

LEGAL NOTICE NO. 75

REPUBLIC OF TRINIDAD AND TOBAGO

THE FISCAL INCENTIVES ACT, CHAP. 85:01

ORDER

MADE BY THE PRESIDENT UNDER SECTION 10 OF THE
FISCAL INCENTIVES ACT

THE FISCAL INCENTIVES (ESSAR STEEL CARIBBEAN
LIMITED) ORDER, 2006

1. This Order may be cited as the Fiscal Incentives (Essar Steel Citation
Caribbean Limited) Order, 2006.

2. In this Order—

Interpretation

“the Act” means the Fiscal Incentives Act; and

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“tax holiday period” means a period of five years.

3. Iron ore pellets, direct reduced iron/hot briquetted iron, steel
slabs and hot rolled coils are declared approved products. Declaration of
approved
products

4. Essar Steel Caribbean Limited, a company incorporated in
Trinidad and Tobago (hereinafter called “the Company”) is declared an
approved enterprise in respect of iron ore pellets, direct reduced
iron/hot briquetted iron, steel slabs and hot rolled coils (hereinafter
called “the approved products”) to be manufactured at its plant to be
constructed at Point Lisas on lands belonging to Caroni (1975) Limited
with effect from the 1st day of October, 2007 (hereinafter called “the
production day”). Declaration of
approved
enterprise

5. The Company, classified as a highly capital intensive enterprise
under section 9 of the Act, is granted, in respect of the approved products
for the tax holiday period commencing from the production day— Classification
and benefits

(a) total relief from customs duty; and

(b) subject to section 16 of the Act, total relief from income tax
on dividends or other distributions, other than interest, out
of profits or gains derived from the manufacture of the
approved products.

Obligations
imposed on
approved
enterprise
Schedule

6. The Company shall—

- (a) undertake locally or cause to be undertaken locally, the minimum manufacturing process set out in the Schedule;
- (b) maintain to the satisfaction of the Board of Inland Revenue, accounts in respect of its business and the accounts so maintained shall allow for the transactions relating to the manufacture of the approved products to be clearly identifiable from the transactions relating to any other business of the Company.
- (c) submit annually, notwithstanding the relief from tax under this Order, a return of the income so exempt from tax, at the same time and in the same manner as would have been required had income not been so exempted;
- (d) observe the practice and policy prevailing in Trinidad and Tobago as regards labour relations and conditions of employment;
- (e) comply with the requirements of the Environmental Management Authority on the environmental codes of conduct for the industry and obtain the Certificate of Environmental Clearance;
- (f) submit to the Ministry of Trade and Industry any information requested in the manner directed and at such times as the Ministry may request; and
- (g) obtain all statutory approvals from the Town and Country Planning Division, Ministry of Planning and Development.

SCHEDULE

[Paragraph 6(a)]

MINIMUM MANUFACTURING PROCESS

The manufacturing process begins with the production of iron ore pellets and concludes with the manufacture of hot rolled coils. The raw material for pellet production includes iron ore concentrate, limestone, pet coke, bentonite, water and a hearth layer. The iron ore concentrate will be mixed with ground additives such as pet coke, bentonite and limestone in two mixers along with water. Pelletising disks will be used for the formation of green balls which are to be screened to achieve an optimum size range of about 9–16 mm and then fed into an indurating or hardening machine.

The hardened balls and pellets are then conveyed to the direct reduced iron/hot briquette iron plant where direct reduction of the iron takes place. In this phase of the process, natural gas is reformed in the presence of catalysts to produce reducing gases. The iron oxide pellets, after being coated with lime, are fed from the top of the shaft furnace and come into contact with the reducing gases which are introduced from the bottom of the furnace. This results in the iron ore and pellets being chemically reduced into sponge iron. The sponge iron is discharged from the bottom of the furnace in the form of briquettes and hot direct reduced iron.

In the production of steel, a mixture of hot briquette iron, hot direct reduced iron, and scrap metal are charged in an electric arc furnace at a temperature of 3500° C. Oxygen is blown over the melted alloy to react with any carbon present followed by the addition of lime. The lime serves as a flux to remove any unwanted materials. The molten steel is removed from the electric arc furnace via bottom tapping and is sent to the ladle furnace. Here, final alloy addition and adjustment with chemistry of liquid steel is done in a reducing atmosphere. This molten metal is subsequently used to manufacture a variety of other steel products such as thick steel slabs and hot rolled coils.

Made this 18th day of April, 2006.

A. LEUNG WOO-GABRIEL
Secretary to Cabinet