-2006
- Mr. Koos Sneek
STEBA, 05-11-2006
- Ms. Arlene Spanner-Smidth
SESNA, 06-20-2006
- Gambling owner (to prevent problems, his name is not mentioned in this report)
06-05-2006
- Killy Killy Travel Agency
06-06-2006
- Rainbow Travel
06-07-2006

Internet sources

- Aruba Aloe, 08-08-2006:
<http://www.arubaaloe.com>
- Antillenhuis, 04-28-2006:
http://www.antillenhuis.nl/nieuws.php?subaction=showfull&id=1119544788&archive=&start_from=&ucat=1&
- Central Bureau of Statistics Netherlands Antilles, 05-14-2006:
<http://www.cbs.an>
- Central Bureau of Statistics The Netherlands, 01-20-2007:
<http://www.cbs.nl>
- Geld.plein.nl, 06-10-2006:
<http://geld.plein.nl/belastingparadijzen/Anguilla/anguilla.html>
- Government of Anguilla, 05-28-2006:
<http://www.gov.ai>
- Government of the Netherlands Antilles, 05-12-2006:
<http://www.gov.an>
- Kennisnet:
<http://koninkrijksstatuut.kennisnet.nl/6eilanden/sinteustatius>
- MicroMacro consultants, 06-20-2006:
<http://users.bart.nl/~mmc/Nederlands/Curacao%20Aruba/Artikel%20Economie%20NA.html>

Ministry of Economy The Netherlands, 05-30-2006:
<http://www.minez.nl/content.jsp?objectid=38710>

Ministry of the Interior and Kingdom Relations, 07-11-2007:
<http://www.minbzk.nl/onderwerpen/de-nederlandse-nieuwe-staatkundige>

Oregon State University, 08-01-2006:
<http://biosys.bre.orst.edu/restore/glossary.doc>

Pluimveehouderij.nl, 07-27-2007:
<http://www.pluimveehouderij.nl>

Statia Tourism, 04-28-2006:
<http://www.statiatourism.com>

STEBA, 05-12-2006:
<http://www.steba.biz>
<http://www.steba.biz/documents/STEBA%20action%20plan%202005%20-%202007.doc>

Turquoise Net, 05-14-2006:
<http://www.turq.com/anguilla/info.php>
<http://www.turq.net/statiagovernment>

University of Utrecht, 05-22-2006:
<http://www.library.uu.nl/wesp/populstat/Americas/anguillg.htm>

Villascaribe.com, 05-14-2006:
<http://www.villascaribe.com/Content/264.htm>

Wikipedia Slavenhandel, 05-09-2006:
<http://nl.wikipedia.org/wiki/Slavenhandel>

Wikipedia Kip, 07-12-2007:
[http://nl.wikipedia.org/wiki/Kip_\(vogel\)](http://nl.wikipedia.org/wiki/Kip_(vogel))

Worldtravelguide, 05-15-2006:
http://www.worldtravelguide.net/country/general_information.ehtml?o=11

Zakelijk Curaçao, 06-01-2006:
http://www.zakelijkCuraçao.nl/Curaçao/page.asp?pag_id=1332&lan_id=1&De+financi%EBle+rek+is+eruit+op+de+Antillen

Appendices

Appendix 1: Income per capita Netherlands Antilles

The income per capita, for the Netherlands Antilles:

Income per capita, Netherlands Antilles *)		1998	1999	2000	2001**)	2002**)
Gross Domestic Product	mln NAf	4506,7	4488,5	4593,6	4685,1	4744,1
Primary income paid to abroad	mln NAf	261,7	217,3	225,6	187,5	162,6
Primary income received from abroad	mln NAf	195,7	180,7	187,6	158,0	171,3
Net factor income paid to abroad	mln NAf	66,0	36,6	38,0	29,5	-8,7
Gross National Income	mln NAf	4572,7	4525,1	4631,6	4714,6	4735,4
Midyear population	x1000	193,4	192,1	186,2	180,8	174,2
Gross National Income per capita	NAf	23647,1	23561,8	24877,4	26072,6	27184,0
Current transfers paid to abroad	mln NAf	283,7	381,2	434,0	392,0	633,3
Current transfers received from abroad	mln NAf	313,5	362,5	366,2	357,0	418,2
Net current transfers paid to abroad	mln NAf	-29,8	18,7	67,8	35,1	215,1
Gross National Disposable Income	mln NAf	4542,9	4543,8	4699,4	4749,7	4950,5
Gross National Disposable Income per capita	NAf	23493,0	23659,0	25241,8	26266,5	28418,8
*) according to SNA 68						
**) estimates						

Table 1: Income per capita for the Netherlands Antilles

Appendix 2: Expenditures per capita and sector

Yearly expenditures per capita and sector St. Eustatius (in NAF)

Uitgaven per persoon:	28418,8		
Aantal inwoners:	2584		
Uitgaven per sector	% van totale uitgaven	Uitgaven per persoon	Totaal uitgaven St. Eustatius
VOEDING	13,77	3913	10111886
graanprodukten	2,15	611	1578835
vlees en vis	3,13	890	2298490
spijsvetten	0,34	97	249676
zuivelproducten (behalve boter)	1,57	446	1152917
aardappelen, groenten en fruit	2,41	685	1769764
suiker en chocolade	0,37	105	271706
kant en klare gerechten	0,43	122	315767
verteringen buitenshuis	2,48	705	1821168
overige voedingsmiddelen	0,89	253	653564
DRANKEN EN ROOKWAREN	2,43	691	1784451
dranken	2,3	654	1688986
rookwaren	0,13	37	95464
KLEDING EN SCHOEISEL	6,89	1958	5059615
kleding	5,48	1557	4024193
schoeisel	1,41	401	1035422
WONEN	30,53	8676	22419455
woonkosten	22,5	6394	16522690
energieverbruik	4,01	1140	2944711
woningonderhoud	1,69	480	1241038
tuinonderhoud	0,62	176	455292
water	1,71	486	1255724
WONINGINRICHTING EN HUISRAAD	7,2	2046	5287261
meubilair en verlichting	1,03	293	756372
stoffering en woningtextiel	1,07	304	785746
huishoudelijke apparaten en ge- reedschappen	0,97	276	712312
huishoudelijke artikelen	0,78	222	572787
huishoudelijke uitgaven n.e.g.	1,07	304	785746
huishoudelijke diensten	1,62	460	1189634
woninginrichting n.e.g.	0,66	188	484666
GEZONDHEIDSZORG	2,35	668	1725703

gezondheidszorg	2,35	668	1725703
VERVOER EN KOMMUNIKATIE	20,64	5866	15156815
vervoersmiddelen	81	23019	59481685
onkosten t.b.v. vervoersmiddelen	5,36	1523	3936072
vervoer	4,78	1358	3510154
kommunikatie	2,4	682	1762420
REKREATIE EN ONTWIKKELING	8,94	2541	6565016
rekreatie	5,45	1549	4002163
amusement en cultuur	0,45	128	330454
boeken enz.	0,96	273	704968
ontwikkeling	2,05	583	1505401
hobby artikelen	0,03	9	22030
OVERIG	7,25	2060	5323978
persoonlijke verzorging	2,16	614	1586178
verzekeringen	1,84	523	1351189
goederen en diensten n.e.g.	3,25	924	2386611
Totaal	100	28419	73434179

Table 2: Yearly expenditures per capita and sector St. Eustatius (in NAF)

Appendix 3: Sensitivity analysis

Alternatives	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI	4	4	4	5	4	3	2
Number of employees	4	4	3	5	3	4	1
Level of education	5	3	3	5	4	1	1
Licenses	5	5	4	1	3	3	2
Export	5	1	3	1	3	2	5
Additional value	5	2	3	1	2	3	4
Expected growth	3	3	3	1	2	4	2
Sales market	5	4	3	4	3	3	2
Resources	4	5	4	5	3	2	1
Government	4	5	3	1	3	4	2
Total	46	40	36	34	33	31	23
Ranking	1	2	3	4	5	6	7

Table 3: Multi Criteria Analysis

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment							
ROI	4	4	4	5	4	3	2
Number of employees	4	4	3	5	3	4	1
Level of education	5	3	3	5	4	1	1
Licenses	5	5	4	1	3	3	2
Export	5	1	3	1	3	2	5
Additional value	5	2	3	1	2	3	4
Expected growth	3	3	3	1	2	4	2
Sales market	5	4	3	4	3	3	2
Resources	4	5	4	5	3	2	1
Government	4	5	3	1	3	4	2
Total	44	36	33	29	30	29	22
Ranking	1	2	3	5	4	5	7

Table 4: Multi Criteria Analysis without 'Investment'

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI							
Number of employees	4	4	3	5	3	4	1
Level of education	5	3	3	5	4	1	1
Licenses	5	5	4	1	3	3	2
Export	5	1	3	1	3	2	5
Additional value	5	2	3	1	2	3	4
Expected growth	3	3	3	1	2	4	2
Sales market	5	4	3	4	3	3	2
Resources	4	5	4	5	3	2	1
Government	4	5	3	1	3	4	2
Total	42	36	32	29	29	28	21
Ranking	1	2	3	4	4	6	7

Table 5: Multi Criteria Analysis without 'ROI'

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI	4	4	4	5	4	3	2
Number of employees							
Level of education	5	3	3	5	4	1	1
Licenses	5	5	4	1	3	3	2
Export	5	1	3	1	3	2	5
Additional value	5	2	3	1	2	3	4
Expected growth	3	3	3	1	2	4	2
Sales market	5	4	3	4	3	3	2
Resources	4	5	4	5	3	2	1
Government	4	5	3	1	3	4	2
Total	42	36	33	29	30	27	22
Ranking	1	2	3	4	5	6	7

Table 6: Multi Criteria Analysis without 'Number of employees'

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI	4	4	4	5	4	3	2
Number of employees	4	4	3	5	3	4	1
Level of education							
Licenses	5	5	4	1	3	3	2
Export	5	1	3	1	3	2	5
Additional value	5	2	3	1	2	3	4
Expected growth	3	3	3	1	2	4	2
Sales market	5	4	3	4	3	3	2
Resources	4	5	4	5	3	2	1
Government	4	5	3	1	3	4	2
Total	41	37	33	29	29	30	22
Ranking	1	2	3	4	4	6	7

Table 7: Multi Criteria Analysis without 'Level of education'

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI	4	4	4	5	4	3	2
Number of employees	4	4	3	5	3	4	1
Level of education	5	3	3	5	4	1	1
Licenses							
Export	5	1	3	1	3	2	5
Additional value	5	2	3	1	2	3	4
Expected growth	3	3	3	1	2	4	2
Sales market	5	4	3	4	3	3	2
Resources	4	5	4	5	3	2	1
Government	4	5	3	1	3	4	2
Total	41	35	32	33	30	28	21
Ranking	1	2	4	3	5	6	7

Table 8: Multi Criteria Analysis without 'Licenses'

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI	4	4	4	5	4	3	2
Number of employees	4	4	3	5	3	4	1
Level of education	5	3	3	5	4	1	1
Licenses	5	5	4	1	3	3	2
Export							
Additional value	5	2	3	1	2	3	4
Expected growth	3	3	3	1	2	4	2
Sales market	5	4	3	4	3	3	2
Resources	4	5	4	5	3	2	1
Government	4	5	3	1	3	4	2
Total	41	39	33	33	30	29	18
Ranking	1	2	3	3	5	6	7

Table 9: Multi Criteria Analysis without ‘Export’

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI	4	4	4	5	4	3	2
Number of employees	4	4	3	5	3	4	1
Level of education	5	3	3	5	4	1	1
Licenses	5	5	4	1	3	3	2
Export	5	1	3	1	3	2	5
Additional value							
Expected growth	3	3	3	1	2	4	2
Sales market	5	4	3	4	3	3	2
Resources	4	5	4	5	3	2	1
Government	4	5	3	1	3	4	2
Total	41	38	33	33	31	28	19
Ranking	1	2	3	3	5	6	7

Table 10: Multi Criteria Analysis without ‘Additional value’

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI	4	4	4	5	4	3	2
Number of employees	4	4	3	5	3	4	1
Level of education	5	3	3	5	4	1	1
Licenses	5	5	4	1	3	3	2
Export	5	1	3	1	3	2	5
Additional value	5	2	3	1	2	3	4
Expected growth							
Sales market	5	4	3	4	3	3	2
Resources	4	5	4	5	3	2	1
Government	4	5	3	1	3	4	2
Total	43	37	33	33	31	27	21
Ranking	1	2	3	3	5	6	7

Table 11: Multi Criteria Analysis without ‘Expected growth’

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI	4	4	4	5	4	3	2
Number of employees	4	4	3	5	3	4	1
Level of education	5	3	3	5	4	1	1
Licenses	5	5	4	1	3	3	2
Export	5	1	3	1	3	2	5
Additional value	5	2	3	1	2	3	4
Expected growth	3	3	3	1	2	4	2
Sales market							
Resources	4	5	4	5	3	2	1
Government	4	5	3	1	3	4	2
Total	41	36	33	30	30	28	21
Ranking							

Table 12: Multi Criteria Analysis without ‘Sales market’

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI	4	4	4	5	4	3	2
Number of employees	4	4	3	5	3	4	1
Level of education	5	3	3	5	4	1	1
Licenses	5	5	4	1	3	3	2
Export	5	1	3	1	3	2	5
Additional value	5	2	3	1	2	3	4
Expected growth	3	3	3	1	2	4	2
Sales market	5	4	3	4	3	3	2
Resources							
Government	4	5	3	1	3	4	2
Total	42	35	32	29	30	29	22
Ranking	1	2	3	4	5	6	7

Table 13: Multi Criteria Analysis without ‘Resources’

Alternative	Agriculture	Clothes shop	Water	Gambling	Wholesale	ICT	Airline
Criteria							
Investment	2	4	3	5	3	2	1
ROI	4	4	4	5	4	3	2
Number of employees	4	4	3	5	3	4	1
Level of education	5	3	3	5	4	1	1
Licenses	5	5	4	1	3	3	2
Export	5	1	3	1	3	2	5
Additional value	5	2	3	1	2	3	4
Expected growth	3	3	3	1	2	4	2
Sales market	5	4	3	4	3	3	2
Resources	4	5	4	5	3	2	1
Government							
Total	42	35	33	33	30	27	21
Ranking	1	2	3	3	5	6	7

Table 3: Multi Criteria Analysis without ‘Government’