



# TURKS & CAICOS ISLANDS

## Welcome to the St. Tropez of the Caribbean

# Rolling out the red carpet, not red tape

With more than 220 miles of fine, soft sand beaches, almost 500 miles of stunning Caribbean reef protecting the archipelago from hurricanes and tropical storms, an average temperature in the low '80s year-round and no rainy season to speak of, it's no surprise that the Turks and Caicos Islands (TCI) has become one of the hottest and most exclusive destinations for those in the know.

"We have the greatest beaches in the world, the third largest coral reef system, and our people are extremely friendly," acknowledges Michael Misick, the TCI's Premier. "It is heavenly, a paradise on earth."

Just ninety minutes' flight from Miami and less than three and a half hours non-stop from New York, the TCI was practically untouched until a decade and a half ago, despite lying on the Americas' doorstep. Almost 265,000 visitors came here in 2007, an increase of 7% over the previous year, but the islands remain an oasis of peace and natural beauty.

"We compete on a global level and cater to the high-end visitor," Misick explains. "We have a tremendous task of being a place that offers all the amenities, but still caters to the eco-conscious traveler. We constantly work on having a pristine environment side-by-side with luxury amenities; we are trying to keep the balance and sustain the 'naturalness' of our destination."

As a result, the rampant construction that has blighted many destinations in the region has been kept under control and, of the 40 islands and cays in the two groups, just eight are currently inhabited with a total population of less than 30,000. Most of the development to date has taken place on or around the 12-mile-long stretch of white sand known as Grace Bay, twice voted the world's best beach by Condé Nast Traveler magazine.

The international airport at Providenciales, better known in the US as 'Provo', is the principal point of entry for most of those arriving here by air, while the 14-acre cruise center on Grand Turk, launched in 2006, welcomes increasing numbers of visitors who prefer to reach the islands by more stately means.

The new cruise ship facilities are just one of the many tourism projects initiated under Misick's administration, which came to office in 2003, to develop other islands and are a vital part of the government's strategy to ensure the nation's future, as the Premier explains. "The primary focus of this government is to diversify the economy and take the tourism product to another level," he says.

The TCI have become well-known thanks, in part, to celebrity vacation-home owners like Bruce Willis, Michael Douglas and Christie Brinkley, who certainly represent the top-end of the market. Global hospitality brands have not been slow to buy up a piece of paradise either, with The

development, undertaken with local real-estate brokers Prestigious Properties, should be available for occupancy early next year and guests will have access to two pools, various sporting facilities, and a spa and fitness center.

Dellis Cay, perhaps, has drawn the most feverish attention among the well-heeled worldwide. Slated for completion by 2010, the 560-acre project on a private island lying between Provo and North Caicos will include a Mandarin Oriental hotel and spa, as well as 70 ultra-exclusive beach houses designed by stellar architectural names like Zaha Hadid, Piero Lissoni and Shigeru Ban. With asking prices starting at around \$7 million, and

### NEW SCHEMES ATTRACT NEW WAVE OF VISITORS

Other than the spectacular new resort and real-estate developments, Premier Misick's administration is looking into other ways to attract visitors which will also pay dividends for belongers, as local residents are called. At present, some procedures require those seeking treatment to travel to The Bahamas or even the US, but the goal is to reverse the trend and have people come to the TCI when they want world-class care.

"We are diversifying our traditional tourism industry to include event, medical and sports tourism," Misick reveals.



"The primary focus of this government is to diversify the economy and take the tourism product to another level"

PREMIER MICHAEL MISICK

Ritz-Carlton Hotel Company, Wyndham Hotels and Resorts and Mandarin Oriental all announcing flagship projects for the next few years.

### MULTINATIONALS TAKE A STAKE IN PARADISE

Ritz-Carlton is investing \$500 million to create Molasses Reef on West Caicos, a luxury 125-room hotel together with 75 villas, which will eventually grow to include custom-built homes for the lucky few. The resort will also include a wildlife sanctuary and sites of cultural interest and the first phase is scheduled for completion in 2009.

The Wyndham Caciue Royal Beach Resort will feature 251 beachfront cottages and suites in low-density, landscaped gardens. The first units in the two-phase

the total project revenue estimated to top \$1 billion, it truly represents the cr me de la cr me.

This year has already seen the launch of two major hotel and condominium ventures: the Nikki Beach Resort and the Seven Stars Resort on Grace Bay. The former is set on a lush 423-acre site on the north-eastern tip of Provo and offers visitors a choice of 48 luxury ocean-view suites, as well as the VIP experience for which Nikki Beach is famed.

The Seven Stars resort, one of the largest new developments located at the very heart of Grace Bay, has proven a great success with US buyers, and 75% of units were sold prior to completion. These range from studios up to four-bedroom and penthouse apartments, all of which have access to the clubhouse and spa, and prices start from just \$700,000.

We have new hospitals coming on stream [and] are looking at medical tourism to eventually reach the rest of the world."

The islands also hosted 2007's CARIFTA (the Caribbean Free Trade Association) Games, held at the new stadium on Providenciales. The government has created a sports tourism office as part of the the Ministry of Tourism and it is looking to bring major events here, such as the upcoming Indy 500 which is planned to race on a new track under construction in Bluehills, also on Providenciales.

The fifth edition of the Turks and Caicos Music and Cultural Festival drew thousands of new visitors here for a seven-day extravaganza at the end of July and start of August, featuring major names from the entertainment world like Lionel Richie, Anita Baker and Billy Ocean alongside popular local acts.

## FOR GREAT ROI, CONSIDER TCI FIRST

In the current climate of economic downturn, there are few destinations where investments continue to pay off as rapidly and abundantly as in the Turks and Caicos Islands (TCI).

Tourism and real-estate are booming, attracting the attention of high-net-worth individuals and major multinational brands and diversifying development here beyond the tourism hub of Providenciales.

"There were people that came here ten years ago, even five years ago, who would admit that the return on investment is amazing," says Premier Michael Misick, pointing to projects like the new marina in North Caicos and initiatives on some of the smaller cays. "There are opportunities for investment in real estate, buying second homes. Right now, we find that mostly the multi-million dollar properties are being sold."

economy where investors can hope to reap great returns either. The Turks and Caicos Investment Agency (TCInvest), set up as an independent body in 1995 to encourage overseas investment, promote homegrown initiatives and provide financing to belongers, as TCI nationals are known, is the one-stop shop to explore business ventures here. TCInvest embodies the administration's 'Open Arms' investment policy, providing a link between official bodies and potential investors and offering policy advice, undertaking feasibility studies, negotiating joint ventures, and, in summary, guiding the interested parties through the appropriate channels in a timely and pro-active fashion.

The government is also investing in education, both for locals and to attract overseas students to a planned TCI campus for international studies.



THE SEVEN STARS RESORT AT GRACE BAY

But there is potential at every step on the real-estate ladder, as Floyd Hall, the Deputy Premier and Minister of Finance, National Insurance and Economic Planning notes. "The condo market has been a very strong one for us and has served to generate significant returns on investment for people coming to our country," he says. There are still limited units available at landmark developments such as the Seven Stars Residences on Grace Bay, which offers prospective owners security and guaranteed returns through its property management scheme. Nikki Beach is offering units for sale at its exclusive beach resort and club, as well as a choice of designs in its Leeward Isles Homes development. Real estate is not the only sector of the

"When we came into office the previous government was spending approximately two million dollars on education. Today, we are spending upwards of \$20 million on scholarships abroad," Misick says. "To see the gratitude on students' faces when they return home and join the workforce is one of the most fulfilling experiences." Whatever the interest, there is an opportunity according to Hall. "For the wealthy executive in the United States, the Turks and Caicos is a good destination to look at," he declares. "Turks and Caicos is open for business. We continue to roll out the red carpet, not red tape," Misick agrees. "For those looking for second homes or other types of investment, consider Turks and Caicos first."

# Secure and well-regulated financial services

The creation of the financial services sector in the Turks and Caicos Islands (TCI) was no accident. In 1970, the British government commissioned a report into the territory's prospects for tourism and real estate and identified the development of an offshore financial center as a complementary opportunity to be exploited.

"The financial services center doesn't function in isolation of the real estate or tourism sector," explains Floyd Hall, the TCI's Deputy Premier and Minister for Finance, National Insurance and Economic Planning. "That is so unique for us, in that we have tourism activity and real estate activity that drive the financial center."

A ground-breaking piece of legislation, introduced in 1981, opened the way for the TCI to become a corporate domicile of choice. The Turks and Caicos Companies Ordinance enabled the registration of various types of company: ordinary companies which do business and own property here; overseas firms; non-profit organizations; and exempted companies, also known as international business companies (IBCs).

Tax-free status has clearly been a major factor in the jurisdiction's success. There

are no taxes on income, profits, capital or capital gains. Aside from stamp duty, no taxes are levied on real-estate transactions, inheritances or donations and goods purchased here are even free from sales tax. And companies registered here benefit from the same status as private

"We're a new destination, people have been hearing a lot about us and the word out there is that Turks and Caicos has a great thing going."

DEPUTY PREMIER FLOYD HALL

individuals, regardless of the nationality of their owners.

The fact that the TCI remains a British Overseas Territory, subject to its laws and courts in many instances, has also helped as Deputy Premier Hall recognizes.

"Being associated with the United Kingdom does have its advantages,

from the standpoint that people see an added layer of security," Hall explains. "At the end of the day, if they're conducting activity within the Turks and Caicos Islands, we have the strength and backing of the United Kingdom which is a world player in the international arena."

The islands' location also has a lot to do with its popularity among American clients, as Hall admits. "The other advantages we have as a financial jurisdiction is that we use the United States currency as a main currency, we're in the same time zone as the New York Stock Exchange and live in close proximity to the U.S.," he notes.

Like many regional offshore centers, the TCI has adapted to the wave of new regulations introduced by international organizations like the OECD since the mid-1990s to fight money laundering and the financing of illegal activities. In 2002, the islands signed up to the OECD Harmful Tax Competition Initiative and have never been listed as an 'uncooperative' jurisdiction, thanks to its pro-active approach.

"We've introduced regulations and ordinances that govern money laundering, other financial crimes and due diligence procedures," Hall points out, explaining that the islands are also automatically subject to all those treaties to which the UK is a signatory.

"There's been a preponderance of regulation that the territories in the Caribbean have to comply with," Hall adds, insisting that a "level playing field" for all is a necessary pre-condition for such legislation to work. "We're ready to comply with [it], be-

cause we do believe that, in having a well-regulated financial center, that you attract quality business to the destination."

In marked contrast to competing Caribbean jurisdictions, and in line with international guidelines, the TCI has not permitted a proliferation of banks here and has only accepted well-established names. Ten years ago, just three banks maintained operations in the local market and, by the end of 2007, there were still only seven licensed institutions in the jurisdiction, offering domestic and international services. But that is set to change.

"We would like to see more banks that operate on a domestic and commercial level providing services to the population," says Hall. "They'd know how to fuel our economy domestically in terms of providing capital for business ventures, small businesses and capital to persons seeking to buy condos and real estate. We're on the verge of attracting three new banks

that should be opening this year."

Reinsurance and captive insurance has also boomed here in recent years. The Insurance Ordinance of 1989 ensures a strictly regulated regime is in place while offering companies and intermediaries a highly flexible environment in which to do business. Thousands of licenses have been issued to producer-owned reinsurance companies, also called section 7(11) companies in the US, by automobile dealers covering credit-related risks.

The islands are leading the way in innovative insurance products and their success is having a positive effect on other financial industries too, according to Hall. "We found that the product is being modeled in such a way that it is beneficial for mutual funds," he reveals. "We've coined a new company structure called 'Produce Your Own Re-Insurance Company' that has been a huge benefit to these type of activities."



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