

berthing facilities for international cruise ships. At Port of Spain (Trinidad) a new cruise ship reception area has recently been established, and at Piarco, a state-of-the-art radar system is currently being installed. A land use study is being conducted at Piarco to define fully a number of proposed projects and to establish the viability of constructing new airport facilities, including a new terminal building, industrial park, cargo and aircraft maintenance centres, and a hotel complete with world trade centre facilities.

Tourism, therefore, is expected to make a major contribution to the diversification of the economy, primarily through direct employment, generation of foreign exchange and creation of linkages with other sectors of the economy.

Investment Incentives

Investment Policy. The government's policy is to promote a mixed economy in which private-sector activities provide the basis for growth and development. Favoured investments are those that earn or effect savings of foreign exchange, create a significant number of permanent jobs and use local raw materials. Investments which offer prospects for future expansion, technological development or the establishment of new and modern industries are also likely to be promoted. In order to encourage investment, the government has introduced a number of tax and other incentives which are outlined below.

Tax Incentives

Fiscal Incentives Act 1979. The Pioneer Industries Act of 1950 permitted industries so declared to qualify for a five-year tax holiday from the first day of production. After the introduction of the Fiscal Incentives Act 1979, no new industries were granted pioneer status. Under this act, an approved product qualifies for a tax holiday depending on the local value which is determined in accordance with the following table.

	Local Value Added	Tax Holiday Period
Group I Enterprise	50% or more	9 years
Group II Enterprise	25%-50%	7 years
Group III Enterprise	10%-25%	5 years
Enclave Enterprise		10 years
Highly Capital-Intensive Industries		10 years