

**ANNEX 1 – ANTIGUA AND BARBUDA**

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**CONTENTS**

<b>1 ECONOMIC ENVIRONMENT .....</b>	<b>63</b>
1.1 Recent macroeconomic developments .....	63
1.1.1 Real economy .....	63
1.1.2 Fiscal policy .....	66
1.1.3 Balance of payments, and monetary and exchange rate policy.....	67
1.2 Trends and patterns in merchandise and services trade.....	69
<b>2 TRADE AND INVESTMENT REGIMES.....</b>	<b>73</b>
2.1 General framework .....	73
2.2 Trade policy formulation and objectives .....	74
2.3 Trade agreements and arrangements .....	75
2.3.1 WTO .....	75
2.3.2 Regional and preferential agreements.....	76
2.4 Investment regime .....	77
<b>3 TRADE POLICIES AND PRACTICES BY MEASURE.....</b>	<b>80</b>
3.1 Measures directly affecting imports .....	80
3.1.1 Customs procedures, valuation, and requirements.....	80
3.1.2 Rules of origin .....	81
3.1.3 Tariffs .....	81
3.1.3.1 Structure .....	81
3.1.3.2 Tariff bindings .....	82
3.1.3.3 MFN applied tariff.....	83
3.1.4 Other charges affecting imports .....	84
3.1.5 Import prohibitions, restrictions, and licensing .....	85
3.1.6 Anti-dumping, countervailing, and safeguard measures .....	86
3.1.6.1 Anti-dumping and countervailing measures.....	86
3.1.6.2 Safeguards .....	86
3.2 Measures directly affecting exports .....	86
3.2.1 Customs procedures and requirements .....	86
3.2.2 Taxes, charges, and levies .....	86
3.2.3 Export prohibitions, restrictions, and licensing.....	87
3.2.4 Export support and promotion .....	87
3.2.5 Export finance, insurance, and guarantees .....	87
3.3 Measures affecting production and trade.....	87
3.3.1 Incentives .....	87
3.3.2 Standards and other technical requirements .....	89
3.3.3 Sanitary and phytosanitary measures .....	90
3.3.4 Competition policy and price controls.....	92
3.3.4.1 Price controls .....	92
3.3.5 State trading and state-owned enterprises .....	93

3.3.6	Government procurement .....	93
3.3.7	Intellectual property rights .....	93
3.3.7.1	Trademarks.....	94
3.3.7.2	Patents and industrial designs.....	94
3.3.7.3	Copyright.....	95
3.3.7.4	Other intellectual property rights .....	95
3.3.7.5	Enforcement.....	95
<b>4</b>	<b>TRADE POLICIES BY SECTOR.....</b>	<b>96</b>
4.1	Agriculture, forestry, and fisheries .....	96
4.2	Services .....	96
4.2.1	Financial services.....	97
4.2.1.1	Overview .....	97
4.2.1.2	Banking .....	97
4.2.1.3	Insurance .....	98
4.2.1.4	Offshore services .....	99
4.2.2	Telecommunications.....	100
4.2.3	Transport .....	101
4.2.3.1	Maritime transport .....	101
4.2.3.2	Air transport.....	102
4.2.4	Tourism.....	103
4.2.5	Other offshore services.....	105
<b>5</b>	<b>APPENDIX TABLE .....</b>	<b>106</b>

#### CHARTS

Chart 1.1	Merchandise trade by main SITC section, 2014 and 2021.....	70
Chart 3.1	Applied MFN tariff rates distribution, 2020 .....	84

#### TABLES

Table 1.1	Selected economic indicators, 2014-21.....	63
Table 1.2	Central government fiscal accounts, 2014-21 .....	66
Table 1.3	Balance of payments, 2014-21.....	68
Table 1.4	Trade in services, 2014-21 .....	71
Table 2.1	Major trade-related laws, 2022 .....	74
Table 2.2	Notifications to the WTO, 2014-22 .....	76
Table 2.3	Eligibility criteria and incentives offered under the ABIA, 2022.....	77
Table 3.1	Structure of the tariff schedule, 2013 and 2020 .....	81
Table 3.2	Summary analysis of the MFN tariff, 2020.....	82
Table 4.1	Tourism statistics, 2014-22 .....	103

**APPENDIX TABLES**

Table A1.1 Merchandise visible exports and imports by SITC section, 2014-21..... 106

## 1 ECONOMIC ENVIRONMENT

### 1.1 Recent macroeconomic developments

#### 1.1.1 Real economy

1.1. As a small island located in the Caribbean, Antigua and Barbuda has an economy that remains highly dependent on imports and vulnerable to natural disasters and other external shocks. By end-2021, it had an estimated population of around 99,000 inhabitants and a GDP per capita of USD 15,117. The country showed sustained growth over the review period, with GDP growth being lower than 3% at only one instance in 2020 (-20%) (Table 1.1).

1.2. The economic base is very narrow and mainly services oriented; productive sectors such as agriculture, fishing, mining, and manufacturing never accounted for more than 6% of GDP. Real estate, construction, and wholesale and retail trade are the main contributors to the GDP, each accounting for approximately 12% of GDP over the review period. Sectors such as tourism<sup>1</sup>, transport, public administration, and financial intermediation contributed between 7.0% and 10.0% of GDP. Although its contribution may seem modest, the tourism sector is a main driver of the economic activity by creating synergies with other sectors such as transport, construction, and real estate. Similarly, foreign investors and financial services create positive spill-overs to other sectors (construction, and real estate, among others).

1.3. Besides the contraction in 2020 following the COVID-19 pandemic, the economy benefited from economic growth during almost the entire review period. This general performance is reflected in the increase by 24.9% of the GDP per capita between 2014 and 2019. Despite the recent negative shock, GDP per capita in 2021 is 8% higher than its corresponding value in 2014.

**Table 1.1 Selected economic indicators, 2014-21**

	2014	2015	2016	2017	2018	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>
GDP (current XCD million)	3,374	3,609	3,879	3,964	4,336	4,556	3,700	4,054
GDP (current USD million)	1,250	1,337	1,437	1,468	1,606	1,688	1,370	1,502
Real GDP growth (% change)	3.8	3.8	5.5	3.1	6.9	4.9	-20.2	7.4
GDP per capita (USD)	13,981	14,729	15,588	15,687	16,902	17,460	13,969	15,117
<b>GDP by economic activity (% of current GDP)</b>								
Agriculture, livestock and forestry	0.9	0.8	0.8	0.8	0.8	0.8	1.0	1.0
Crops	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7
Bananas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nutmeg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sugar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other crops	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7
Livestock	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Forestry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fishing	0.8	0.8	0.8	1.0	0.9	0.9	1.2	1.1
Mining & quarrying	0.9	0.8	0.8	0.9	1.0	1.0	1.1	1.0
Manufacturing	2.8	2.7	2.7	2.5	2.5	2.3	2.4	2.3
Sugar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	2.8	2.7	2.7	2.5	2.5	2.3	2.4	2.3
Electricity & water	3.5	4.2	4.5	4.0	3.4	3.6	4.4	4.2
Electricity	3.1	4.0	4.3	3.9	3.4	3.5	4.1	3.9
Water	0.4	0.2	0.2	0.1	0.0	0.1	0.3	0.3
Construction	9.0	8.8	9.9	11.8	14.3	14.3	13.2	14.7
Wholesale & retail trade	12.9	12.5	11.8	11.3	10.3	10.8	11.3	12.5
Hotels & restaurants	11.1	10.6	10.9	10.6	10.3	10.9	7.3	7.6
Hotels	8.0	7.6	7.8	7.3	6.9	7.2	4.7	6.3
Restaurants	3.1	3.0	3.2	3.3	3.4	3.7	2.6	1.3
Transport, storage and communications	9.4	10.5	10.5	9.7	9.5	9.7	8.7	8.5
Transport and storage	6.6	7.1	7.0	6.5	6.5	6.8	5.3	5.5
Road transport	4.0	3.9	3.7	3.7	3.4	3.6	3.5	3.4
Sea transport	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Air transport	1.3	2.0	1.8	1.3	1.4	1.5	0.3	0.3

<sup>1</sup> The tourism sector is proxied by the activities recorded under hotels and restaurants in national accounts.

	2014	2015	2016	2017	2018	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>
Supporting and auxiliary transport activities	1.3	1.2	1.4	1.3	1.5	1.6	1.5	1.7
Communications	2.8	3.4	3.5	3.2	3.0	2.9	3.4	3.0
Financial intermediation	6.6	6.7	6.6	6.9	6.6	7.3	7.7	7.5
Banks	5.0	5.1	5.2	5.4	5.3	6.1	6.1	6.0
Insurance	1.5	1.4	1.3	1.4	1.3	1.2	1.5	1.5
Activities auxiliary to financial intermediation	0.1	0.2	0.1	0.1	0.1	0.0	0.1	0.1
Real estate, renting and business activities	12.4	13.0	12.1	12.3	11.7	11.9	11.8	11.1
Owner-occupied dwellings	7.2	6.9	6.5	6.7	6.3	6.2	7.8	7.4
Real estate activities	0.9	1.2	1.1	1.1	1.2	1.3	0.8	0.8
Renting of machinery and equipment	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Computer and related activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Business services	4.0	4.6	4.2	4.3	4.1	4.2	3.1	2.7
Public administration, defence & compulsory social security	7.5	7.1	7.0	7.0	7.8	7.2	8.6	7.9
Education	5.0	4.4	4.8	4.7	4.5	4.4	4.7	4.3
Public	1.9	1.8	1.8	1.8	2.0	1.9	2.2	2.0
Private	3.1	2.5	3.0	2.9	2.5	2.5	2.5	2.3
Health and social work	2.6	2.6	2.5	2.5	2.6	2.5	2.9	2.7
Public	2.1	2.1	2.0	2.0	2.1	2.0	2.4	2.2
Private	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other community, social & personal service	2.3	2.2	2.1	2.0	2.1	1.8	2.0	1.7
Activities of private households as employers	0.5	0.3	0.3	0.3	0.2	0.3	0.2	0.2
Less: FISIM	1.5	1.4	1.4	1.5	1.4	1.5	1.5	1.6
GVA in basic prices	86.7	86.5	86.6	86.9	87.3	88.2	87.1	86.9
Plus: product taxes	14.0	14.2	14.1	13.7	13.3	12.3	13.6	13.7
Less: Subsidies	0.8	0.7	0.7	0.7	0.6	0.6	0.7	0.6
<b>GDP by expenditure (% of current GDP)</b>								
Total consumption	87.4	81.5	78.0	72.9	67.6	62.8	60.0	..
Private	16.4	16.0	15.4	15.5	15.1	14.8	14.6	..
General government	71.0	65.5	62.5	57.4	52.5	48.0	45.4	..
Gross capital formation	24.5	23.5	26.7	31.5	36.5	41.0	43.6	..
Construction	1.4	1.4	2.1	1.9	2.2	2.5	2.6	..
Transport equipment	3.4	2.8	3.1	3.8	4.4	4.9	5.2	..
Other equipment	19.7	19.3	21.4	25.9	30.0	33.7	35.8	..
Goods & non-factor services	-11.9	-5.0	-4.6	-4.4	-4.1	-3.8	-3.6	..
Total exports of goods and non-factor services	46.3	44.3	42.3	41.8	39.8	38.5	37.4	..
Exports of goods	5.4	4.4	4.2	4.1	3.9	3.7	3.6	..
Exports of NFS	40.9	39.9	38.1	37.7	35.9	34.7	33.8	..
Total imports of goods and non-factor services	58.2	49.3	46.9	46.2	43.9	42.3	41.0	..
Imports of goods	40.6	32.7	31.0	30.5	29.0	27.9	27.1	..
Imports of NFS	17.6	16.6	15.9	15.7	14.9	14.4	13.9	..
<b>Labour force</b>								
Labour force (persons)	..	49,308	..	..	51,931	..	..	..
Labour force participation rate (%)	..	70.9	..	..	72.1	..	..	..
Employment (persons)	..	41,769	..	..	47,429	..	..	..
Employment rate (%)	..	61.2	..	..	65.9	..	..	..
Unemployment rate (%)	..	13.7	..	..	8.7	..	..	..
<b>Employment by industry (%)</b>								
Agriculture, hunting and forestry	..	2.4	..	..	1.8	..	..	..
Fishing	..	0.8	..	..	0.4	..	..	..
Manufacturing	..	2.8	..	..	4.2	..	..	..
Electricity, gas and water supply	..	3.4	..	..	2.7	..	..	..
Construction	..	8.0	..	..	8.0	..	..	..

	2014	2015	2016	2017	2018	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>
Wholesale and retail trade	..	13.1	..	..	11.0	..	..	..
Hotels and restaurants	..	16.5	..	..	17.4	..	..	..
Transport, storage and communications	..	7.1	..	..	8.5	..	..	..
Financial intermediation	..	2.1	..	..	2.6	..	..	..
Real estate, renting and business activities	..	11.2	..	..	9.0	..	..	..
Public administration and defence	..	13.2	..	..	15.9	..	..	..
Education	..	7.1	..	..	6.4	..	..	..
Health and social work	..	3.4	..	..	4.4	..	..	..
Other community, social and personal service activities	..	5.2	..	..	5.8	..	..	..
Activities of private households as employers	..	1.8	..	..	1.7	..	..	..
Other industries <sup>b</sup>	..	2.4	..	..	0.1	..	..	..
<b>Prices and interest rates</b>								
Inflation (% , end of period)	1.3	0.9	-1.1	2.4	1.6	0.7	2.8	1.2
Inflation (% , period average)	1.1	1.0	-0.5	2.4	1.2	1.4	1.1	1.6
Money supply (M1) (% growth)	5.9	9.8	14.0	17.0	4.7	11.1	..	..
Monetary liabilities (M2) (% growth)	3.6	8.9	-1.7	7.6	6.3	0.8	..	..
Deposit interest rate (%)	2.81	2.04	1.68	1.63	1.44	1.53	..	..
Lending interest rate (%)	9.45	9.30	9.11	9.02	8.44	8.53	..	..
<i>Memorandum:</i>								
Population (persons)	89,391	90,755	92,157	93,581	95,014	96,651	98,093	99,337
Exports of goods and services (% of GDP, current prices)	82.2	76.0	72.6	67.7	64.5	72.0	42.3	..
Imports of goods and services (% of GDP, current prices)	74.0	63.8	64.3	66.1	70.6	69.6	46.3	..
Exchange rate (domestic currency per USD)	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Real effective exchange rate based on CPI (Index)	99.8	108.9	110.6	111.0	108.0	110.8	109.6	103.6
Real effective exchange rate based on CPI (% change)	-0.1	9.1	1.6	0.3	-2.6	2.5	-1.1	-5.4

.. Not available.

a Preliminary data.

b Other industries include mining and quarrying, as well as industries not stated.

Source: Eastern Caribbean Central Bank (ECCB) (as of October 2022); Statistics Division of Antigua and Barbuda; and International Monetary Fund (IMF).

1.4. According to expenditure data available until 2020, government spending has substantially declined bringing the part of total consumption in GDP from 87.4% in 2014 to 60.0% in 2020. During the same time, the gross capital formation has been on the rise, particularly on other equipment. The balance of capital and non-factor services remains negative all along this period; however, the gap between imports (mainly goods) and exports (mainly services) narrowed. Although both flows are in decline, merchandise imports have declined more rapidly as a share of GDP. Merchandise imports accounted for approximately 27.9% of GDP in 2019, while their share was 40.6% of GDP in 2014.

1.5. There is limited information regarding employment; for instance, the most recent information available by industry is from 2018. Regarding general unemployment, data for 2015 and 2018 pointed out a decrease of the unemployment rate of five percentage points, although this is likely to be limited to the formal sector. The authorities indicate that this positive trend in unemployment rates has reversed as a consequence of the COVID-19 pandemic.

1.6. The COVID-19 pandemic had some very concrete consequences on the economy of Antigua and Barbuda. The exports of services plummeted following travel and lockdown restrictions, the Government had to significantly increase its health expenditure to counter the spread of the disease and to acquire vaccines, the uncertain situation created distortions in the labour market, and there was a need to introduce additional social programmes, some of which are still ongoing.<sup>2</sup> Furthermore, the freezing of the economic activity required support measures targeted at the private sector. Overall, this increased the cash flow pressure for the Government, which had less revenue to support its expenditures.

### 1.1.2 Fiscal policy

1.7. As a member of the Eastern Caribbean Currency Union (ECCU), Antigua and Barbuda does not have independent monetary policy and uses fiscal policy as its main macroeconomic instrument. The Ministry of Finance, Corporate Governance and Public Private Partnership is responsible for fiscal policy.

1.8. The main sources of revenue continue to be taxes on goods and services, mainly the Antigua and Barbuda Sales Tax, and taxes on international trade and transactions. Considered together, they amounted to 60%-65% of the current revenue during the review period (Table 1.2). The Citizenship by Investment (CBI) programme started generating revenues in 2015 and, despite initial fluctuations, has become a stable source of revenue, corresponding to 10% of current revenue. This contribution by the CBI programme is equivalent to the revenue collected through corporate taxes by the authorities. Regarding expenditures, more than 40% of the government expenditure is directed to payment of salaries. Approximately one third of expenditures is used for transfers and subsidies, while 12% is spent in interest payment, mainly domestic.

**Table 1.2 Central government fiscal accounts, 2014-21**

(% of GDP at market prices)

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Current revenue</b>	<b>19.7</b>	<b>21.7</b>	<b>20.0</b>	<b>20.0</b>	<b>18.8</b>	<b>18.6</b>	<b>20.3</b>	<b>19.4</b>
Tax revenue	16.9	17.3	16.5	16.2	15.7	14.8	16.5	16.4
Taxes on goods and services	7.9	7.6	7.8	7.5	7.6	6.7	7.1	8.2
<i>Of which:</i> Sales tax	6.8	6.4	6.5	6.0	6.4	5.5	5.6	6.0
Stamp duties	0.9	0.9	1.1	1.3	1.0	0.9	1.0	1.7
Taxes on income and profits	2.2	2.5	1.9	1.9	1.8	1.7	2.4	2.1
Corporation tax	1.1	1.4	1.3	1.8	1.8	1.7	2.3	2.0
Personal income tax	1.1	1.0	0.7	0.0	0.0	0.0	0.0	0.0
Taxes on property	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.6
Taxes on international trade and transactions	6.2	6.7	6.4	6.3	5.8	5.7	6.5	5.6
<i>Of which:</i> Consumption tax	1.2	1.8	2.0	1.6	1.2	1.4	2.1	1.2
Import duty	2.3	2.3	2.1	2.3	2.2	2.2	2.2	2.3
Non-tax revenue	2.8	4.4	3.5	3.8	3.1	3.8	3.8	2.9
<i>Of which:</i> Citizenship by Investment	0.0	3.5	1.9	1.4	1.4	2.5	2.1	1.8
Capital revenue	0.0	1.8	4.5	0.3	0.7	0.1	0.1	0.0
Grants	0.4	0.6	0.0	0.1	0.4	0.0	0.8	0.7
<b>Current expenditure</b>	<b>21.3</b>	<b>20.5</b>	<b>20.9</b>	<b>21.2</b>	<b>21.1</b>	<b>20.5</b>	<b>23.9</b>	<b>22.2</b>
Goods and services	3.7	3.0	3.3	3.3	3.0	3.3	3.4	3.1
Interest payments	2.6	2.4	2.7	2.6	2.5	2.5	2.6	2.4
Domestic interest payments	1.7	1.8	1.7	1.8	1.6	1.6	1.4	1.4
External interest payments	0.9	0.6	1.0	0.7	0.8	1.0	1.1	1.0
Personal emoluments	9.1	8.5	8.5	8.3	9.7	8.8	10.5	9.7
Transfers and subsidies	5.8	6.6	6.5	7.1	5.9	5.8	7.4	6.9
Capital expenditure	1.6	1.4	3.2	1.5	1.9	1.9	2.9	2.4
Capital expenditure and net lending	1.6	1.4	4.0	1.5	1.9	1.9	2.9	2.4
<b>Current account balance</b>	<b>-1.6</b>	<b>1.2</b>	<b>-0.9</b>	<b>-1.2</b>	<b>-2.3</b>	<b>-1.9</b>	<b>-3.6</b>	<b>-2.9</b>
<b>Primary balance (after grants)</b>	<b>-0.1</b>	<b>4.6</b>	<b>2.3</b>	<b>0.1</b>	<b>-0.7</b>	<b>-1.2</b>	<b>-3.0</b>	<b>-2.1</b>
<b>Overall balance (after grants)</b>	<b>-2.8</b>	<b>2.2</b>	<b>-0.4</b>	<b>-2.4</b>	<b>-3.2</b>	<b>-3.8</b>	<b>-5.5</b>	<b>-4.5</b>
Total financing	2.8	-2.2	0.4	2.4	3.2	3.8	5.5	4.5
Domestic financing	3.8	-8.3	0.2	1.1	0.0	1.3	4.2	4.9
Commercial banks	-0.3	-2.6	-0.1	0.3	-0.1	-0.4	0.8	2.3

<sup>2</sup> These social packages included, *inter alia*, food packages for unemployed, single mothers, and elderly people; customs duties relief of sanitary goods during the COVID-19 pandemic; and a food voucher programme.



	2014	2015	2016	2017	2018	2019	2020	2021
ECCB	0.0	-2.4	1.6	-0.7	0.5	0.2	1.8	-0.5
Other	4.1	-3.3	-1.3	1.5	-0.4	1.5	1.7	3.1
External financing	-2.4	1.8	-1.2	-0.4	1.2	0.4	-1.3	-2.0
Arrears	1.3	0.0	0.6	1.7	2.0	2.1	2.6	1.7
Domestic arrears	0.2	0.2	0.1	0.8	0.3	0.8	0.6	-0.4
External arrears	1.2	-0.2	0.5	0.9	1.7	1.3	2.0	2.0
Other financing	0.0	4.2	0.8	0.0	0.0	0.0	0.0	0.0

Source: Eastern Caribbean Central Bank (ECCB) as of October 2022.

1.9. In 2016, the primary balance showed a surplus reaching a peak of 4.6% of GDP mainly related to the inflows by the CIP. However, the fiscal position has weakened since 2017, mainly due to a decrease in revenue collection. The expansionary fiscal policy put in place to respond to the effects of the COVID-19 pandemic created further pressure on the government budget. The primary balance deficit reached 3% of GDP in 2020 and surpassed 2% in 2021. The current deficit in the overall balance is mainly financed through an increase in arrears, mainly external ones, and other domestic sources of financing. The increase in arrears creates further tensions related to long-term financing while exposing the Government to less favourable conditions for short-term lending.

1.10. Since 2021, the Government implements a Medium-Term Fiscal Strategy (MTFS) to improve its fiscal position. To achieve fiscal consolidation, the Government prioritizes revenue collection: improving compliance; reducing tax expenditures; and expanding the property tax base. Among these measures, the enhancement of risk management and post-clearance audit, strengthening duty exemptions controls, and allowing online payments are those closely related to trade activities. Limiting the growth of the public sector wage and supporting investments in health, education, and public investments are also among the identified priorities for the period 2021-23.

1.11. According to the IMF, the current debt-to-GDP is close to 100% of GDP and the objective of the Antigua and Barbuda's MTFS is to bring public debt-to-GDP to under 70% by 2030.<sup>3</sup> To achieve this objective, the Government aims at restructuring local commercial bank debts, and at establishing a comprehensive arrangement for the reduction of arrears. The strategy also seeks to prioritize the use of official external financing opportunities through multilateral and bilateral donors, which offers longer maturity and more attractive lending conditions. The Government is committed to enhance its management of other external risks to the overall fiscal situation. Identified challenges include building buffers to future natural disasters, reforming the pension system, channelling investment to climate-resilient infrastructure; and accelerating the shift to renewables.<sup>4</sup> All of these actions are expected to lower the overall cost of borrowing for Antigua and Barbuda; however, the IMF recently considered that additional measures are needed to ensure that the MTFS meets its objectives.<sup>5</sup>

1.12. Regarding the financial sector, banks are now well capitalized and non-performing loan ratios have remained stable. One remaining challenge for the sector is to expand its credit to households. An ongoing reform of the pension system, started in 2017, aims at ensuring its long-term sustainability.

### 1.1.3 Balance of payments, and monetary and exchange rate policy

1.13. Among Organisation of Eastern Caribbean States (OECS) members, monetary and exchange rate policy is determined by the Monetary Council of the Eastern Caribbean Central Bank (ECCB). The ECCB keeps the East Caribbean dollar pegged to the US dollar at a rate of XCD 2.70 per USD. Changes in the real effective exchange rate for the regional currency are largely related to changes in the value of the USD *vis-à-vis* other major currencies.

<sup>3</sup> IMF (2022), "Antigua and Barbuda: Staff Concluding Statement of the 2022 Article IV Mission", 5 October. Viewed at: <https://www.imf.org/en/News/Articles/2022/10/05/antigua-and-barbuda-staff-concluding-statement-of-the-2022-article-iv-mission>.

<sup>4</sup> For instance, a tourist accommodation levy was established in 2021 to collect financial resources for a resilience fund.

<sup>5</sup> IMF (2022), "Antigua and Barbuda: Staff Concluding Statement of the 2022 Article IV Mission", 5 October. Viewed at: <https://www.imf.org/en/News/Articles/2022/10/05/antigua-and-barbuda-staff-concluding-statement-of-the-2022-article-iv-mission>.

1.14. During the period under review, inflation was limited to 2.8% at most and on average, it remained below 2%. However, because Antigua and Barbuda is a net importer of goods, the recent surge in global food and energy prices is putting pressure on domestic prices.

1.15. In 2014 and 2015, Antigua and Barbuda's current account presented a surplus (Table 1.3). However, the situation quickly deteriorated after 2016, and the annual deficit has fluctuated around USD 200 million since 2017. The highest deficit was in 2020 (USD 251.6 million); the deficit amounted to USD 220.9 million (15% of GDP) in 2021. The current account deficit was mainly due to a decline in the trade balance in merchandise goods in 2017-19 and a sensitive deterioration of the trade balance for services in 2020-21.

**Table 1.3 Balance of payments, 2014-21**

(USD million)

	2014	2015	2016	2017	2018	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>
<b>1. Current account</b>	<b>3.3</b>	<b>29.6</b>	<b>-35.3</b>	<b>-118.0</b>	<b>-233.7</b>	<b>-126.9</b>	<b>-251.6</b>	<b>-220.9</b>
1.A Goods and services	103.1	163.0	119.5	17.9	-94.9	16.0	-146.8	-119.3
1.A.a Goods	-433.6	-358.5	-393.1	-456.7	-579.8	-576.7	-402.1	-495.3
Exports	98.7	67.6	50.1	37.2	43.0	50.1	34.4	36.6
Imports	532.4	426.1	443.2	493.9	622.7	626.8	436.6	531.8
1.A.b Services	536.7	521.5	512.6	474.6	484.8	592.6	255.3	376.0
Exports	928.6	948.8	993.0	951.5	995.0	1,145.6	556.4	712.9
Imports	391.9	427.3	480.4	476.9	510.2	553.0	301.1	337.0
1.B Primary income	-60.8	-84.2	-97.1	-76.0	-80.2	-89.0	-43.3	-48.2
1.B.1 Compensation of employees	-7.5	-5.9	-3.0	-4.3	-2.9	-3.1	-2.0	-2.2
1.B.2 Investment income	-53.3	-78.3	-94.1	-71.7	-77.4	-85.9	-41.3	-46.0
1.B.2.1 Direct investment	-38.0	-71.3	-83.5	-55.6	-70.4	-72.2	-24.3	-25.9
1.B.2.2 Portfolio investment	3.0	2.0	2.5	0.3	-0.2	1.2	0.4	-1.0
1.B.2.3 Other investment	-18.2	-9.0	-13.1	-16.4	-6.8	-14.8	-17.4	-19.1
1.B.3 Other primary income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.C Secondary income	-39.0	-49.2	-57.7	-59.9	-58.5	-53.9	-61.4	-53.4
1.C.1 General government	0.3	-0.2	-2.3	-2.3	-0.5	-1.2	-1.2	-1.3
1.C.2 Financial corporations, nonfinancial corporations, households, and NPISHs	-39.3	-49.0	-55.4	-57.6	-58.0	-52.7	-60.2	-52.1
1.C.3 Adjustment for change in pension entitlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>2. Capital account</b>	<b>22.5</b>	<b>46.9</b>	<b>27.7</b>	<b>33.6</b>	<b>23.3</b>	<b>30.4</b>	<b>28.5</b>	<b>37.5</b>
2.1 Gross acquisitions (DR) / disposals (CR) of non-produced nonfinancial assets	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0
2.2 Capital transfers	22.5	46.9	27.7	33.6	23.3	28.9	28.5	37.5
2.2.1 General government	22.4	46.8	27.7	35.4	23.4	46.3	28.5	37.5
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	0.2	0.1	0.0	-1.9	-0.1	-17.3	0.0	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	25.8	76.5	-7.5	-84.4	-210.4	-96.5	-223.1	-183.3
<b>3. Financial account</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Net lending (+) / net borrowing (-) (balance from financial account)	64.7	92.9	-56.5	-67.6	-164.1	-131.6	-195.1	-9.9
3.1 Direct investment	-39.9	-99.9	-59.4	-139.6	-205.9	-128.3	-81.7	-113.1
3.2 Portfolio investment	5.2	30.4	11.1	-13.1	83.3	18.8	-42.2	-4.6
3.3 Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4 Other investment	4.9	103.8	17.5	101.5	-56.7	27.6	-13.8	5.4
3.4.1 Other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4.2 Currency and deposits	28.9	135.6	0.7	160.1	-103.4	-53.3	56.0	96.5
3.4.3 Loans	10.7	-22.6	33.8	0.4	25.4	51.6	-29.7	-45.5
3.4.4 Insurance, pension, and standardized guarantee schemes	2.5	0.1	1.5	-40.2	38.1	-7.0	-11.1	-15.7
3.4.5 Trade credit and advances	-36.0	-8.5	-9.0	-14.5	-9.0	9.3	-13.7	-3.6
3.4.6 Other accounts receivable/payable	-1.3	-0.9	-9.4	-4.3	-7.9	26.9	-15.3	0.5
3.4.7 Special drawing rights (Net incurrence of liabilities)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.8
3.5 Reserve assets	94.6	58.7	-25.6	-16.5	15.1	-49.6	-57.3	102.3
3.5.2 Special drawing rights	0.1	0.0	0.1	-0.2	0.2	0.0	-0.1	0.2
3.5.3 Reserve position in the IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.5.4 Other reserve assets	94.4	58.6	-25.7	-16.3	15.0	-49.6	-57.3	102.1
Net errors and omissions	38.9	16.4	-48.9	16.8	46.3	-35.1	28.0	173.4
<i>Memorandum:</i>								
Current account as a share of GDP (%)	0.3	2.2	-2.5	-8.0	-14.5	-7.5	-18.4	-14.7

a Preliminary data.

b Estimates.

Source: Eastern Caribbean Central Bank (ECCB) as of October 2022.

## 1.2 Trends and patterns in merchandise and services trade

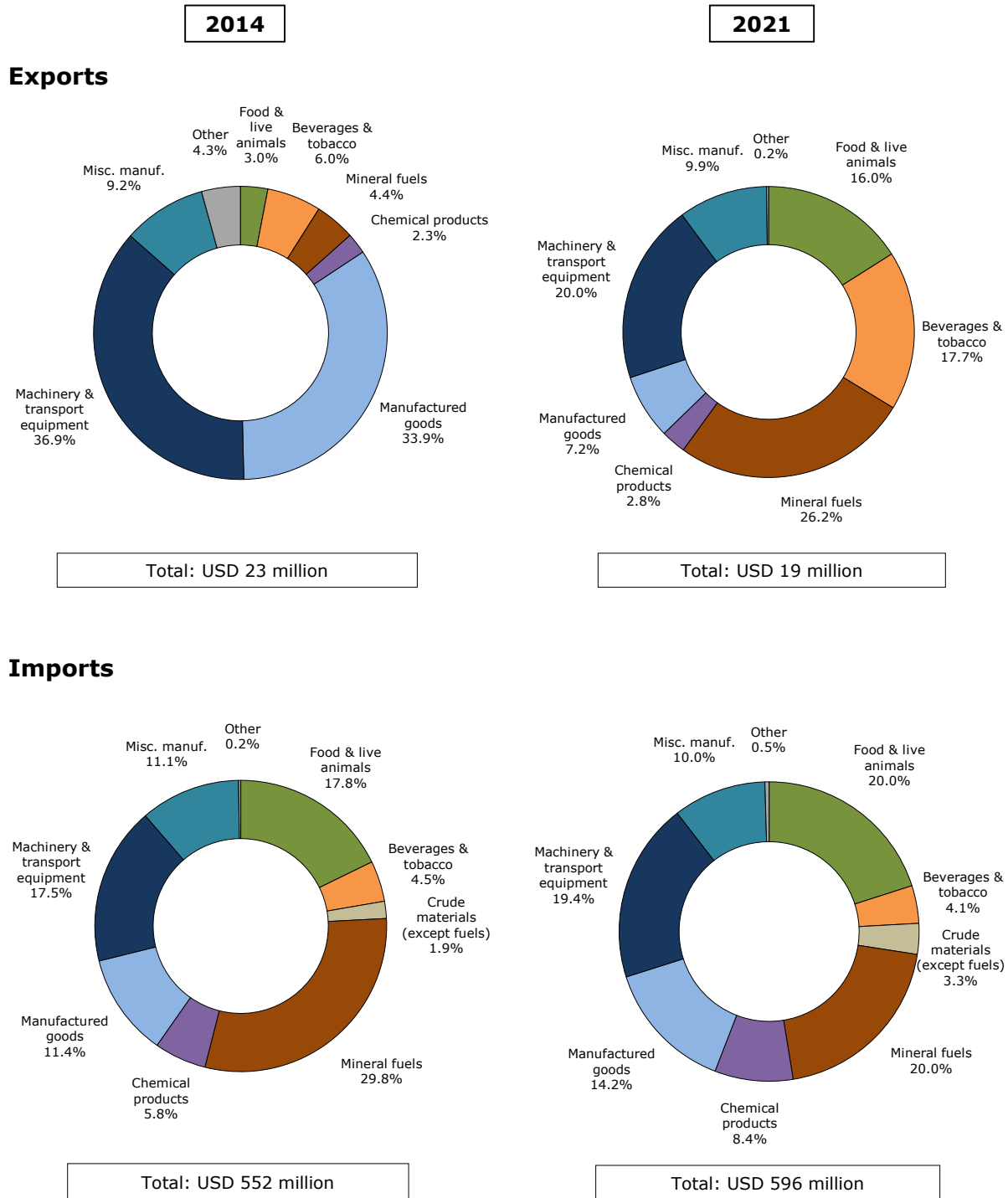
1.16. Antigua and Barbuda's trade balance deteriorated over the review period. There are two persistent elements in the recent trade performance of Antigua and Barbuda: a trade deficit in merchandise trade, and a trade surplus in services trade. The total trade surplus of USD 154.6 million cumulated over 2014-16 rapidly vanished as soon as merchandise imports started to peak in 2018. In parallel, services imports also start to increase more rapidly than services exports during 2014-18, which narrowed down the trade surplus on the services side. In 2020, the emergence of the COVID-19 pandemic had a large impact on the tourism industry and the services trade surplus shrank by 55% on a year-to-year basis, leading to a total trade deficit of more than USD 200 million. Although services exports started to recover quickly in 2021 (+28%) after halving its value in 2020, the merchandise imports were also on the rise (+20%) even though it was the less affected aggregate in the first year of the pandemic (-29%). Altogether, since 2017, Antigua and Barbuda has carried a trade deficit that in the last five years amounted to nearly USD 750 million.

1.17. Regarding merchandise trade, exports totalled USD 19.1 million in 2021 (USD 4 million less than in 2014) while imports totalled USD 596 million in 2021 after reaching a maximum of USD 701 million in 2019 (Table A1.1). Between 85% and 90% of exports are re-exports, except in 2021, and the domestic exports only surpassed USD 3.3 million in 2021, when they amounted to USD 4.3 million.<sup>6</sup> Regarding merchandise imports, the strong dependence of Antigua and Barbuda remains a valid concern. Not only did merchandise imports shrink the least during the COVID-19 crisis, but the heavy reliance on imported mineral fuels, food and live animals, and manufactured goods pushed the merchandise trade deficit beyond USD 500 million in four of the last five years. In 2021, the overall merchandise trade deficit was USD 576.4 million (Chart 1.1).

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<sup>6</sup> Regarding total exports, including re-exports, the main trading partner is the European Union, accounting for nearly 40% of the value in 2021, while the Bahamas, China, and the United States represented approximately 10% each. As for imports (excluding petroleum imports) in 2021, the United States is the source of half of imports by Antigua and Barbuda, while China and Trinidad and Tobago accounted together for 10% of the imported values.

**Chart 1.1 Merchandise trade by main SITC section, 2014 and 2021**



Source: WTO Secretariat calculations based on ECCB statistics.

1.18. The majority of merchandise exports are mineral fuels, machinery and transport equipment, and beverages and tobacco.<sup>7</sup> During the review period, exports of manufactured goods declined sharply, and accounted only for 7.2% in 2021 compared to 33.9% in 2014 (Table A1.1). The import

<sup>7</sup> The composition of domestic exports significantly changed during the review period: crude materials, and chemical and related products are no longer major components. Food and live animals became the main exported category, accounting for more than 50% of domestic exports in last three years; and manufactured good, and beverages and tobacco continue to be part of the export basket.

structure remained relatively stable during the review period. The share of manufactured goods, chemical and related products, and food products and live animals in total imports has increased since 2014, while the share of mineral fuels decreased from 29.8% to 20% in 2021 (Table A1.1).<sup>8</sup>

1.19. Between 2014 and 2019, import of services increased to USD 553 million (+41%) while exports reached USD 1,145.6 million (+23%); nonetheless, the trade surplus increased by USD 56 million (Table 1.4). In 2020, services exports declined more significantly than services imports, and thus the trade deficit passed from almost USD 600 million in 2019 to around USD 250 million in 2021. Since then, services exports and imports show some recovery and there was a trade surplus in services of USD 376 million in 2021; travel services accounted for the bulk of this result on the export side, while technical trade-related and other business services, and transportation are the main contributors on the import side.

1.20. At the time of the preparation of this Review, there were no data available regarding the investment flows to and from Antigua and Barbuda.

**Table 1.4 Trade in services, 2014-21**

(USD million)

	2014	2015	2016	2017	2018	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>
<b>Services trade balance</b>	<b>536.7</b>	<b>521.5</b>	<b>512.6</b>	<b>474.6</b>	<b>484.8</b>	<b>592.6</b>	<b>255.3</b>	<b>376.0</b>
<b>Exports of services</b>	<b>928.6</b>	<b>948.8</b>	<b>993.0</b>	<b>951.5</b>	<b>995.0</b>	<b>1,145.6</b>	<b>556.4</b>	<b>712.9</b>
Maintenance and repair services, n.i.e.	2.0	1.0	0.5	0.1	0.1	0.1	0.0	0.0
Transportation	131.3	132.1	135.2	124.9	126.2	138.1	34.9	45.1
Sea transport	7.2	10.6	13.4	13.4	14.2	12.5	9.7	8.6
Passenger	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Freight	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	7.2	10.6	13.4	13.4	14.2	12.5	9.7	8.6
Air transport	120.7	117.9	118.1	108.6	109.5	123.1	23.4	34.5
Passenger	95.5	91.9	90.5	83.3	79.3	89.6	17.8	26.3
Freight	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	25.2	26.0	27.6	25.3	30.2	33.5	5.6	8.2
Other transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Postal and courier services	3.4	3.6	3.6	2.9	2.5	2.6	1.8	1.9
Travel	708.3	710.0	752.7	736.7	776.0	903.6	411.8	546.1
Construction services	0.0	0.0	0.0	0.0	0.0	1.5	0.7	0.3
Construction abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction in the compiling economy	0.0	0.0	0.0	0.0	0.0	1.5	0.7	0.3
Insurance services	34.3	37.3	39.5	32.0	37.2	43.3	50.2	47.6
Direct insurance	30.3	33.4	35.0	27.1	32.9	37.9	44.7	42.3
Reinsurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary insurance services	4.1	3.9	4.5	4.9	4.3	5.4	5.6	5.3
Financial services	0.2	0.3	0.3	0.5	0.4	0.3	0.5	0.5
Charges for use of intellectual property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Telecommunications, computer and information services (Combined)	8.0	8.4	8.5	8.7	7.4	7.4	7.0	7.0
Other business services	43.3	58.5	54.8	47.2	45.8	48.9	35.3	56.4
Professional and management consulting services	1.2	3.2	3.5	4.0	4.0	4.2	2.1	6.0
Technical trade-related and other business services	42.1	55.3	51.3	43.2	41.8	44.7	33.2	50.5
Personal, cultural, and recreational services	0.0	0.0	0.0	0.0	0.0	0.0	14.1	7.6
Government services, n.i.e.	1.2	1.3	1.5	1.5	1.9	2.5	1.7	2.1
Embassies and consulates	1.1	1.1	1.0	1.1	1.0	0.9	0.5	0.8
Other government services	0.1	0.2	0.4	0.4	0.8	1.6	1.2	1.3
<b>Imports of services</b>	<b>391.9</b>	<b>427.3</b>	<b>480.4</b>	<b>476.9</b>	<b>510.2</b>	<b>553.0</b>	<b>301.1</b>	<b>337.0</b>
Maintenance and repair services, n.i.e.	24.0	20.2	14.7	15.0	13.9	15.7	3.1	3.4
Transportation	95.9	88.1	90.6	92.9	109.1	109.9	60.5	73.6
Sea transport	55.2	46.3	49.7	55.4	69.9	70.3	49.5	60.6
Passenger	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Freight	55.2	46.3	49.7	55.4	69.9	70.1	49.4	60.4
Other	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Air transport	40.7	41.7	40.8	37.5	39.2	39.7	11.0	12.9

<sup>8</sup> There is a substantial inconsistency between trade statistics reported by the ECCB and those available in sources such as UN Comtrade. In 2019, the data available at UN Comtrade indicate that the United Arab Emirates accounted for half of Antigua and Barbuda's exports while the United States represented around half of Antigua and Barbuda's imports.

	2014	2015	2016	2017	2018	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>
Passenger	23.4	24.8	23.9	23.5	25.2	24.2	6.9	7.4
Freight	1.9	2.0	1.4	1.4	1.9	1.9	1.4	1.5
Other	15.4	14.9	15.6	12.6	12.1	13.6	2.7	4.1
Other transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Postal and courier services	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Travel	65.9	69.9	77.1	82.1	86.5	101.1	40.1	43.0
Construction services	5.2	3.6	10.5	8.6	17.6	10.2	8.4	9.7
Construction abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction in the compiling economy	5.2	3.6	10.5	8.6	17.6	10.2	8.4	9.7
Insurance services	29.6	31.6	31.4	35.9	39.5	40.2	41.1	45.6
Direct insurance	16.3	14.9	14.8	19.0	21.4	21.2	19.4	22.3
Reinsurance	4.9	7.1	6.7	7.0	7.7	9.4	10.2	10.9
Auxiliary insurance services	8.5	9.6	9.9	9.9	10.4	9.6	11.5	12.4
Financial services	3.9	6.6	7.2	8.8	6.8	6.4	4.8	5.2
Charges for use of intellectual property	3.0	3.1	4.0	5.0	3.8	4.0	3.3	3.6
Telecommunications, computer and information services (Combined)	5.8	7.4	14.9	10.6	7.8	10.2	6.7	7.2
Other business services	138.8	176.8	208.5	197.9	203.7	234.0	112.9	130.6
Professional and management consulting services	20.7	25.2	25.5	22.5	20.7	23.1	12.8	17.2
Technical trade-related and other business services	118.1	151.6	183.0	175.5	183.0	210.9	100.1	113.4
Personal, cultural, and recreational services	19.4	19.9	21.4	20.0	21.6	21.3	20.1	15.1
Government services, n.i.e.	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Embassies and consulates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other government services	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0

a Preliminary data.

b Estimates.

Source: Eastern Caribbean Central Bank (ECCB) as of October 2022.

## 2 TRADE AND INVESTMENT REGIMES

### 2.1 General framework

2.1. The Government in Antigua and Barbuda consists of three branches: legislative, executive, and judicial; the reigning British monarch is represented by the General Governor, who acts as the head of state. The legislative branch is a bicameral Parliament comprising the House of Representatives and the Senate, and they consist of 19 and 17 members, respectively. Seventeen of the members of the House are elected through general elections, which generally occur every five years but may be called earlier.<sup>9</sup> The last election was held in 2018 and the next election is due for March 2023. The leader of the majority party in the House is the Prime Minister, who appoints other members of the Parliament as Cabinet ministers. Currently, there are 13 Ministers at the Cabinet, including the Prime Minister. The Cabinet is responsible for the general direction and control of the Government and is directly accountable to Parliament. Members of the Senate are appointed by the Governor General on the advice of the Prime Minister, the Leader of the Opposition, and the Barbuda Council.<sup>10</sup>

2.2. Established in 1976, the 11-member Barbuda Council is the principal organ of local government for the island of Barbuda. The Council administers agriculture and forestry issues, public health, medical and sanitary facilities, electricity, water, and other public utilities; constructs, improves, and maintains roads; and raises and collects revenue to meet expenses involved in executing its functions.

2.3. The Constitution supersedes all other laws, and any law that does not conform to it is void to the extent of the inconsistency. Bills are drafted at the request of a government ministry and introduced in either House, with the exception of a finance or money bill, which must always be introduced in the House of Representatives. Usually, a bill will have three readings. A bill that commences in either House must be passed at its third reading, with or without amendments, before moving to the other House. Bills other than those related to finance or money may be rejected by the Senate twice and, in that case, the House may submit the bill to the Governor General without the consent of the Senate. For finance or money bills, the House may present the bill to the Governor General in case the Senate does not pass the bill within one month. Bills become law only after receiving the assent of the Governor General and publication in the official Government Gazette. This procedure applies to all laws, including trade and trade-related laws.

2.4. Following the approval of the Cabinet of Ministers, trade treaties and related agreements are signed by the Prime Minister or any other minister authorized to sign on behalf of the Government. The Cabinet also authorizes ratification of and accession to international agreements. Parliamentary involvement is limited to the enactment of enabling legislation regarding treaties, agreements, and other commitments.

2.5. English common law is the basis of the legal system in Antigua and Barbuda. Criminal and civil cases are heard in both the magistrate and the high courts. There is also an industrial court, which deals with matters arising from labour and employment disputes. In all cases, there is a right to appeal to the Eastern Caribbean Court of Appeal. The London-based Judicial Committee of the Privy Council (JCPC) stands as the final court of appeal.

2.6. In 2005, Antigua and Barbuda joined other Caribbean Community (CARICOM) States in establishing the Caribbean Court of Justice (CCJ) with independent trade jurisdiction for dealing with the interpretation of the Revised Treaty of Chaguaramas. In 2018, a constitutional referendum, the first one in the country's history, was held to replace the JCPC with the CCJ as the appellate jurisdiction; only 48% of voters were in favour of this amendment.<sup>11</sup>

<sup>9</sup> Besides elected members, the House of Representative has an *ex officio* member (the Attorney General and Minister of Legal Affairs, Public Safety, and Labour) and a Speaker.

<sup>10</sup> The Leader of the Opposition is a figure legally recognized by the Constitution. Regarding the composition of the Senate, 10 senators as well as a senator inhabitant of Barbuda are appointed on the advice of the Prime Minister, while 4 senators are advised by the Leader of the Opposition and 1 senator by the Barbuda Council. The remaining senator is appointed at the discretion of the Governor General.

<sup>11</sup> A majority of two thirds is required for changes to the Constitution.

## 2.2 Trade policy formulation and objectives

2.7. The main objectives of Antigua and Barbuda's trade policy have evolved over time and the authorities indicate that they are now more outward oriented with the aim of diversifying the economy and encouraging foreign direct investment. The Government seeks to attract investors in industries creating local jobs, enhancing economic activity, and providing a source for foreign currency. The authorities note their interest in economic diversification, including areas such as the blue economy and education.<sup>12</sup> Sustainability and resilience-building regarding climate change, food security, and improved access to finance for small business are also part of the objectives of policymakers. Antigua and Barbuda seeks to develop further the creative industries while sustaining the activities of the tourism sector, its main exporting sector. Recently, there has been push towards renewables as well.

2.8. The Department for International Trade of the Ministry of Foreign Affairs, Trade and Immigration (MoFATI) has primary responsibility for formulating and implementing trade policy. Proposals are submitted by the technical staff to the Minister, upon whose approval they are sent to the Cabinet for consideration and approval. Once approved by the Cabinet, the Department for International Trade is responsible for implementation and monitoring. In addition, the Ministry undertakes periodic reviews and assessment of trade policy. To the extent possible, these reviews are conducted in conjunction with the private sector and concerned ministries.

2.9. As part of economic development and planning, trade policies are also reviewed by agencies, statutory bodies, and other Ministries; however, the ultimate responsibility lies with the Cabinet. Other ministries and agencies involved in trade policy formulation and implementation include the Antigua and Barbuda Investment Authority; the Antigua and Barbuda Bureau of Standards; the Antigua and Barbuda Intellectual Property and Commerce Office; the Ministry of Agriculture, Fisheries and Barbuda Affairs; the Ministry of Finance, Corporate Governance and Public Private Partnerships; the Ministry of Legal Affairs, Public Safety and Labour; and the Ministry of Tourism, Investment and Economic Development.

2.10. As a member of the OECS and CARICOM, Antigua and Barbuda has certain elements in its trade policy that are formulated and implemented by these bodies at the regional level. The authorities indicate that coordination with the regional partners is a paramount to maximize outcomes in terms of trade policies and negotiations.

2.11. The main laws related to customs, intellectual property rights, government procurement, and other trade-related aspects are listed in Table 2.1.

**Table 2.1 Major trade-related laws, 2022**

Description	Legislation
Foreign trade	Customs (Control and Management) Act 2013 Revenue Recovery Charge Act 2010 Sales Tax Act 2006 Environmental Protection Levy Act 2002 Export Duty Act 1941
Quality control	Animal Health Act 2017 The Standards Act 2017 Plant Protection Act 2012 Pesticides and Toxic Chemicals Act 2008 Metrology Act 2007
Investment/business environment	Antigua and Barbuda Investment Authority Act 2006 Antigua and Barbuda Citizenship by Investment Act 2013 Special Economic Zone Act 2015 Free Trade and Processing Zone Act of 1994 Small Business Development Act 2007 Personal Income Tax Act 2005 Non-Citizens Land Holding Regulation Act 1968, Cap 293 Industrial Court Act 1976 The Companies Act 1995 Aid to Pioneer Industries Act, Cap 14

<sup>12</sup> In 2019, the University of the West Indies inaugurated its fifth campus in Antigua and Barbuda. The authorities note that the objective is that this campus becomes an excellency centre for oceanography.



Description	Legislation
	Excise Tax Act 1903
Government procurement	Procurement Administration Act 2011
Intellectual property rights	Intellectual Property Office Act 2003 Trade Mark Act 2003 The Patent Act 2018 Industrial Designs Act 2003 Copyright Act of 2003 Geographical Indications Act 2003 Integrated Circuits Topography Act 2003
Services	Banking Act 2015 International Banking Act 2016 Securities Act 2020 Insurance Act 2007 Telecommunications Act 1951 Merchant Shipping Act 2006 Civil Aviation Act 2003 Tourism Authority Act 2008 Hotel Aid Act 1952 International Trust Act 2007

Note: The listed regulations might have been amended after the initial enactment and those amendments are not listed here.

Source: Information provided by the authorities.

## 2.3 Trade agreements and arrangements

### 2.3.1 WTO

2.12. Antigua and Barbuda is an original WTO Member and extends at least MFN treatment to all its trading partners. Under the GATS, Antigua and Barbuda made initial commitments on tourism, professional services, computer and related services, research and development, recreational services, maritime transport, and financial services (Section 4). The Marrakesh Agreement is not incorporated into domestic law as a single piece of legislation and thus certain provisions of the Agreement are part of different domestic laws. Those provisions may be invoked in litigation before local courts.

2.13. In 2017, Antigua and Barbuda ratified the Agreement on Facilitation Agreement (TFA) and communicated the definitive dates for the implementation of all its commitments, some of which span until 2035. In November 2021, post-clearance audit was implemented in line with Article 7.5 of the TFA. Antigua and Barbuda has requested assistance and support for capacity-building for 14 measures. The authorities indicate that a common approach has been in put in place at the regional level to improve capacity-building regarding the implementation of the TFA.

2.14. The authorities indicate that they consider multilateralism as the best option for Antigua and Barbuda. In this regard, they aim at actively participating to future initiatives, fora, and negotiations at the multilateral level. The authorities stressed the need to consider a multidimensional perspective for the vulnerabilities faced by small developing islands.

2.15. During the period under review, Antigua and Barbuda made some notifications to the WTO, covering, *inter alia*, the regional trade agreement between CARIFORUM and the United Kingdom, its commitments under the TFA, and its fiscal incentives programme (Table 2.2). There was no notification in other areas, such as agriculture, technical regulations, and sanitary and phytosanitary measures.

2.16. Antigua and Barbuda was not involved as a complainant, a defendant, or a third party in any case before the Dispute Settlement Body during the review period.

**Table 2.2 Notifications to the WTO, 2014-22**

WTO Agreement	Description	Most recent notification and date
<b>Implementation of Article VI of GATT 1994 (Anti-Dumping Agreement)</b>		
Article 16.1	New and full notification pursuant to Article XVI:I of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures. Transparency notification concerning the extensions provided for in Article 27.4 of the Agreement on Subsidies and Countervailing Measures of the transition period for the elimination of export subsidies.	G/SCM/N/284/ATG, G/SCM/N/290/ATG, G/SCM/N/299/ATG, G/SCM/N/315/ATG, 7 May 2018
<b>Agreement on Subsidies and Countervailing Measures</b>		
Articles 25.1 and 27.4	New and full notification pursuant to Article XVI:I of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures. Transparency notification concerning the extensions provided for in Article 27.4 of the Agreement on Subsidies and Countervailing Measures of the transition period for the elimination of export subsidies.	G/SCM/N/284/ATG, G/SCM/N/290/ATG, G/SCM/N/299/ATG, G/SCM/N/315/ATG, 7 May 2018
<b>General Agreement on Trade in Services</b>		
Article 5.7(a)	Regional Trade Agreement (CARIFORUM-UK EPA)	WT/REG420/N/1/Add.1 S/C/N/1025/Add.1, 5 May 2021
<b>Agreement on Trade Facilitation</b>		
Article 1.4	Notification of Category Commitments under the Agreement on Trade Facilitation	G/TFA/N/ATG/1/Add.1/Corr.1, 11 January 2022  G/TFA/N/ATG/1, 23 August 2019
Article 10.6.2	Notification under Article 10.6.2 of the Agreement on Trade Facilitation	G/TFA/N/ATG/3, 17 September 2020
Article 22.3	Notification under Article 22.3 of the Agreement on Trade Facilitation	G/TFA/N/ATG/2, 17 September 2020
<b>Transparency Mechanism on Regional Trade Agreements</b>		
	Regional Trade Agreement (CARIFORUM-UK Economic Partnership Agreement)	WT/REG420/N/1/Add.1 S/C/N/1025/Add.1, 5 May 2021

Source: WTO Secretariat.

### 2.3.2 Regional and preferential agreements

2.17. Antigua and Barbuda is a member of CARICOM, established by the Treaty of Chaguaramas in 1973. Several protocols amending the original Treaty were consolidated into the Revised Treaty, which forms the legal basis for the establishment of the CARICOM Single Market and Economy (CSME). The CSME, which permits the free movement of goods, capital, and labour, became effective in February 2002.

2.18. As a member of CARICOM, Antigua and Barbuda has signed bilateral agreements with the Bolivarian Republic of Venezuela, Colombia, the Dominican Republic, Costa Rica, Cuba, the European Union, and the United Kingdom.<sup>13</sup> The agreement with the United Kingdom was the only one signed during the review period, and Antigua and Barbuda provisionally has applied this agreement since the beginning of 2021.<sup>14</sup> The agreement with the United Kingdom is a roll-over of the previous agreement with the European Union.

2.19. Antigua and Barbuda is also a founding member of the OECS. The ratification of the Revised Treaty of Basseterre by six OECS member States established the OECS Economic Union. Entered

<sup>13</sup> The agreements with the European Union and the United Kingdom were signed in conjunction with other 14 member States of CARICOM and the Dominican Republic, named the CARIFORUM group.

<sup>14</sup> WTO document WT/REG420/N/1, S/C/N/1025, 7 January 2021.

into force in 2011, the Economic Union aims to become a single financial and economic space within which all factors of production, including goods, services, and people, move.

2.20. Antigua and Barbuda's exports are also granted preferential access to the Canadian market, through CARIBCAN, and to the United States under the Caribbean Basin Initiative (CBI). Antigua and Barbuda also benefits from the Generalized System of Preferences (GSP) schemes of Armenia, Australia, Canada, Kazakhstan, Kyrgyz Republic, New Zealand, Norway, the Russian Federation, and Switzerland.

#### 2.4 Investment regime

2.21. Antigua and Barbuda keeps an open foreign investment regime, with foreign investors receiving national treatment.<sup>15</sup> Fishing, fisheries, and agriculture are the only sectors reserved for domestic investors. There are no restrictions on the repatriation of dividends, and consent for it is granted automatically provided that all applicable taxes have been paid. Personal income tax was abolished in 2016<sup>16</sup>, and worldwide income, assets, or capital gains are exempted from income tax for citizens of Antigua and Barbuda. Domestic borrowing by foreigners is subject to a 3% stamp tax.

2.22. The purchase of real estate for residential or commercial purposes by foreign investors requires an alien landholder's licence. Subject to Cabinet approval, the licences require payment of a fee that varies between 3% and 7% of the purchase price of the property, depending on the term for the lease.<sup>17</sup>

2.23. To formally operate in Antigua and Barbuda, any business or company must complete the following steps: (i) obtain a business registration certificate by the Antigua and Barbuda Intellectual Property and Commerce Office (ABIPCO); (ii) obtain a Tax Identification Number from the Inland Revenue Department; and (iii) register with the Social Security, the Medical Benefits, and the Board of Education. The whole registration procedure, including the business name search, takes between two and three weeks and costs approximately XCD 120. ABIPCO was expected to roll out an online e-service for business registration and incorporation in November 2022.

2.24. Antigua and Barbuda offers a number of incentives to foreign investors under the provisions of the Antigua and Barbuda Investment Authority (ABIA) Act 2006. During the review period, this framework was amended three times. Since 2016, incentives and concessions to be granted require the approval of the Cabinet instead of the minister in charge of finance as previously. Whenever the owner of a hotel or a group of hotels representing more than 5% of the country's room occupancy intends to carry business for less than 10 months during the year or to close temporarily for two months or more, the owner must submit a notice of intention, at least 30 days before the intended closure date, to the Minister of Tourism.

2.25. In 2019, the eligibility criteria and the related incentives offered under the ABIA Act were amended (Table 2.3).<sup>18</sup> The ABIA Act classifies investors in different categories, each offering different incentives. Thresholds for the different investment categories are still based on the size of the capital investment and the number of employees that will be employed as a result of the project; however, the capital thresholds were increased and a requirement of local residency for at least a director or owner was kept.

**Table 2.3 Eligibility criteria and incentives offered under the ABIA, 2022**

	Category 1	Category 2	Category 3	Category 4	Category 5	Category 6 <sup>a</sup>
	<b>Eligibility criteria</b>					
Capital investment (XCD million)	Between to 3 and 10	Between 10 and 30	Between 30 and 60	Between 60 and 100	Between 100 and 150	Over 150
Number of employees	Up to 26	Over 26	Over 61	Over 100	Over 150	Not specified
Local residency	At least one director or owner lawfully resident in Antigua and Barbuda					Not specified

<sup>15</sup> In 2020, the Companies (Amendment) Regulations 2020 amended fees related to business incorporation and other formalities.

<sup>16</sup> Personal Income Tax (Amendment) Act 2016.

<sup>17</sup> Non-Citizens Land Holding Regulation Act Cap 293, as amended by Non-Citizens Land Holding Regulation (Amendment) Act 2018, and Non-Citizens Land Holding Regulation (Amendment) Act 2020.

<sup>18</sup> Investment Authority (Amendment) Act 2019, and Investment Authority (Amendment) (No. 2) Act 2019.

	Category 1	Category 2	Category 3	Category 4	Category 5	Category 6 <sup>a</sup>	
	<b>Incentives</b>						
Equipment and capital goods	Exemption from or reduction of payment of duty under the Customs Duty Act 1993, the Revenue Recovery Charge Act 2010, and the Antigua and Barbuda Sales Tax Act 2006 on the importation or purchase of raw materials, building materials, furniture, furnishings, fixtures, fittings, appliances, tools, spare parts, plant machinery, and equipment for use in the construction and operation of the business.					Incentives and concessions are fixed according to the investment level and may include incentives and concessions not granted under any other category.	
Vehicles for use in business operation	Exemption from or reduction of payment of duty under the Customs Duty Act 1993, the Revenue Recovery Charge Act 2010, and the Antigua and Barbuda Sales Tax Act 2006 on the importation or purchase of vehicles.						
Corporate income tax	Up to 2 years	Up to 4 years	Up to 6 years	Up to 8 years	Up to 10 years		
Losses carried forward	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Up to 5 years		
Stamp duty on land transfers and non-citizen licences	Up to 20% on land and building	Up to 30% on land and building	Up to 40% on land and building	Up to 50% on land and building	Up to 75% on land and building		

- a Sectors identified as eligible for this investment category include the provision of healthcare, tourism, infrastructure development, renewable energy, education, or any similar project related to the economic development of Antigua and Barbuda.

Source: Investment Authority Act 2006, and its amendments.

2.26. In 2019, the maximum duration of the fiscal incentives on corporate income tax was reduced from 20 to 10 years. The reduction on stamp duty on land transfers and non-citizen licences became more attractive, while duty reductions or exemptions on capital goods and vehicles remained unchanged across categories. Concessions on the property tax were removed from incentives. Incentives for investment above XCD 150 million are oriented to selected sectors: healthcare, tourism, infrastructure development, renewable energy, education, or any similar project related to the economic development of Antigua and Barbuda.<sup>19</sup> A project not belonging to any of the nine selected sectors is not eligible for concessions under the ABIA Act 2019. Since 2019, incentives for this latter category are approved by the Cabinet and may be a combination of incentives to other categories and other incentives not granted to any other category.

2.27. Antigua and Barbuda promotes the establishment of free trade and processing zones, with the aim of attracting foreign and local private investment to various manufacturing and services entities. Authorities notified that the only licensee under this programme did not begin operations until end-2014.<sup>20</sup> In 2022, a second licensee under this framework was announced. In 2019, incentives for companies established under the Free Trade and Processing Zones were aligned with incentives provided under the ABIA.<sup>21</sup>

2.28. In 2015, Antigua and Barbuda established a framework for the development of Special Economic Zones (SEZs) (Section 3.3.1).<sup>22</sup> Until mid-2022, the two entities granted a SEZ operator licence under the programme were still to commence construction.

2.29. In 2013, the Tourism and Business Special Incentives Act 2013 provided concessions, which were available for two years, to investors in specified business activities (manufacturing; agriculture, fisheries, and agri-business; information and telecommunication technologies; financial services; health and wellness; creative industry; and energy). These incentives were extended for two additional years in 2016 by the Parliament and were automatically discontinued in 2018.

2.30. Since its establishment in 2013, the Citizenship by Investment (CBI) programme was amended five times. In 2014, the minimum residence requirement for citizens benefitting from the programme passed from 35 to 5 days over a 5-year period. In 2016, the CBI Unit, as a dependency of the Cabinet, was established to administer the programme and introduced fees for the renewal of passports and for the application of additional dependants. Additionally, the right to appeal to the High Court in case of deprivation of citizenship was introduced. In 2018, the CBI Board was created

<sup>19</sup> There is not an established methodology to determine the selected sectors under the ABIA Act.

<sup>20</sup> WTO document G/SCM/N/284/ATG, G/SCM/N/290/ATG, G/SCM/N/299/ATG, and G/SCM/N/315/ATG, 7 May 2018.

<sup>21</sup> Free Trade and Processing Zone (Amendment) Act 2019.

<sup>22</sup> Special Economic Zone Act 2015, and its amendments in 2019 and 2021.

to provide policy and oversight advisory to the programme. Since 2020, the Prime Minister can suspend the residence requirement of five days for sanitary and other grounds considered necessary.

2.31. Applications for the programme must be submitted through a licensed agent; only nationals and residents living for at least seven years in the country can obtain an agent licence. Application fees, including those for due diligence check, start at XCD 155,250 for an individual person and increase with the number of family members. During the review period, the minimum investment thresholds for obtaining citizenship remained unchanged for investors purchasing real estate (XCD 1,080,000) and those investing in approved business (XCD 4 million for an individual, or XCD 13.5 million for two or more persons, with each minimum contribution of at least XCD 1,080,000). Since 2016, applicants under the National Development Fund, another option to apply to the programme, make a contribution of XCD 540,000 instead of XCD 675,000 previously.

2.32. Under the Small Business Development Act, the Government provides loan guarantees to businesses; however, the authorities indicate that these loan guarantees were never implemented. Businesses employing less than 25 people, not related to a larger company, with less than XCD 3 million in capital investment and less than XCD 2 million in sales, and which are majority owned by citizens of Antigua and Barbuda, are eligible for this programme. To benefit from the scheme, businesses owned by foreigners must export half their production, locally procure 40% of their inputs, and have a minimum investment of XCD 500,000; in addition, half of their employees must be citizens of Antigua and Barbuda.

2.33. Antigua and Barbuda has bilateral investment treaties with Germany (in force since 2001) and the United Kingdom (1987). It also has taxation agreements with Australia, Canada, Denmark, Germany, Norway, Sweden, Switzerland, and the United Kingdom, and double taxation agreements with the United Arab Emirates and the United Kingdom. Antigua and Barbuda has signed 22 tax information exchange agreements.<sup>23</sup> Since 2017, an agreement with the United States makes it mandatory for local banks to report the banking information of US citizens.

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<sup>23</sup> OECD, *Tax Information Exchange Agreements (TIEAs)*. Viewed at: <https://www.oecd.org/tax/exchange-of-tax-information/taxinformationexchangeagreementstieas.htm>.

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures directly affecting imports

##### 3.1.1 Customs procedures, valuation, and requirements

3.1. Under the provisions of the Customs (Control and Management) Act 2013 and its amendments, all imports require a formal entry certificate or warrant. Importers may clear their imports themselves (up to three shipments per year) or through a customs broker.<sup>24</sup> For the customs declaration, the importer must provide a formal entry certificate, an invoice, a bill of lading or airway bill, information on insurance and other costs, and an import licence when needed. To benefit from CARICOM preferences, a certificate of origin is required. SPS documents must also be provided when needed.<sup>25</sup> Importers are required to register with Antigua and Barbuda's Inland Revenue Department, which assigns a Tax Identification Number to the importer.

3.2. Under the provisions of the Act, customs decisions may be appealed. In the first instance, the importer may appeal to the Comptroller of Customs; if a satisfactory solution is not found, the importer has recourse to the Customs Appeal Commission. Small infractions are handled at last instance by the Magistrate Court, while large infractions are heard at the High Court.

3.3. After updating the regulatory framework to integrate the use of customs systems<sup>26</sup>, Antigua and Barbuda started the implementation of the ASYCUDA World System in 2015 and it took two years to complete the project (June 2017). To submit a declaration, a user needs to first register on the ASYCUDA World System. The customs declaration can be prepared and submitted online via the system, and as part of the submission, a Single Administrative Document collecting all relevant information, including a Tax Compliance Certificate, must be filled by the applicant. All accompanying documents can be submitted online via the system.<sup>27</sup> In 2018, amendments were introduced to allow for the submission of Advance Cargo Information through ASYCUDA.<sup>28</sup>

3.4. In light of these improvements, the authorities report that customs clearance of complete declaration with all required documents now takes an hour for goods that do not require a physical inspection, instead of five hours as previously. The system improvement has also had an impact on inspections; customs officials inspect only 40% of consignments (compared to 70% in the past).<sup>29</sup> The recent modernization of the port infrastructure enabled the consolidation of all services in one single place and also improved customs operations.

3.5. Customs valuation is based on the second schedule of the Customs (Control and Management) Act 2013, which is consistent with the WTO Customs Valuation Agreement. The transaction value is to be used first for valuation purposes, followed in order by the transaction value of identical goods, the transaction value of similar goods, the deducted valuation, and computed valuation. Antigua and Barbuda has not notified its current valuation methodology to the WTO.

<sup>24</sup> Brokers need to be registered with Antigua and Barbuda Intellectual Property and Commerce Office, the Inland Revenue Department, and Customs to operate. Since 2017, the Government took the first steps to provide a legal framework for customs brokers' activities through the Customs (Control and Management) (Amendment) Act 2017. Licensing requirements, control, and management may be adopted by the authorities, and the establishment of an independent body, known as the Brokers Board, is foreseen; however, no specific regulation has been approved.

<sup>25</sup> At the time of the preparation of this Review, a new website for Customs was under development and the authorities expect it to become public by end-2022.

<sup>26</sup> Customs (Control and Management) (Amendment) Act 2015.

<sup>27</sup> A Customs Declaration User Manual was made available by the Customs and Excise Department at: <https://customs.gov.ag/docs/DECLARATION%20MANUAL.pdf>.

<sup>28</sup> Notably, a Fifth Schedule is added by the Customs (Control and Management) (Amendment) Act 2018.

<sup>29</sup> The risk assessment module assigns consignments to four different channels for custom clearance: red (involving physical inspections and documentation check, concerns 40% of consignments), yellow (only documentation check, concerns 20% of consignments), blue (for which a post-clearance audit is conducted, concerns 10% of consignments), and green (no inspection or check, concerns 30% of consignments).

### 3.1.2 Rules of origin

3.6. Antigua and Barbuda does not maintain any non-preferential rules of origin and CARICOM preferential rules of origin are applied to imports from other CARICOM members. Goods are recognized as originating from the Common Market if they have been (i) completely produced within CARICOM; or (ii) produced within CARICOM wholly or partly from materials imported from third countries, provided a substantial transformation has taken place within CARICOM. A change of tariff heading is considered as a substantial transformation; however, other requirements are specifically defined for each tariff heading in Part A of the List in Schedule II of the CARICOM Treaty. In case materials are not available in a CARICOM member State, a manufacturer may request an authorization or waiver of the Council for Trade and Economic Development (COTED) for such imports from outside the region (safeguard mechanism). Goods directly shipped between member States are granted duty-free treatment provided an accompanying certificate of origin from the exporting country can be verified at the importing end.

3.7. Under the CARICOM Treaty's derogation facility to the application of Common Market Rules of Origin, a derogation granted to Antigua and Barbuda for coffee beans in 2004 remains in effect.<sup>30</sup> Antigua and Barbuda implements the rules of origin contained in the Amended Schedule I of the Revised Treaty of Chaguaramas; however, the application of different tariff nomenclatures creates some inconsistencies.

### 3.1.3 Tariffs<sup>31</sup>

#### 3.1.3.1 Structure

3.8. Antigua and Barbuda applies an *ad valorem* duty to all goods. In 2020, the applied MFN tariff ranged between duty-free and 70%. Since 2013, the simple average MFN tariff increased by 0.8 percentage points and this increase is stronger in agricultural products (+1.3%). The occurrence of tariff peaks is also on the rise.

**Table 3.1 Structure of the tariff schedule, 2013 and 2020**

(%)

	2013	2020
Total number of tariff lines	6,686	6,690
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	0.0	0.0
Non- <i>ad valorem</i> with no AVEs (% of all tariff lines)	0.0	0.0
Lines subject to tariff quotas (% of all tariff lines)	0.0	0.0
Duty-free tariff lines (% of all tariff lines)	9.5	9.8
Dutiable lines tariff average rate (%)	12.5	13.4
Simple average tariff (%)	11.3	12.1
WTO agriculture	18.1	19.4
WTO non-agriculture (including petroleum)	9.9	10.6
Domestic tariff "peaks" (% of all tariff lines) <sup>a</sup>	5.8	8.4
International tariff "peaks" (% of all tariff lines) <sup>b</sup>	29.9	31.3
Overall standard deviation	10.5	11.7
Bound tariff lines (% of all tariff lines)	97.1	95.7

a Domestic tariff peaks are defined as those exceeding three times the overall average applied rate.

b International tariff peaks are defined as those exceeding 15%.

Source: WTO Secretariat calculations, based on data provided by the authorities.

<sup>30</sup> A 40% tax is levied on imports of this products, unless the merchandise originates from a CARICOM member.

<sup>31</sup> Antigua and Barbuda's tariff schedule, which is based on HS07 nomenclature, has not been submitted to the WTO. The analysis in this section uses the CARICOM Common External Tariff (CET), which is based on HS17 nomenclature, and applies exceptions in Lists A, C, and D to this tariff schedule.

### 3.1.3.2 Tariff bindings

3.9. Antigua and Barbuda bound all tariff lines except for fish products (HS Chapter 3) and a few lines in other chapters; consequently, 95.7% of lines in 2020 are bound. In general, tariffs on non-agricultural products were bound at 50% while those on agricultural products were bound at 100%. Nonetheless, both groups include a number of exceptions, such as motor vehicles among non-agricultural products, and beer, spirits, margarine, and bananas among agricultural products. Applied tariffs exceed bound rates for 10 tariff headings, all corresponding to arms and ammunition, for which the applied rate is 70%, while the bound rate is 50%. The authorities indicate that they are committed to aligning these tariffs to their bound rates.

**Table 3.2 Summary analysis of the MFN tariff, 2020**

Description	MFN				Bound rates range <sup>a</sup> (%)
	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	
<b>Total</b>	<b>6,690</b>	<b>12.1</b>	<b>0-70</b>	<b>1.0</b>	<b>50-220</b>
HS 01-24	1,370	22.8	0-45	0.7	100-220
HS 25-97	5,320	9.3	0-70	0.9	50-206
<b>By WTO category</b>					
WTO agriculture	1,127	19.4	0-45	0.8	50-220
- Animals and products thereof	177	24.5	0-40	0.6	100-130
- Dairy products	25	13.2	5-20	0.5	100
- Fruit, vegetables and plants	332	23.4	0-40	0.7	100-220
- Coffee and tea	29	17.4	5-40	0.8	100
- Cereals and preparations	139	15.1	0-40	0.8	100
- Oil seeds, fats and oils and their products	109	16.0	0-40	1.1	100-156
- Sugars and confectionery	24	24.0	5-40	0.6	100
- Beverages, spirits and tobacco	122	25.3	5-45	0.5	100-182
- Cotton	6	5.0	5-5	0.0	100
- Other agricultural products, n.e.s.	164	8.4	0-40	1.6	50-100
WTO non-agriculture (including petroleum)	5,563	10.6	0-70	0.9	50-206
- WTO non-agriculture (excluding petroleum)	5,531	10.6	0-70	0.9	50-206
- - Fish and fishery products	321	30.3	0-40	0.5	100
- - Minerals and metals	1,105	7.6	0-30	0.9	50-120
- - Chemicals and photographic supplies	1,089	7.4	0-40	0.8	50-120
- - Wood, pulp, paper and furniture	356	10.1	0-20	0.7	50-150
- - Textiles	636	7.5	0-30	0.8	50-113
- - Clothing	281	19.9	5-20	0.1	50-93
- - Leather, rubber, footwear and travel goods	174	9.9	0-25	0.8	50-100
- - Non-electric machinery	601	6.9	0-30	0.9	50-100
- - Electric machinery	265	10.9	0-35	0.8	50-163
- - Transport equipment	228	14.3	0-35	0.9	50-143
- - Non-agriculture articles, n.e.s.	475	13.8	0-70	0.8	50-206
- Petroleum	32	6.9	0-25	1.1	50-120
<b>By ISIC sector<sup>a</sup></b>					
Agriculture and fisheries	542	22.6	0-40	0.8	50-220
Mining	106	3.5	0-30	2.1	50-113
Manufacturing	6,041	11.3	0-70	0.9	50-206
<b>By HS section</b>					
01 Live animals & products	494	27.9	0-40	0.6	100
02 Vegetable products	438	20.0	0-40	0.9	100-220
03 Fats & oils	54	26.6	5-40	0.6	100-156
04 Prepared food etc.	384	19.0	0-45	0.6	100-182
05 Minerals	191	4.1	0-25	1.4	50-120
06 Chemical & products	1,018	7.0	0-40	0.8	50-105
07 Plastics & rubber	241	8.5	0-25	0.7	50-120
08 Hides & skins	80	9.8	0-20	0.8	50-100
09 Wood & articles	156	11.1	0-20	0.5	50-90
10 Pulp, paper etc.	165	7.3	0-20	1.0	50-150
11 Textile & articles	906	10.9	0-20	0.7	50-100
12 Footwear, headgear	59	16.3	0-20	0.4	50
13 Articles of stone	181	10.7	0-25	0.7	50
14 Precious stones, etc.	62	17.7	0-30	0.7	50-113
15 Base metals & products	708	7.3	0-20	0.8	50-93
16 Machinery	881	8.3	0-35	0.9	50-163



Description	MFN				Bound rates range <sup>a</sup> (%)
	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	
17 Transport equipment	239	14.0	0-35	0.9	50-143
18 Precision equipment	225	10.6	0-25	0.7	50-113
19 Arms and ammunition	22	39.8	0-70	0.7	50
20 Miscellaneous manufacturing	178	15.2	0-20	0.4	50-206
21 Works of art, etc.	8	20.0	20-20	0.0	50
<b>By stage of processing</b>					
First stage of processing	972	18.6	0-40	1.0	50-220
Semi-processed products	1,968	6.4	0-40	0.9	50-120
Fully-processed products	3,750	13.4	0-70	0.8	50-206

- a Bound rates are provided in HS12 classification and applied rates in HS17; therefore, there may be a difference between the number of lines included in the calculation.
- b ISIC (Rev.2) classification, excluding electricity (1 line).

Source: WTO Secretariat estimates, based on data provided by the authorities.

### 3.1.3.3 MFN applied tariff

3.10. Antigua and Barbuda applies the CARICOM Common External Tariff (CET) with exceptions detailed in List A (items in respect of which member States wish to encourage national production) and List C (items for which minimum rates have been agreed, but can be increased up to bound levels by members). Applied tariff rates for List C products are determined by each CARICOM member, however, they are generally subject to a minimum rate.<sup>32</sup> CET changes occur at the CARICOM level, but ultimate authority for tariff determination rests with the Parliament. There are no seasonal tariffs; tariff quotas are not used.

3.11. Since 2013, the simple average tariff increased by 0.7 percentage points, reaching 12.0% in 2020. The increase in MFN tariff rates is stronger in agricultural products (+1.1%) than in non-agricultural products (+0.7%). The increase was due to changes in nomenclature (structure of tariff lines) and increases of applied tariff rates for some product groups. Compared to values in 2013, the largest increases in average applied tariffs using WTO definitions are related to animals and products thereof; dairy products; sugars and confectionery; beverages, spirits and tobacco; and fish and fishery products (Table 3.2). By HS section, these increases are mainly observed for live animals and products (+7.9% for Section 1) and prepared food products (+2.4% in Section 4). Regarding the stage of processing, tariff increases mainly concern products in their first stage of processing (+2%).

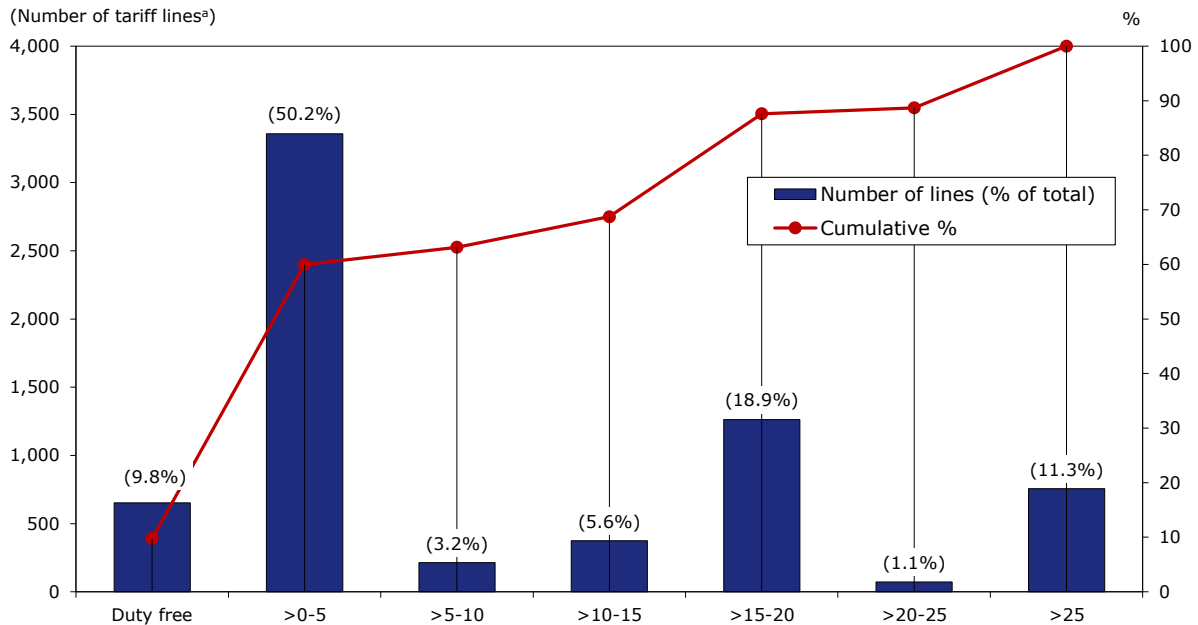
3.12. In 2020, almost 88% of applied tariff rates range from zero to 20%, and the most common rate is 5%; nearly 10% of tariff lines are duty-free (Chart 3.1). Using the WTO definition, the average tariff on agricultural products (19.4%) is almost twice the average tariff for non-agricultural products (10.6%). An important difference between average bound rates and the average applied MFN rates persists for most products<sup>33</sup>, which provides considerable scope to increase tariffs and may be a source of unpredictability for importers.

3.13. Between April 2020 and June 2020, imports of foodstuff, toiletries, sanitizers, detergents, face masks, gloves, baby wipes, and disinfecting wipes were exempted of import duties as a measure to counter the spread of the COVID-19 pandemic.<sup>34</sup>

<sup>32</sup> Exceptions to the CET are included in Lists A, C, and D, annexed to the CET. Rates vary by country and products. For products included in List A, mainly agricultural products, packaging material, ceramics, washing machines and dryers, and sanitary fixtures, which may be subject to a maximum customs duty of 30%, Antigua and Barbuda applies rates generally below the CET. List C contains products that are highly revenue sensitive, mainly alcoholic beverages, tobacco, oil products, jewellery, electrical appliances, and motor vehicles; these products face rates either equal or above the CET rates, up to 70%.

<sup>33</sup> The simple average difference between bound and applied tariff rates across 6,107 tariff lines is 50.9%.

<sup>34</sup> The Customs (Control and Management) (Pandemic Relief Barrel) (Exemption) Order 2020.

**Chart 3.1 Applied MFN tariff rates distribution, 2020**

a The total number of lines is 6,690.

Source: WTO Secretariat calculations, based on data provided by the authorities.

### 3.1.4 Other charges affecting imports

3.14. All imports (including those from CARICOM and OECS countries) as well as goods produced in Antigua and Barbuda are subject to the Revenue Recovery Charge (RRC) at a rate of 10%.<sup>35</sup> Certain agencies and products are exempt, including entities with which the Government has international assistance agreements; most government entities; supplies and imports of certain fuels; imports of goods to be used in the creation of other goods or services intended solely for export; books of printed matter; medicines; pharmaceutical goods; live animals and insects; certain agricultural and fishing inputs; and certain pesticides, insecticides, herbicides, fungicides, and other treatments that have been approved by the Ministry of Agriculture, Fisheries and Barbuda Affairs.

3.15. The Minister with responsibility for Finance may exempt any person or company from the RRC by Order published in the Gazette on an exceptional occasion for a specific shipment. During the review period, at least nine Orders in this regard were issued, each granting exemption to several companies. Since 2021, the exemption granted by Order was limited to up to 50% of the charge.<sup>36</sup>

3.16. All imports are subject to a 15% tax rate under the Antigua and Barbuda Sales Tax Act 2006. Certain goods and services listed in schedules 4 and 5 of the Act are exempt from the tax. In 2019, additional goods, such as biodegradable cups, plates and containers, and hurricane shutters, were added to the list of exempt supplies (schedule 4). Exemptions are granted under the Manufacturers Initiative and at least 20 companies were exempted from this tax by Order during the review period.

3.17. A levy on imported and domestically produced goods is applied to protect, preserve, and enhance the environment.<sup>37</sup> The levy varies across products: glass and plastic containers are subject to a levy of XCD 0.25 per container, bottle, or can, and motor vehicles to a levy of XCD 1,000-XCD 4,000.<sup>38</sup> Other goods such as tyres, electric accumulators, white goods

<sup>35</sup> Revenue Recovery Charge Act 2010 and its amendments.

<sup>36</sup> Revenue Recovery Charge (Amendment) Act 2021.

<sup>37</sup> Environmental Protection Levy Act 2002.

<sup>38</sup> The lower value of the levy applies to new vehicles, while the higher value of the levy is for used vehicles older than one year.

(microwaves, etc.), air conditioners, vacuum cleaners, hair dryers, and toasters are also subject to this levy.

### 3.1.5 Import prohibitions, restrictions, and licensing

3.18. The import of firearms having a disguised appearance, utensils for the smoking or preparation for smoking of any drug the use of which is prohibited, and imports prohibited by any other law of the State are prohibited.<sup>39</sup> Plant imports from countries where certain diseases are present are also prohibited and these prohibitions are updated based on risk assessment conducted by the authorities. Imports of camouflage uniforms are also banned. Imports of goods containing ozone-depleting substances (refrigerators, motor vehicles, air conditioning units, and other goods) and of vehicles using freon in their air conditioning system are prohibited. Schedule 3 of the Pesticides and Toxic Chemicals Act of 2008 lists 28 prohibited products, including pesticides and chemicals. Since 2015, Antigua and Barbuda bans imports of polyethylene or petroleum-based single-use bags for carrying items.<sup>40</sup> In 2017, the prohibition was extended to food service and all other containers of expanded polystyrene; utensils; trays for fruit, vegetables, and meat; egg cartons; and coolers of those same materials were banned in 2018.

3.19. Certain import restrictions are in place on health and safety grounds and the relevant imports require a permit or sanitary/phytosanitary certificate (plants, fruits, and vegetables).<sup>41</sup> The Chief Medical Officer or the Chief Veterinary Officer authorizes the import of any herb or plant or any part of any herb or plant for use as medicine or drug by people or animals, or which may be used as medicine or drug for people or animals. Imports of pharmaceutical products; substances used to manufacture drugs; firearms; and ammunition are also restricted and require prior permission.

3.20. Imports of any mechanical game, device, or appliance that can be used to play at any game of chance for money, and of tear gas or any ingredient that may produce it can only be expressly authorized by the Comptroller of Customs and Excise. Importation of controlled pesticides and chemicals<sup>42</sup> is restricted and requires a licence from the Pesticides and Toxic Chemicals Control Board.

3.21. The External Trade (Import Prohibition) Order 2001 prohibits the import of goods from or originating in the certain countries (First Schedule) and requires a licence for imports of certain goods (Second and Third Schedules). However, when imported from CARICOM and OECS countries, these goods are exempt from the licensing requirement.

3.22. In 2002, Antigua and Barbuda notified its import licensing system to the WTO<sup>43</sup> and there was no change to it during the review period. The import licensing regime is administered by the MoFATI. Imports requiring licensing are subject to automatic licensing for data collection purposes, as indicated by the authorities, and licences are granted on request. Non-automatic licensing is applied on products subject to tariffication under Article 164 of the Revised Treaty of Chaguaramas (aerated beverages, beer, stout, ale, porter, pasta, candles, solar water heaters, oxygen in cylinder, carbon dioxide in cylinder, acetylene in cylinder, chairs and other seats of wood and upholstered fabric, other furniture of wood and upholstered fabric, mops); imports of animals, poultry, livestock, and poultry products; plants and plant products; pesticides; drugs and antibiotics; firearms, fireworks, arms and ammunition; and chemicals controlled by the Montreal Protocol.

3.23. No licensing fee or administrative charge, and no deposit or advance payment are required for the issuance of licences.<sup>44</sup> In practice, licences are often requested and issued upon the arrival of the goods. Generally, a licence is valid for a month from the date of issue, and it can be extended

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<sup>39</sup> Third Schedule of the Customs (Control and Management) Act 2013.

<sup>40</sup> Materials not used at the point of sale used for wrapping or packaging of food products, used as seedling tubes, or used in waste storage and disposal are not subject to the prohibition (External Trade (Import Prohibition) Order 2016).

<sup>41</sup> Customs and Excise Division. Viewed at: <https://customs.gov.ag/customs-procedures/goods-requiring-import-license/>.

<sup>42</sup> Pesticides and Toxic Chemicals Act 2008, Schedule 2.

<sup>43</sup> WTO document G/LIC/N/1/ATG/1, 31 January 2002.

<sup>44</sup> Three copies of the licence requesting form are to be filled by applicants; each form costs XCD 0.10.

upon request. They are not transferable and there is no penalty for the non-use of a licence. Licences may be required on a seasonal basis for imports of certain agricultural products.

### **3.1.6 Anti-dumping, countervailing, and safeguard measures**

#### **3.1.6.1 Anti-dumping and countervailing measures**

3.24. During the period under review, there was no change to Antigua and Barbuda's anti-dumping and countervailing legislation. The Customs Duties (Dumping and Subsidies) Act 1959, which was notified to the WTO in 2002, prescribes the regulatory framework in this regard.<sup>45</sup> Antigua and Barbuda has still not provided answers to questions by other WTO members on the lack of provisions on various essential elements of an anti-dumping investigation in its legislation. There is no competent authority to initiate and conduct an investigation within the meaning of Article 16.5 of the Agreement, and thus Antigua and Barbuda has not, to date, taken any anti-dumping actions within the meaning of Article 16.4 of the Agreement.<sup>46</sup>

#### **3.1.6.2 Safeguards**

3.25. During the period under review, there was no change to Antigua and Barbuda's safeguards legislation. As a less developed country, Antigua and Barbuda may invoke, when necessary, the special provisions in Chapter 7 of the Revised Treaty of Chaguaramas, in particular articles 150 and 164, with respect to other CARICOM member States. Article 150 (Safeguard Measures) allows a disadvantaged country to limit imports of goods from other member States for up to three years, and to take such other measures as COTED may authorize. Article 164 (Promotion of Industrial Development) entitles less developed CARICOM countries to request COTED to suspend Community-origin treatment to certain products as a temporary measure to promote the development of an industry, and to apply tariff rates higher than the CET.

3.26. In 2020, the tariff rates applied to aerated waters, other waters, and paint and varnishes were increased for imports from more developed CARICOM members and other partners.<sup>47</sup> The preferential rate at 0% for waters and 15% for paints is still applied for less developed CARICOM members. More developed CARICOM members face a 70% rate for waters and 35% for paints, while other partners are subject to 100% and 50% rates, respectively. The initial term of this measure is 10 years.

3.27. In addition, Antigua and Barbuda may apply safeguards for balance-of-payments reasons under Article 84 of the Revised Treaty of Chaguaramas; however, it has never done so. The Caribbean Community (Movement of Factors) Act 2006 entitles the Minister in charge of trade to use safeguards measures, consistently with international obligations, in case there are serious balance-of-payments and external financial difficulties or the threat thereof.

## **3.2 Measures directly affecting exports**

### **3.2.1 Customs procedures and requirements**

3.28. Under the Customs (Control and Management) Act 2013, exporters must furnish an export declaration, a bill of lading or airway bill, an invoice, a certificate of origin (for preferential trade, as needed), and an SPS certificate (when required).

### **3.2.2 Taxes, charges, and levies**

3.29. Exports of lobsters and fish carry an export levy of XCD 0.5/lb and XCD 0.10/lb, respectively.<sup>48</sup> Export duties are also applied on clean cotton lint, molasses, and sugar. The authorities indicate that export taxes on molasses and sugar have not been collected since the stoppage of the sugar production in the late 1980s.

<sup>45</sup> WTO document G/ADP/N/1/ATG/2, G/SCM/N/1/ATG/2, 19 March 2002.

<sup>46</sup> WTO document G/ADP/N/193/ATG, 27 September 2011.

<sup>47</sup> Customs Duties Act (Amendment of Schedule) Order 2020.

<sup>48</sup> Export Duty Act 1941.

### 3.2.3 Export prohibitions, restrictions, and licensing

3.30. Under the Customs (Control and Management) Act 2013, exports of firearms having a disguised appearance, utensils used for smoking or for the preparation for use of any illegal drug, and exports prohibited by any other law of Antigua and Barbuda are prohibited. In addition, the export of wild birds or of any live or dead wildlife or parts thereof is prohibited in accordance with the CITES.

3.31. No goods are subject to export licensing.

### 3.2.4 Export support and promotion

3.32. Antigua and Barbuda has not notified the WTO Committee on Agriculture that it provides export subsidies on agricultural products.

3.33. Under the SCM Agreement, Antigua and Barbuda has notified the SCM Committee that it maintains the incentive scheme under the Free Trade and Processing Zone (FTPZ) Act 1994 and that there were no beneficiaries under this programme until 2014.<sup>49</sup> In 2019, incentives previously offered under the FTPZ Act were replaced by incentives provided by the Antigua and Barbuda Investment Authority (Sections 2.4 and 3.3.1) and they are no longer linked to export performance.

3.34. Antigua and Barbuda also notified its Special Economic Zone (SEZ) Act 2015 to the WTO (Section 3.3.1).<sup>50</sup> Until 2022, only two operator licences were granted for the development of two SEZs and, among other incentives granted to the operator and future businesses operating within the SEZ, all goods imported, exported, and re-exported are exempted from import and export duties and all other related taxes.<sup>51</sup>

3.35. Between 2018 and 2021, the INTERREG Trade Enhancement for the Eastern Caribbean Project provided assistance to companies based in the English-speaking countries of the OECS that wish to access to other markets. The Direct Support Grants Programme 2021 of the Caribbean Export Development Agency (CEDA) aims at supporting firms to mitigate the impact of the COVID-19 pandemic by providing a non-reimbursable grant between EUR 10,000 and EUR 30,000.

### 3.2.5 Export finance, insurance, and guarantees

3.36. Exporters may also receive export finance support from the CEDA. Under its 11<sup>th</sup> Regional Private Sector Development Programme Grants in 2018, five exporters in Antigua and Barbuda benefited from a total support of XCD 177,405.

## 3.3 Measures affecting production and trade

### 3.3.1 Incentives

3.37. The Government encourages and promotes domestic and foreign investment with a view to fostering private sector development, job creation, wealth creation, and poverty reduction. Concessions and incentives are offered to investors under various schemes.

3.38. Incentive schemes currently in place are the Antigua and Barbuda Investment Authority Act 2006; the Aid to Pioneer Industries Act 1950; the Free Trade and Processing Zone (FTPZ) Act 1994; the Special Economic Zones (SEZ) Act 2015; and a number of sector-specific incentives schemes, in particular for tourism, for example the Hotel Aid Act 1952. During the review period, the Tourism and Business (Special Incentives) Act 2013 prescribed an incentive regime that was in place for four years. In addition, there is also a Citizenship by Investment programme in place (Section 2.4).

<sup>49</sup> WTO document G/SCM/N/284/ATG, G/SCM/N/290/ATG, G/SCM/N/299/ATG, and G/SCM/N/315/ATG, 7 May 2018.

<sup>50</sup> WTO document G/SCM/N/284/ATG, G/SCM/N/290/ATG, G/SCM/N/299/ATG, and G/SCM/N/315/ATG, 7 May 2018.

<sup>51</sup> Antigua and Barbuda Special Economic Zone (YIDA International Investment Antigua Limited) Licence Order 2015, and Antigua and Barbuda Special Economic Zone, *Investment Brief*. Viewed at: <https://www.antiguaabsez.com/wp-content/uploads/2020/12/English-Investment-Brief.pdf>.

3.39. The Aid to Pioneer Industries Act and the Hotel Aid Act remain unchanged. The Aid to Pioneer Industries Act provides customs duty (on building materials and capital goods) and income tax relief for pioneer industries, while the Hotel Aid Act only provides for customs duty relief (on building materials and capital goods). Under the Aid to Pioneer Industries Act, the tax holiday on corporate taxes may be up to five years from the date production begins, and losses may be carried forward for up to three years after the tax holiday ends.

3.40. Under the provisions of the Antigua and Barbuda Investment Authority (ABIA) Act 2006, incentives are based on the size of the capital investment and the number of employees to be hired (Section 2.4). The ABIA serves as a one-stop shop for investors<sup>52</sup>, as well as the repository for information on doing business in the country. A tax holiday on corporate income tax up to 10 years, the possibility to carry forward losses for up to five years, and a tax holiday on income tax up to 20 years are part of the incentives to production that ABIA may grant to investors.

3.41. The framework establishing by the Free Trade and Processing Zone (FTPZ) Act 1994 is still in force, although since 2019, incentives are now those granted under the ABIA Act. A licence is needed to operate in an FTPZ and licences are granted only to corporations, regardless of where they are incorporated, or a branch or unit of such corporation. The level of investment, the project's capacity to generate employment, the generation of foreign exchange, the technological adaptability and transfer possibilities, and the environmental impact are considered before granting licences. The licence fee ranges between USD 10,000 and USD 20,000.

3.42. Between 2014 and 2018, the Tourism and Business (Special Incentives) Act 2013 prescribed an incentive regime for businesses in manufacturing; agriculture, fisheries and agri-business; information and communication technologies; financial services; medical and wellness services; creative industry; and energy. For different categories of investors according to the capital invested, investors could benefit from exemption of corporate income tax up to 25 years; the possibility to carry forward losses up to 7 years; exemption or reduction of withholding taxes up to 25 years; exemption or reduction of property taxes; exemption or reductions of stamp duty for land transfers and non-citizen licences; and the relief of customs duties, sales taxes, and revenue recovery charges on capital goods.<sup>53</sup> These incentives were granted by the Cabinet.

3.43. No information on beneficiaries and the total amount of incentives granted under these two schemes was available.

3.44. In 2015, the Special Economic Zone (SEZ) Act 2015<sup>54</sup> was passed; the criteria for the approval of an SEZ are prescribed by the Special Economic Zone (Licence) Regulations 2015. Any private entity, public entity, or public-private partnership may apply for a specified area to be designated as an SEZ. The maximum size of an SEZ is 500 acres and its operator must obtain a licence that must be approved by the Cabinet. After receiving the approval of the SEZ Committee for a specific SEZ, businesses operating within a specific SEZ may receive targeted support measures to encourage and facilitate the development of and investment in manufacturing, technology, and tradable services. Each SEZ Committee determines fees (admission, annual fee, and operating and administrative costs) to be paid by businesses operating in the SEZ. Until 2022, only two operators were granted licences to operate an SEZ and incentives granted to each operator are also valid for any approved entity admitted to operate a business or industry in the SEZ.<sup>55</sup> Besides relief on customs duties (Section 3.2.4), these incentives include waivers for all corporate and personal income taxes; value added tax, sales tax, and capital gains tax; taxes related to sales, operations, development, and construction activities within the SEZ; capital gains and wealth taxes for shareholders and personnel; and inheritance and gift taxes. All of these incentives shall remain in force during the life of the SEZ. The authorities indicate that the two licensees have not yet started any development.

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<sup>52</sup> Since 2019, beneficiaries under the Free Trade and Processing Zone Act 1994 have requested their incentives from the ABIA.

<sup>53</sup> Tourism and Business (Special Incentives) Act 2013, Schedule IV. No information on beneficiaries and the total amount of incentives granted was available.

<sup>54</sup> Special Economic Zone Act 2015, and its amendments in 2019 and 2021.

<sup>55</sup> Antigua and Barbuda Special Economic Zone (YIDA International Investment Antigua Limited) Licence Order 2015, and Antigua and Barbuda Special Economic Zone, *Investment Brief*. Viewed at: <https://www.antiguaabsez.com/wp-content/uploads/2020/12/English-Investment-Brief.pdf>.

3.45. Regarding the Fiscal Incentives Act, which was repealed in 2013, not a single enterprise in 2022 benefited from waivers on consumption and income taxes granted under this scheme.

### 3.3.2 Standards and other technical requirements

3.46. No notifications were made to the TBT Committee during the period under review.

3.47. The Antigua and Barbuda Bureau of Standards (ABBS) is the national standards body, enquiry point, and national notification authority under the TBT Agreement.<sup>56</sup> The ABBS, which is part of the Ministry of Foreign Affairs, Trade, and Immigration, is responsible for establishing and maintaining the national quality infrastructure, for developing and preparing technical regulations and standards, and for dealing with standards-related matters, such as metrology and quality. The approval of standards and conformity assessment procedures is ultimately carried out by the Standards Council, a 15-member committee also in charge of the general administration of the ABBS and comprising representatives from several agencies and the private sector as well as experts on industrial or commercial standards.

3.48. The ABBS is a member of the CARICOM Regional Organisation for Standards and Quality (CROSQ)<sup>57</sup>, Codex Alimentarius (WHO/FAO), and the Inter-American Metrology System (SIM). The ABBS also has subscriber membership in the International Organization for Standardization (ISO); it is an affiliate member of the International Electrotechnical Commission (IEC), and a participating member of the American Society for Testing and Materials (ASTM).

3.49. In 2017, Antigua and Barbuda passed a new Standards Act that replaces the previous legislation issued in 1987. The Standards Act 2017 entered into force on 1 November 2020. However, the Standards Regulations of 1998 remains in force, and no additional regulations for the purposes of the Standards Act 2017 were enacted until mid-2022.

3.50. Under this regulatory framework, standards formulation and development is mainly the responsibility of the ABBS.<sup>58</sup> All standards are voluntary in Antigua and Barbuda. The standards development process can be initiated by government, industry, consumer groups, or individuals through a formal request outlining the need for a particular standard.<sup>59</sup> After considering or evaluating the request or proposal for a standard, the Standards Council assigns the proposal to a Technical Committee (TC).<sup>60</sup> Representatives of organizations to be affected by the standard and consumers, as well as experts in the field relevant for the standard subject or matter, are part of the TC, which is in charge of preparing and submitting a draft standard to the Standards Council for approval. If the draft standard is approved, the ABBS publishes a notice in newspapers and the Gazette of its intention to declare the standard a national standard, giving the general public the opportunity to comment on the technical content. After treating public comments, the TC finalizes the draft standard, including a second quality and background review, and submits it for approval to the Standards Council. The Council has the authority to approve and publish standards. The whole process of standard development takes up to 18 months.<sup>61</sup>

3.51. Technical regulations are documents specifying product characteristics or their related processes and production methods whose compliance is mandatory. On the recommendation of the ABBS, standards may be declared by Order of the Minister to become a technical regulation with the intention to (i) protect the consumer or user against danger to health and safety; (ii) prevent fraud or deception arising from misleading advertising or labelling; (iii) ensure acceptable quality in goods produced for export; (iv) require adequate information to be given to the consumer or user; (v) ensure quality in a case where the choice of sources of supply is restricted; (vi) protect the

<sup>56</sup> WTO ePing SPS & TBT Platform. Viewed at: <https://epingalert.org/en/EnquiryPoint/tbt-nep>.

<sup>57</sup> In 2018, Antigua and Barbuda became the first country to ratify the agreement establishing the CROSQ.

<sup>58</sup> Standards are formulated generally by consensus between the ABBS and concerned parties. Viewed at: <https://abbs.gov.ag/qi-services/standards-development/>.

<sup>59</sup> An electronic form for this formal request is available on the ABBS website and can be submitted via email or by bringing a hard copy to the ABBS premises. Viewed at: <https://abbs.gov.ag/standards/proposal-for-new-standards/>.

<sup>60</sup> There are four established Technical Committees in Antigua and Barbuda: Codex, Food and Agriculture; National Electrotechnical Committee; Tourism and Hospitality Services; and Beauty and Wellness.

<sup>61</sup> ABBS, *Standards Development Process – Timeframe Table*. Viewed at: <https://abbs.gov.ag/download/standards-development-process-time-frame-table/>.

environment; or (vii) generally protect public or industrial health, welfare, or safety. At least 60 days before the technical regulation comes into force, a notice must be published in the Gazette specifying the date the technical regulation comes into effect.<sup>62</sup>

3.52. In 2018, the regulatory framework for the commerce of tobacco and tobacco products was updated<sup>63</sup> and the previous regulation enacted in 1948 was repealed. The new regulatory framework includes certain prohibitions on sales, advertising, and promotion of tobacco products and tobacco sponsorship. The packaging and labelling requirements are also prescribed in this legislation.

3.53. In 2019, Antigua and Barbuda enacted labelling requirements on food products.<sup>64</sup> The CARICOM Regional Standard on this matter, which was approved by the COTED in 2010, is fully adopted by this technical regulation. Among others, it covers aspects such as the quantitative listing of ingredients and food additives, and the declaration of weights, origin, producer, production date, durability, and storage conditions.

3.54. The authorities indicate that standards are usually based on CARICOM standards or international standards, if they exist. Standards developed by other standards bodies, such as ISO and Codex, are also in drafting ABBS standards/technical regulations. In June 2022, there were no standards under development or out for comments.

3.55. The necessary technical regulations that form the basis for conformity assessment procedures have not yet been adopted in Antigua and Barbuda. Similarly, there are no regulations on market surveillance. There is no fully functional certification body in Antigua and Barbuda, as the ABBS lacks the necessary technical resources.

3.56. The Analytical Services Division under the Ministry of Agriculture, Fisheries and Barbuda Affairs has three testing facilities to carry out microbiological and chemical analyses, including on heavy metals and pesticide residue. In addition, there are three concrete-testing laboratories: one is in the Public Works Division, and two are private (the Caribbean Testing Laboratory, and Antigua Masonry Products). The ABBS has the legal authority to delegate the testing responsibility for certification purposes. Accreditation is done at the regional level.

3.57. Following the Metrology Act 2007, the implementing regulations were enacted in 2017.<sup>65</sup> Under this framework, both the International System of units and the British Imperial System of units may be used concurrently. Verification and licensing to sell, manufacture, and repair weighing and measuring equipment are also prescribed by this regulatory framework. The National Metrology Service, which is part of the ABBS, is responsible for the inspection of weighing and measuring instruments.

### 3.3.3 Sanitary and phytosanitary measures

3.58. No notifications were made to the SPS Committee during the period under review.

3.59. During the period under review, a significant change to Antigua and Barbuda's SPS regime is given by the enactment of the Animal Health Act 2017.

3.60. The Plant Protection Unit (PPU) within the Department of Agriculture, Fisheries and Barbuda Affairs is the designated National Plant Protection Organization (NPPO) under the provisions of the Plant Protection Act 2012. The PPU is responsible for the implementation of the International Plant Protection Convention (IPPC) and SPS Agreement; it acts as the national enquiry point and the notification authority for the SPS Agreement. The PPU is responsible for, *inter alia*, issuing phytosanitary certificates and import permits; carrying out inspection and surveillance pertaining to plant and plant products; disinfecting consignments of plant and plant products; conducting pest-risk analysis; providing information to other countries concerning SPS measures applied; notifying

<sup>62</sup> Standards Act 2017, Section 28.

<sup>63</sup> Tobacco Control Act 2018.

<sup>64</sup> Standards (Technical Regulations) (Labelling of Pre-Packaged Foods) Regulations 2019.

<sup>65</sup> Metrology Regulations 2017. Consequently, the Metrology Act 2007 came into force on 3 April 2017.



trading partners of non-compliance with import requirements; and providing information regarding import and export regulations in force.

3.61. The Plant Protection Board, which functions within the Ministry of Agriculture, Fisheries and Barbuda Affairs, is the body that determines the need for plant protection regulations, advises the Minister on the need for such regulations, and advises on when phytosanitary emergencies are to be declared. In 2015, the Board was appointed for the first time by the Cabinet. In 2016, fees for general services, including certificates, import permits, and other procedures, by the PPU were established.<sup>66</sup> Regulations currently under development cover issues such non-quarantined pests, ports of entry, required declarations to be signed by the captain, and plant protection stations at the ports of entry.

3.62. Imports of regulated products require an import permit from the PPU. Such regulated products include all planting material (including seeds, plant cuttings, and live plants); cut flowers and ornamentals (including floral blooms and greenery); unprocessed plant products; plant growth media (including soil, soil substitutes, mulches, and potting mixes); wood and wood products; and construction aggregates such as sand, and other media. As pest-risk assessment may be needed, importers are advised to submit their application for an import permit in advance. Import permits are granted according to categorization of commodities in the International Standards for Phytosanitary Measures (ISPM) No. 32. Goods in categories 4 (plants seeds), 3 (unprocessed fruits and vegetables), and 2 (semi-processed plant products) require an import permit and its related phytosanitary certificate. Commodities that have been processed to the point where they do not remain capable of being infested with quarantine pests (category 1) do not require an import permit. Currently, the import permit carries no fee, although regulations in this regard were issued in 2016. Import permits expire 60 days from the date of issue and they are granted for a specific shipment.<sup>67</sup>

3.63. Every inbound consignment of regulated items of plant origin must present a phytosanitary certificate at its arrival. Whenever required, the phytosanitary certificate must also state the necessary treatment – chemical or other. Upon inspection, consignments not complying with import requirements will be refused or confiscated and/or destroyed at the importer's expense.

3.64. Imports of live plants and all unprocessed plant products and commodities and non-commercial untreated seeds are subject to quarantine regulations and control, depending on the country of origin and the presence of particular pests and diseases of quarantine importance to Antigua and Barbuda. The importation of soil or products containing soil is prohibited, thus imported plants should be free of soil.

3.65. Plant quarantine inspectors, stationed at the two main ports of entry (the airport and St Johns harbour), conduct inspections of all plants and plant products that enter via these. Other minor ports, including Barbuda, can benefit from mobile inspections on request. Surveillance for general pest management is carried out periodically in high-risk areas within the country.<sup>68</sup> From time to time, surveys are conducted for pests of quarantine significance such as the boll weevil, the mango seed weevil, fruit flies, palm pests (lethal yellowing and red palm weevil), and the Giant African snail.

3.66. Antigua and Barbuda has developed a list of prohibited and permitted commodities with respect to specific trading partners.<sup>69</sup> Specific import restrictions apply to some products, e.g. mangoes from countries with mango seed weevil or fruit flies, and citrus from areas with fruit flies, are prohibited.

3.67. Since 2017, imports of animals, poultry, livestock, and poultry products are governed by the Animal Health Act 2017. The legislation covers aspects such as notifiable diseases, the related

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<sup>66</sup> Plant Protection (Fees) Regulations 2016.

<sup>67</sup> During the COVID-19 pandemic, some import permits were granted an extended duration of 90 days to cope with logistic challenges that arose during this period.

<sup>68</sup> IPPC (2005), Quarantine Pests of Antigua and Barbuda. Viewed at: <https://www.ippc.int/en/countries/antigua-and-barbuda/reportingobligation/2012/12/quarantine-pests-of-antigua-and-barbuda/>.

<sup>69</sup> Department of Agriculture, *Import Status of Plant Commodities and Regulated Items*. Viewed at: <https://agriculture.gov.ag/wp-content/uploads/2017/02/Import-Status-of-Plant-Commodities-and-Regulated-Items-PLANT-PROTECTION-ANTIGUA-AND-BARBUDA-02122016.pdf>.

surveillance system, inspection procedures at the border, and other import requirements including quarantines. An Import License must be obtained prior to any importation of live animals or animal products, and requirements vary depending on the country of origin. Every entry of animal or animal products must be accompanied by an export health certificate from the veterinary authority of the exporting country. Upon inspection, animals or animal products not complying with the import requirements will be refused entry or quarantined. The Veterinary and Livestock Division of the Ministry of Agriculture, Fisheries and Barbuda Affairs delivers import permits and conducts inspections. No additional restrictions apply on the import or sale of animals that have been fed hormones (or their products), or that are genetically engineered or altered.

3.68. As a signatory to the Cartagena Protocol on Biosafety, Antigua and Barbuda does not permit the importation or sale of living modified organisms (LMOs). Imports are allowed if an approval, based on a risk assessment, from the competent national authority was obtained.

3.69. A draft Food Safety Act aimed at regulating the sale of food by producers, processors, manufacturers, or handlers of food, as well as the import and export of food into or from Antigua and Barbuda, is currently being discussed at the Parliament.

3.70. Antigua and Barbuda is a contracting party to the IPPC, and a member of the Codex Alimentarius Commission.

3.71. The Pesticides and Toxic Chemicals Act 2008 contains the main provisions on the registration, import, sale, transport, disposal, control, and inspection of pesticides. The Pesticides and Toxic Chemicals Control Board, which functions under the Ministry of Agriculture, Fisheries and Barbuda Affairs, is also responsible for, *inter alia*, considering applications for registration; granting or revoking licences; approving research permits; and certifying pest control operators. Pesticides must be registered; their registration requirements depend on the toxicity level of its active ingredients. Registration costs are XCD 500, and approved registration is valid for three years.<sup>70</sup>

### 3.3.4 Competition policy and price controls

3.72. Antigua and Barbuda has no competition legislation. The Revised Treaty of Chaguaramas addresses competition policy and provides for the enactment and harmonization of legislation in CARICOM member States; it established the CARICOM Competition Commission in 2008 to deal with competition issues and enforcement in the CSME (Common Report). The EPA and the agreement with the United Kingdom contain provisions with respect to competition policy (Common Report).

3.73. Regional competition policy at the CARICOM level is not yet implemented. The OECS agreed to establish a regional competition body to handle competition matters within its single market (Common Report) and a draft OECS Competition Bill is under review by the Ministry of Legal Affairs, Public Safety and Labour. No specific date has been set for the completion of this review. Upon the approval of this Bill, Antigua and Barbuda is expected to create a national competition authority to deal with domestic competition issues.

#### 3.3.4.1 Price controls

3.74. Antigua and Barbuda applies price controls on a list of products including milk, cheese, and petroleum products (e.g. gasoline and kerosene).<sup>71</sup> The wholesale and retail margins allowed for 41 items are prescribed.

3.75. The wholesale markup is 10% in most cases, 12.5% in some instances, and in one instance 15%. The retail markup is generally 15% or 20%, but may be higher for some goods (e.g. 22.5% for frozen goods). Prices for petroleum products are set by the Ministry of Finance, Corporate Governance and Public Private Partnerships in response to developments in the international market; for other products, landed costs, which include all associated costs and taxes, are used as reference.

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<sup>70</sup> Ministry of Agriculture, Fisheries and Barbuda Affairs, *Pesticides*. Viewed at: <https://agriculture.gov.ag/index.php/pesticides/>.

<sup>71</sup> Price Control Order 1967 as amended in 1982.

3.76. Market surveillance is conducted by the Consumer Affairs Division of the MoFATI through regular inspections to wholesale and retail stores to inspect the enforcement of prices for items subject to control. Repeated violations may result in fines (not exceeding XCD 5,000) and prosecution. Monitoring of landed costs at the port of entry is expected to be conducted through ASYCUDA in the near future.

### **3.3.5 State trading and state-owned enterprises**

3.77. Antigua and Barbuda has notified no state trading enterprise to the WTO.

3.78. Established in 1973, the Central Marketing Corporation (CMC), an agency of the Ministry of Agriculture, Fisheries and Barbuda Affairs, is mandated to provide a market for locally grown produce, secure markets for it, and ensure that prices of basic food commodities remain stable. To achieve these objectives, the CMC put in place an import licensing regime, which restricts imports of an assortment of vegetables that local farmers can produce. The CMC may exercise sole responsibility for the importation and marketing of carrots, cabbage, onions, sweet peppers, and tomatoes.

### **3.3.6 Government procurement**

3.79. During the period under review, Antigua and Barbuda introduced transitional regulations<sup>72</sup> for the implementation of Procurement Administration Act 2011. The Act encourages public competition in the procurement process while broadening the participation in the process in Antigua and Barbuda and overseas; it also aims at maintaining safeguards to ensure integrity, fairness, and transparency while providing value for money in the procurement process. Competitive sealed bids are the preferred method of procurement.

3.80. By the enactment of the provisional regulations in 2021, the Tenders Board under the Ministry of Finance, Corporate Governance and Public Private Partnerships ceased to exist, and the Procurement Board is now responsible for government procurement. Until the Chief Procurement Officer is appointed, the functions of this Officer are delegated to a member of the Procurement Board.

3.81. Requests for tendering for supplies must be sent to the Board. Tenders may be public or selective. Upon receipt of a request by an agency, the Board must either invite members of the public in general to make offers for the supply of the articles, works, or services, by notice published in the Gazette and in local or overseas newspapers; or, subject to the approval of the Minister, invite such bodies or persons as may be selected by the Board to make offers.

3.82. In making its decision, the Board must take into account the quality of the articles or, in the case of works or services, the financial, technical, and administrative competence of the persons making the offer, as well as the prices offered. It must accept the lowest offer, except where it has good reason to accept another offer, if it accepts an offer higher in value than the lowest offer, it must submit a comprehensive report to the Minister giving its reasons. Once the contract is awarded, the Board must publish in the Gazette the name of the person or body to whom the contract is awarded, the amount of the tender, and the date on which the award was made.

3.83. Agencies may be allowed to establish their own procurement departments for small amounts, although the relevant regulation fixing the threshold for small procurements has not yet been enacted.

3.84. Antigua and Barbuda does not apply any national or regional preferences in the procurement process. Antigua and Barbuda is not a party to the WTO Agreement on Government Procurement.

### **3.3.7 Intellectual property rights**

3.85. During the period under review, the only change to the intellectual property (IP) regime in Antigua and Barbuda was due to the enactment of the Patent Act 2018, its amendment in 2022, and its implementing regulations. Under the Ministry of Legal Affairs, Public Safety and Labour, the

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<sup>72</sup> Procurement Administration (Transitional) Regulations 2021.

Antigua and Barbuda Intellectual Property and Commerce Office (ABIPCO) is responsible for all functions relating to the grant of patents and utility model certificates; the registration of industrial designs, marks, collective marks, and geographical indications; supervising and performing other duties conferred by the IP legislation or its regulations; and carrying out studies, programmes, or exchanges of items or services on domestic and international IP issues, and on the use of patent documents as a source of information.<sup>73</sup> Fees and forms for all IP-related matters are available online.<sup>74</sup>

3.86. Antigua and Barbuda is a member of the World Intellectual Property Organization and a contracting party to a number of IP conventions.<sup>75</sup>

### 3.3.7.1 Trademarks

3.87. The exclusive right to a trademark is acquired through registration in the Register of Marks.<sup>76</sup> The term of protection is the standard 10 years, renewable for consecutive periods of 10 years each. The regulation provides for the right of priority of an earlier national or regional application filed by the applicant in any WTO Member or State party to the Paris Convention. Under the current law, service marks may be registered.

3.88. There were 2,380 trademarks registered in Antigua and Barbuda during 2014-21, all from abroad.<sup>77</sup>

### 3.3.7.2 Patents and industrial designs

3.89. Patent rights are enforced by the Patent Act 2018, as amended by the Patents (Amendment) Act 2022, which replaces the previous legislation of 2012. The right to a patent belongs to the inventor and the conditions for patentable inventions are covered by the Act. Furthermore, the Act specifies the application procedures for filing for and obtaining a patent, as well as the rights of the patent holder.<sup>78</sup> A patent expires 20 years after the filing date of the application. Compulsory licensing is allowed when the public interest requires<sup>79</sup>, the manner of exploitation was determined as anti-competitive, or the invention is not available in sufficient quantities or quality or at predetermined reasonable prices. Search and reports from external partners are now admitted as part of the examination process for patent applications. The amendment of 2022 provides for a reduction of fees payable by a natural person or a small business entity. The Act also integrates Antigua and Barbuda's obligations under the Patent Cooperation Treaty into the domestic legislation.

3.90. Only new industrial designs may be registered and the right to registration of an industrial design belongs to its creator.<sup>80</sup> Registration procedures are prescribed by the law and the registration term is initially for five years from the filing date of the application. Registrations may be renewed for two further consecutive five-year periods. National legislation is in conformity with the terms of the Paris Convention for the Protection of Industrial Property.

3.91. During the review period, 58 patents were granted in Antigua and Barbuda, all for applications from abroad.<sup>81</sup> Over the same period, there were more than 1,700 patent applications, out of which

<sup>73</sup> Intellectual Property Office Act 2003.

<sup>74</sup> ABIPCO, *Fees*. Viewed at: <https://abipco.gov.ag/intellectual-property/fees/>. In 2022, the ABIPCO will be launching an electronic platform for some of its commercial services.

<sup>75</sup> Antigua and Barbuda is a member of the Berne Convention, 1999; the Madrid Protocol; the Paris Convention; the Patent Cooperation Treaty; and the WIPO Convention. In all cases, accession was on 17 December 1999, and the agreement entered into force in 2000.

<sup>76</sup> Trade Mark Act 2003 and its implementing regulations.

<sup>77</sup> WIPO, *Statistical Country Profiles: Antigua and Barbuda* (data available up to 2020). Viewed at: [https://www.wipo.int/ipstats/en/statistics/country\\_profile/profile.jsp?code=AG](https://www.wipo.int/ipstats/en/statistics/country_profile/profile.jsp?code=AG).

<sup>78</sup> Further information on fees, forms, and necessary documentation for the application procedure are described in the Patent Regulations 2018.

<sup>79</sup> Reasons for public interest are related to national security, nutrition, health, or the development of other vital sectors of the national economy.

<sup>80</sup> Industrial Designs Act 2003.

<sup>81</sup> WIPO, *Statistical Country Profiles: Antigua and Barbuda* (data available up to 2020). Viewed at: [https://www.wipo.int/ipstats/en/statistics/country\\_profile/profile.jsp?code=AG](https://www.wipo.int/ipstats/en/statistics/country_profile/profile.jsp?code=AG).

5 by residents and 50 by non-residents. In 2018, 78 patents were reported in force. Since 2014, three industrial designs were registered, again all for applications from abroad.

### **3.3.7.3 Copyright**

3.92. A copyright may be granted to an original literary, musical, dramatic, or artistic work; sound recordings, film broadcasts, or cable recordings; and typographical arrangements of published editions.<sup>82</sup> Databases may be treated as original literary works only if the compilation is the author's own intellectual creation. Protection is also granted to collections of folklore. The term of protection is generally for life plus 50 years, although it is limited to 25 years for typographical arrangements of published editions. Rules on copyright owners' economic and moral rights, joint authorship, ownership and assignment of rights, licensing, exceptions, rights conferred in performances, and available remedies for infringement of copyright and related rights are stipulated by the law that also establishes a Copyright Tribunal.

### **3.3.7.4 Other intellectual property rights**

3.93. Any interested person or group of producers or consumers can initiate proceedings in Court as to prevent misleading the public or unfair competition, with respect to geographical indications.<sup>83</sup> Although the law provides for registration, it states that protection is as well available when a geographical indication has been registered.

3.94. Under the Integrated Circuits Topography Act 2003, it is illegal to reproduce a protected layout-design, or to import, sell, or otherwise distribute an unlawfully reproduced layout-design. Procedures for registration of these designs are stipulated by the Act.

### **3.3.7.5 Enforcement**

3.95. The enforcement system of IP rights (IPRs) is based on a combination of the previous legislations and common law. In Antigua and Barbuda, IPRs are considered private rights, and thus, the burden of the proof lies with the right holder.

3.96. IPR infringement cases are under the jurisdiction of the Supreme Court of Judicature, and the Judicial Committee of the Privy Council stands as the final court of appeal. IPR owners or licensees may initiate civil proceedings in case their rights were infringed. In the case of copyright and neighbouring rights, and protection of secret information, owners of IPRs may assert their rights, without the need for registration. Registration is required for the protection of trademarks, patents, industrial designs and integrated circuits, and plant breeders' rights. Nonetheless, unregistered trademarks and trade secrets may be protected under common law.

3.97. Enforcement measures include injunctions; damages, including recovery of profits, and expenses, including attorney's fees; and destruction or other disposal of infringing goods and materials/implements for their production. Under common law, a right holder who has valid grounds for suspecting that imports infringe an IPR may apply to the court for an order for the suspension by Customs of the release of such goods. The Copyright Act of 2003 authorizes the seizure of imported copies of published copyright material if a notice of objection has been given to the Comptroller of Customs and Excise.

3.98. Certain violations of the trademark, copyright, and industrial property legislation are considered to be criminal acts, which are punishable by fines and imprisonment of up to five years. The authorities indicate that an IP unit within the police services will soon be established.

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<sup>82</sup> Copyright Act 2003.

<sup>83</sup> Geographical Indications Act 2003.

## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture, forestry, and fisheries

4.1. The agriculture and fisheries sector in Antigua and Barbuda remains small and its contribution to GDP was below 1.8% on average during the review period. In recent years, the labour force working in the sector substantially shrunk, and it only accounted for 2.2% of total employment in 2018. Labour productivity in the sector is lower than in the rest of the economy and authorities noted a regression in terms of skills in recent years for workers in the sector. The sector's total contribution to the economy in 2020 was around USD 30.2 million, with fisheries accounting for USD 16.1 million and crops for around USD 14.1 million. Most of domestic production is locally sold. The sector is vulnerable to natural disasters such as hurricanes.

4.2. At the time of the previous Review, the Government identified agriculture as a focus area with the aim of diversifying the economy. During the review period, government initiatives were focused on increasing the access to water, promoting the efficient use of water resources, and facilitating the access to long-term loans for farmers. Several other policies, such as a food security law and the increase of budgetary allocation for the sector, have not yet been implemented.

4.3. The Government continues to support the backyard garden programme, which promotes the autonomous production of vegetables by households; authorities consider that the programme is an opportunity to promote good health and wellbeing through the consumption of mainly eco-friendly produce. In 2010, close to 2,000 households registered for the programme; however, there are no recent statistics regarding the beneficiaries of this programme.

4.4. The Government promotes the sustainable development and the responsible management of fisheries and aquaculture activities. All fishing vessels must be registered and have a valid fishing licence.<sup>84</sup>

4.5. Employment and investment in the sector are reserved for nationals.

4.6. The average tariff for agricultural products (WTO definition) is 19.4%, with rates ranging from 0-100%. The highest rate applies to beverages, spirits, and tobacco. Bound rates range from 50%-220%, which implies a large difference with applied rates. Some agricultural products may require import licences; other agricultural products such as poultry, livestock and poultry products, plants, and plant products may require non-automatic licences.

### 4.2 Services

4.7. Under the General Agreement on Trade in Services, Antigua and Barbuda made sector-specific commitments in 6 of the 12 broadly defined service areas, or 32 of the approximately 160 subsectors.<sup>85</sup> No market access or national treatment limitations were scheduled on cross-border supply and consumption abroad for services provision, except for telecommunications services. All commercial presence commitments are subject to market access and in some cases national treatment limitations.

4.8. Horizontal commitments by Antigua and Barbuda include limitations regarding natural persons and commercial presence. For the movement of natural persons, a labour market test is necessary, and employment of foreign natural persons is permitted only when qualified nationals are unavailable. Regarding commercial presence, a general approval is required, while joint ventures

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<sup>84</sup> Fisheries Act 2006.

<sup>85</sup> These sectors (and subsectors) are financial services (insurance services); business services (professional services, computer and related services, research and development services); telecommunications services (voice telephone services; terrestrial-based mobile services; satellite-based mobile services; fixed satellite services; teleconferencing services; telecommunications equipment sales, rental, maintenance, and repair; and consulting services); tourism and travel-related services (hotels and restaurants); recreational, cultural, and sporting services (entertainment services); and transport services (maritime transport services).

are encouraged. The only exemption to MFN treatment concerns terrestrial-based mobile services, for which CARICOM nationals are offered national treatment through regional agreements.<sup>86</sup>

#### 4.2.1 Financial services

##### 4.2.1.1 Overview

4.9. The financial sector in Antigua and Barbuda comprised 4 domestic commercial banks; 2 non-bank credit institutions; 9 offshore banks; 5 non-bank financial institutions; 31 insurance companies, brokers, and agents; 8 credit unions; and 1 development bank. Domestic commercial banks and two non-bank credit institutions<sup>87</sup> are regulated by the Eastern Caribbean Central Bank (ECCB), while all other institutions are regulated by the Financial Services Regulatory Commission (FSRC). During the review period, the sector's contribution to GDP on average was 7.1%; however, the influence of the sector on the rest of the economy is considerable. The main legislation governing domestic banks and non-bank financial institutions, except insurance companies and credit unions, is the Banking Act 2015<sup>88</sup>, which is an ECCB-wide harmonized banking framework (Common Report).

##### 4.2.1.2 Banking

4.10. During the review period, the banking sector in Antigua and Barbuda has witnessed consolidation of banking activities. In 2016, the ABI Bank had its licence for banking services in Antigua and Barbuda revoked by the ECCB and thus, stopped its operations. In 2018, another bank and a financial institution had their licences revoked. In 2021, Scotiabank in Antigua and Barbuda completed the sale of its operations to the Eastern Caribbean Amalgamated Bank (ECAB). In the same year, the ACB Caribbean (previously known as the Antigua Commercial Bank) acquired the operations of the Royal Bank of Canada (Antigua).<sup>89</sup> By these operations, the number of domestic banks reduced to four, of which two are locally incorporated and owned banks, and two are branches of other banks in the region.

4.11. Banking licences are approved by the ECCB after all required criteria have been fulfilled and conditions can be attached to the licence. All banks, either locally incorporated or a subsidiary or branch of a foreign bank, must have a physical presence in the country. There are no restrictions on foreign investment in the sector; foreign-owned banks in Antigua and Barbuda receive national treatment since they are subject to same requirements and can provide the same services to the public.<sup>90</sup> Since 2015, regulations make it easier to open branches in the region as a single financial space licensed by the ECCB.<sup>91</sup> However, branches of foreign banks need to provide satisfactory evidence that they are subject to comprehensive supervision on a consolidated basis in their home markets and that the regulatory body in their home jurisdiction has no objection to their application.

4.12. The latest annual reports of three of the four domestic banks<sup>92</sup> show that the ratio of tier 1 and regulatory capital to total risk-weighted assets was well above the stipulated regulatory requirement (8%). By September 2020, the exposure to the public sector of ECAB's loan portfolio was for nearly half of its loan portfolio (43.3%). All of these loans were granted to the Government, which represents a significant concentration of risk on a single customer.

4.13. Established in 1971, the Antigua and Barbuda Development Bank (ABDB) provides, *inter alia*, medium- and long-term development financing to the productive sectors, mortgages, student loans, and small-micro enterprises. Since 2016, the ABDB is under the regulatory and supervisory purview of the FSRC and the last supervisory review of the Bank was conducted in 2021.

<sup>86</sup> WTO document GATS/EL/2, 11 April 1997.

<sup>87</sup> Any other financial activity recognized by the ECCB as a banking practice is subject to the licence requirement.

<sup>88</sup> This Act entered into force on 1 October 2015 and repealed the previous Banking Act 2005. The Act was later amended by the Banking (Amendments) Act 2018, which streamlines procedures of the Act.

<sup>89</sup> ECCB (2021), "Acquisition of Royal Bank of Canada ECCU Operations by Consortium of National Banks Finalised", 4 April. Viewed at: <https://www.eccb-centralbank.org/news/view/acquisition-of-royal-bank-of-canada-eccu-operations-by-consortium-of-national-banks-finalised>.

<sup>90</sup> Note that Antigua and Barbuda has not submitted specific commitments for the banking sector.

<sup>91</sup> Banking (Licences) Regulations 2019.

<sup>92</sup> Information regarding the Caribbean Union Bank was not available.

4.14. Since 2016, the FSRC has adopted a risk-based supervisory framework that applies to companies and institutions under its purview. This framework provides a structured approach for understanding and assessing key risks inherent in an institution's activities, whether its risk-management processes are adequate and whether its earnings, capital, and liquidity are sufficient to enable it to support its risk profile and withstand unexpected shocks. On average, the FSRC conducts 14 examinations per year; banks, insurance companies, and credit unions are the main institutions examined during the review period.

4.15. Antigua and Barbuda participated in the establishment of the Eastern Caribbean Asset Management Corporation (ECAMC) in 2015<sup>93</sup>, a regional attempt to address the incidence of non-performing loans (Common Report). The Credit Reporting Act<sup>94</sup>, which established a Credit Bureau, is also a regional effort to secure transactions and improve access to credit (Common Report).

4.16. In 2019 and 2020, commercial banking institutions were taxed at a rate of 10% on their net corporate income.<sup>95</sup>

#### **4.2.1.3 Insurance**

4.17. In 2022, 21 domestic insurance companies were registered and operating in Antigua and Barbuda; six are locally operating limited liability companies, and the remaining ones are agents of foreign insurers. There are also four registered insurance brokers. Except one, all insurers in Antigua and Barbuda offer general and life insurance but not reinsurance.

4.18. The Insurance Act of 2007 (as amended) governs the operations of the domestic insurance sector and companies in the sector must be registered by the Superintendent of Insurance, who is part of the FSRC.

4.19. Companies must be lawfully constituted in accordance with the laws of the country in which their head office is situated, have paid-up share capital of not less than XCD 2 million for local companies and XCD 5 million for foreign companies, and be registered as a company under the Companies Act. Foreign insurance companies must have a principal office in Antigua and Barbuda, which may be a branch office or the office of their agent, and must appoint a resident as their principal representative. No nationality or citizenship requirements nor residence requirements are applied to company directors. No restriction on foreign ownership of domestic insurance companies is applied, other than the restriction of 20% on holding shares in a registered domestic company.

4.20. In 2022, the Insurance Act was amended to move away from a one-size-fits-all approach regarding deposit requirements and annual fees for the licence. The previous statutory deposit requirement of XCD 200,000 for all insurers (regardless of the size of the company) was removed and a stepped approach based on the gross premium income of the insurer was introduced.

4.21. Until its removal in 2022<sup>96</sup>, a distinction existed between domestic and foreign companies regarding the application and annual fees; foreign companies were requested to pay higher fees. Since this amendment, an application fee of XCD 5,000 for registration and an annual fee of the same amount for continued registration are to be paid by both domestic and foreign insurers. Applications may be refused if they are deemed not to be in the public interest by the FSRC.

4.22. The Insurance (Supervision and Compliance) Regulations 2019 include further provisions on registration and renewal procedures for insurance companies, brokers, and intermediaries by specifying the related fees and providing the relevant forms. Moreover, these regulations require insurance companies to maintain proper market conduct, and to make documentary logs available for examinations determined by the Superintendent. Insurers are required to provide, within four months of each financial year, a balance sheet; a profit and loss account; separate revenue accounts in respect of each class of insurance business; and an analysis of long-term insurance policies to the

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<sup>93</sup> Eastern Caribbean Asset Management Corporation Act 2015, as amended by Eastern Caribbean Asset Management Corporation (Amendment) Act 2017.

<sup>94</sup> Credit Reporting Act 2017.

<sup>95</sup> Income Tax (Amendment) Act 2019.

<sup>96</sup> Insurance (Amendment) Act 2022.



Superintendent of Insurance. Since 2021, insurers failing to provide these documents are subject to an administrative penalty of up to XCD 30,000, plus XCD 1,800 for each day of non-compliance.<sup>97</sup>

4.23. An insurance agent, broker, or representative is personally liable to the insured on all policies unlawfully made by or through him or her with any unregistered insurer as if the insurance agent, broker, or representative had been the insurer.

4.24. In 2015, Antigua and Barbuda enacted a plan of arrangement between creditors and two insurers under judicial management. The two insurers are still listed as non-active on the FSRC website: one is under judicial management and the other is under liquidation.

4.25. In 2019 and 2020, insurance companies were taxed at a rate of 10% on their net corporate income.<sup>98</sup>

#### 4.2.1.4 Offshore services

4.26. The FSRC regulates international banking and insurance services. Within the FSRC, there is a Director of International Banks and Non-banks, and a Superintendent of International Insurance Companies. The regulatory framework for international banking activities was amended in 2016.<sup>99</sup> The International Banking Act 2016 (as amended) provided a single piece of legislation for the regulation and supervision of international banks similar to the one for domestic banks. The Act established a detailed framework that includes licensing of institutions, ownership of licensed institutions, financial limitations, and restrictions, as well as supervision and remedial actions by the Commission.<sup>100</sup> The Act outlined a framework for the taxation of international banks and aimed at facilitating the adoption of the Basel II Standardized Reporting Framework for the international banking sector. The 2017 amendment<sup>101</sup> broadened the definition of banking business and thus, the one for international banking, and allowed international banks to conduct business with the Government of, its statutory bodies, and other corporate entities owned and approved by the Ministry of Finance, Corporate Governance and Public Private Partnerships and the Commission. Other laws governing international financial services are the International Business Corporations Act (as amended), the International Trusts Act (as amended), the International Limited Liability Act, the International Foundations Act, the Corporate Management and Trust Service Providers Act (as amended), and the Financial Services Regulatory Act.

4.27. International banks and international insurance companies require a licence. International insurers are tax exempt for a period of 50 years from establishment. International banks are subject to degressive tax on profits, which ranges between 1% and 2.5%. International banks and international insurance companies are not allowed to issue bearer shares. There are nine international banks registered in Antigua and Barbuda, and one international insurance companies.

4.28. Licence requirements for international banks include a minimum capital requirement and physical presence. Minimum capital requirements are USD 3 million for Class I banks; USD 500,000 for Class II banks; and USD 3 million for Class III composite bank and trust corporations. A proportion of the paid-up capital must be deposited by the FSRC, or in a manner approved by the Commission. Applications for a licence are examined by the Commission within three months of the receipt of the application. The Commission has the sole right to grant or refuse a licence and refusals can be enquired by way of judicial review in the High Court. The non-refundable application fees for international banks are fixed at 10% of the corresponding annual licence fees; annual licences fees are USD 40,000 for Class I banks, USD 30,000 for Class II banks, and USD 50,000 for Class III bank and trust corporations.<sup>102</sup> International banks may only conduct transactions in currencies other than those of CARICOM members.

<sup>97</sup> Insurance (Amendment) Act 2021.

<sup>98</sup> Income Tax (Amendment) Act 2019.

<sup>99</sup> The International Banking Act 2016 entered into force on 1 September 2016. In 2017, the Act was amended by the International Banking (Amendment) Act 2017.

<sup>100</sup> For instance, the FRSC can appoint an official administrator if deemed necessary.

<sup>101</sup> The International Banking (Amendment) Act 2017.

<sup>102</sup> An initial fee of the same amount of the annual licence fees needs to be paid at the approval of the licence.

4.29. Paid-up capital requirements are USD 250,000 for international insurance companies and USD 250,000 for international trust companies. Registration fees for an international insurance business are USD 10,000, while annual licence fees are USD 10,000. A licence may be revoked if a licensee does not start operations within six months of the issuance of the licence.

4.30. At least one of the trustees of international trusts must be domiciled in Antigua and Barbuda and an international trust may be administered by a minimum of one or a maximum of four functioning trustees at any time.<sup>103</sup> Trusts are also required to maintain a physical presence in Antigua and Barbuda, and their licence fee varies between USD 300 (restricted international trust) and USD 10,000 (general international trust). General international trusts are subject to a minimum capital requirement of USD 250,000 in paid-up capital.

4.31. The liquidation of the Stanford International Bank is still ongoing, and a second distribution of USD 30 million, representing 0.6% of total admitted claims, took place in 2019.

#### 4.2.2 Telecommunications

4.32. During the review period, the telecommunications sector contributed 3.2% to Antigua and Barbuda's GDP and employed around 4,000 people.<sup>104</sup> By end-2020, the fixed-line penetration (line subscriptions per 100 inhabitants) was at 28%, as it continued to decrease after reaching a peak of nearly 40% in 2011. Mobile phone penetration rates largely exceeded 100% over the review period; by end-2020, almost every inhabitant owned two lines, as penetration reached 188%. The use of the Internet is spreading through mobile subscriptions, and half of the population (49%) has access to the Internet through a mobile broadband subscription. Less than one of every 10 inhabitants (8%) uses the Internet through a fixed (wired) broadband subscription. All users are covered by the 3G network.

4.33. The provision of domestic fixed-line services, including voice and data, is under a monopoly by the Antigua and Barbuda Public Utilities Authority (APUA).<sup>105</sup> Since 2012, the provision of international voice and data services is unrestricted. The provision of mobile services is unbound for cross-border supply; however, foreign suppliers wishing to have a commercial presence must undertake a minimum investment of at least USD 500,000. Four telecommunications providers (Flow, Digicel, Antigua Computer Technology, and APUA) were granted licences to provide international voice and data networks and services. Three of the four providers also offer mobile services. Other services may be provided only on network facilities supplied by licensed operators.<sup>106</sup>

4.34. The Telecommunications Act 1951, which is the main legislation governing the sector, was updated in 2018.<sup>107</sup> Changes included the creation of the Telecommunications Authority, which is to become responsible for regulating the sector under the directions of the Ministry of Information, Communications Technology and Digitalization (MICTD); however, the Authority has not yet been established. The Telecommunications Division at the MICTD continues to have administrative functions and the regulatory authority of the sector remains with the Minister. Service providers are licensed by the Minister, although the licensing of some special services not covered by the Telecommunications Act, such as mobile services, cable TV, and almost all services not using a radio frequency, requires Cabinet approval. Rules on types and forms of licences, licence applications and conditions, such as terms, conditions and restrictions, and duties of licensees, are under the authority of the Minister. Licences have been granted to companies offering cable TV, undersea cable, and Internet services. There was no standard approach to granting licences, whose terms and conditions vary considerably. The authorities indicate their interest in standardizing the framework for licensing; however, this type of regulation needs to be approved by the Parliament.

4.35. The amendment of 2018 provides for the Telecommunications Authority to be in charge of planning and assigning the numbering of telecommunication services, and makes provisions for the introduction of number portability. Currently, the Telecom Division leads efforts to implement

<sup>103</sup> International Trust Act 2007.

<sup>104</sup> The employment statistics concerns transport, storage, and communications considered together.

<sup>105</sup> This monopoly is in line with commitments in WTO document GATS/SC/2/Suppl.1, 11 April 1997.

<sup>106</sup> These services include, *inter alia*, packet-switched and circuit-switched data transmission services for non-public, facsimile services, electronic mail, voice mail, and Internet access.

<sup>107</sup> Telecommunications (Amendments) Act 2018.

number portability and rules are under development. At the time of the preparation of this Review, there was no information available regarding tariffs and charges for fixed and mobile lines.

4.36. Antigua and Barbuda is the only OECS-WTO Member that is not a member of the Eastern Caribbean Telecommunications Authority (ECTEL). The authorities indicate that the cross-subsidies by the telecommunications sector to electricity and water utilities as specified in the GATS commitments by Antigua and Barbuda is the main barrier for further liberalizing the sector.

4.37. In 2017, a tax on telecommunications originating outside Antigua and Barbuda was established (USD 0.05 per minute for calls, and USD 0.05 per short message service).<sup>108</sup> The 15% sales tax is levied on all telecommunications services provided in Antigua and Barbuda. In 2019 and 2020, telecommunications companies were taxed at a rate of 10% regarding their net corporate income.<sup>109</sup> In general, licence holders are responsible for collecting taxes and passing them on to the Internal Revenue Service.

### 4.2.3 Transport

#### 4.2.3.1 Maritime transport

4.38. St Johns is the main commercial seaport in Antigua and Barbuda. Bulk cement enters through Crabbes Port, while an offshore facility at Fort James Port handles bulk petroleum products. All ports are owned and controlled by the State.

4.39. The main legislation governing the sector is the Merchant Shipping Act 2006, as amended. During the review period, the Act was amended to (i) remove restrictions on the registration of passenger ships and high-speed craft; (ii) increase the choice of ports of registry for commercial and pleasure yachts; (iii) formalize the issuance of temporary permissions; (iv) implement international conventions and agreements to which Antigua and Barbuda is a party; (v) prescribe the removal of ships from the Registrar in given circumstances; (vi) enable the provisional registration of ships; and (vii) amend qualifications to own Antigua and Barbuda ships. The Antigua and Barbuda Department of Marine Services and Merchant Shipping (ADOMS) within the Merchant Shipping and Ship Regulation regulates small craft and merchant shipping activities.<sup>110</sup> The portfolio of merchant shipping and ship registration is currently assigned to the Prime Minister of Antigua and Barbuda.

4.40. Licensing, which addresses operational and technical safety standards, is compulsory for small craft and small commercial vessels operating within the maritime jurisdiction of Antigua and Barbuda.<sup>111</sup> All vessels engaged in fishing are licensed by the Fisheries Division. In order for a vessel to be registered in Antigua and Barbuda, it must be owned or effectively controlled by nationals of Antigua and Barbuda or CARICOM nationals, or by a company registered under the laws of Antigua and Barbuda, or by a foreign entity through a Principal Representative in Antigua and Barbuda. Under exceptional circumstances, a waiver may be granted by the Cabinet for the operation of specialized vessels. ADOMS operates and administers the Antigua and Barbuda Ship and Yacht Registry, which includes locally operated vessels and vessels engaged in international trade. Registration fees, tonnage taxes, and annual charges vary according to gross tonnage and in January 2021 ADOMS published revised fees for all of its services.<sup>112</sup> By mid-2022, there were 700 ships registered as vessels engaged in international trade and 750 yachts and other small pleasure craft. The main users of the International Registry of Ships are located in Germany and other members of the European Union.

4.41. During the review period, Antigua and Barbuda adopted regulations providing for the recognition and application of international codes to vessels above or below 24 metres in length.<sup>113</sup>

<sup>108</sup> Telecommunications Tax Act 2017.

<sup>109</sup> Income Tax (Amendment) Act 2019.

<sup>110</sup> The Small Craft Control Act 2015. Besides its headquarters in St John, ADOMS keeps an office in Oldenburg (Germany) to provide services to its customers.

<sup>111</sup> All powered craft below 24 metres in length and all other small craft above 5 metres in length are required to obtain a licence.

<sup>112</sup> Antigua and Barbuda Ship and Yacht Registry, *Fees*. Viewed at: <https://abregistry.ag/vessel-registration/fees/>.

<sup>113</sup> Merchant Shipping (Commercially Operated Large Vessels) Regulations 2020, later replaced by Merchant Shipping (Vessels in Commercial Use for Sport or Pleasure) Regulations 2022.

For vessels under 24 metres, the Marine Guidance Notice 280(M), as published by the Maritime and Coastguard Agency of the United Kingdom, is applied, while for vessels over 24 metres, the Red Ensign Group Yacht Code of the United Kingdom or the newly adopted Marshall Islands' Yacht Code 2021 can be used.

4.42. Cabotage is reserved for ships registered in Antigua and Barbuda. Masters, chief officers, and chief engineers of merchant ships registered in Antigua and Barbuda must be nationals of Antigua and Barbuda, except if vessels are mainly employed between ports outside Antigua and Barbuda.<sup>114</sup>

4.43. The Antigua Port Authority is responsible for developing the harbours of Antigua and Barbuda, operating and managing port services, and collecting dues and charges.<sup>115</sup> Some port services are provided by the private sector, for example, stevedore activities are privately owned and operated, and private firms provide port security.

4.44. A travel tax, an embarkation tax, and a cruise passenger tax are levied on passengers travelling to and from Antigua and Barbuda by maritime transportation.

#### **4.2.3.2 Air transport**

4.45. Antigua and Barbuda remains one of the main civil aviation centres within the OECS with most of the activity located at V.C. Bird International Airport in Antigua, including air cargo.<sup>116</sup> There are 17 carriers, of which 8 are regional, operating regular flights to Antigua and Barbuda from the region, the United States, the United Kingdom, and Canada. The Government and other governments of the region own the regional airline LIAT, which is incorporated in Antigua and Barbuda. After recording a loss of XCD 12 million in 2019, LIAT was intervened in July 2020 and reinitiated a limited schedule of flights as of November 2020.

4.46. During the period under review, the administration and regulation of the air transport sector remained unchanged. The main legislation governing the sector is the Civil Aviation Act 2003. The Air Transport Licensing Board deals with licence applications and tariffs charged for cargo and passenger transport. Decisions taken by the Board must be endorsed by the Minister of Energy, Civil Aviation and Transportation, who has overall responsibility for the development and supervision of civil aviation. In general, an air transport licence is only granted to citizens of Antigua and Barbuda or a member State of the OECS or CARICOM; or a body incorporated in Antigua and Barbuda or in OECS/CARICOM member State that is substantially controlled by citizens of Antigua and Barbuda or an OECS/CARICOM member State. The following matters must be considered when granting a licence: existence of other air services; need/demand for the proposed service; and any unfair advantage of the applicant over other operators by reason of the terms of employment of persons employed. Within bilateral air agreements, the previous matters are not considered, unless instructed by the Minister; the main matter under consideration is whether the air service provider is fit, willing, and able to operate the service.

4.47. At the regional level, regulatory oversight for safety and security issues is the responsibility of the Eastern Caribbean Civil Aviation Authority (ECCAA).<sup>117</sup> In 2019 and 2020, a number of security and flight safety regulations were issued; these regulations adopted recent amendments to the Chicago Convention.

4.48. There are no foreign investment restrictions relating to ownership of domestically incorporated carriers. The Minister has the authority to issue regulations regarding commercial aircraft carrying goods and services within Antigua and Barbuda; however, no restrictions on cabotage services have been issued.

4.49. Established in 2006, the Antigua and Barbuda Airport Authority, a statutory body, is responsible for managing the government-owned airports. The Airport Authority can contract out management services for the airport facility, but has not done so to date. Supply auxiliary services

<sup>114</sup> Aliens Restriction Act 1929.

<sup>115</sup> Port Authority Act 1973.

<sup>116</sup> Codrington Airport in Barbuda was severely damaged after Hurricane Irma in 2017 and is back in full operation.

<sup>117</sup> Eastern Caribbean Civil Aviation Agreement Act 2003.

are open to local and foreign private participation and, for instance, ground handling services are provided by local and foreign airlines.

4.50. A passenger facility tax of USD 10 per individual is levied to help pay for the expansion and development of the airport. In 2015, a modern terminal with four jet bridges was opened at V.C. Bird International Airport. The construction of the new terminal cost approximately USD 100 million.

4.51. Antigua and Barbuda has bilateral air services agreements with Canada, Cuba, Colombia, the Dominican Republic, France, Nigeria, the United Arab Emirates, and the United Kingdom. Except for the agreements with Canada and the United Kingdom, all agreements were signed during the review period. Other agreements with Germany and Qatar are under negotiation. Air transport arrangements with the United States are regulated by the 1977 US-UK Bermuda II Agreement. Antigua and Barbuda is a contracting state of the International Civil Aviation Organization (ICAO) and is also a party to the CARICOM Multilateral Air Services Agreement (MASA), which was recently ratified.

#### 4.2.4 Tourism

4.52. The tourism sector is of key importance to Antigua and Barbuda's economy. During the review period, the sector's direct contribution to GDP was around 10%<sup>118</sup> and tourism activities have significant spillovers to other sectors of the economy (transport, construction, and real estate). The sector was severely hit by international travel restrictions and lockdowns related to the COVID-19 pandemic, and the number of visitors shrank by 62% in 2020 after three continuous years with more than a million visitors per year (Table 4.1). After reaching a low in 2021, the tourism sector gave signs of a strong recovery in the first trimester of 2022.

4.53. All segments (cruise ship passengers, stay-over visitors, and yacht passengers) endured the impact of the global health crisis; however, the shutdown of the cruise industry was the most dramatic (-90% passengers between 2021 and 2019). Stay-over visitors started coming back in 2021 as travel restrictions were eased, in particular from the United States, which is the origin of nearly 60% of these visitors in 2021. For other source markets (the United Kingdom, Canada, and the Caribbean), the recovery is not yet fully underway.

4.54. Consequently, total visitor expenditure shrank by almost 60% in 2020; however, the good performance of some segments enabled certain revenue streams to begin to recover since 2021. In 2021, total expenditure by visitors amounted to XCD 1,318 million compared to XCD 2,096 million in 2019. The sector continues to be the largest recipient of foreign investment and the most significant foreign exchange earner.

**Table 4.1 Tourism statistics, 2014-22**

('000, unless specified)

	2014	2015	2016	2017	2018	2019	2020	2021	2022 <sup>a</sup>
Total visitors	792.6	905.7	891.4	1,059.7	1,082.4	1,054.1	397.8	252.2	222.8
Cruise ship passengers	525.3	636.5	608.5	792.9	794.6	734.0	259.4	77.1	151.7
Stay-over visitors	249.3	250.5	265.2	247.3	268.9	301.0	125.1	169.5	64.9
United States	95.3	94.6	108.7	96.3	104.1	123.6	60.3	102.5	28.4
United Kingdom	71.2	77.9	76.5	70.7	70.6	76.8	31.8	48.3	25.7
Canada	27.7	23.3	21.2	22.9	38.1	37.2	15.7	4.1	3.4
Caribbean	30.3	30.5	33.9	32.0	32.3	34.5	8.0	7.9	3.3
Other countries	24.8	24.2	24.9	25.4	23.9	28.9	9.3	6.7	4.1
Yacht passengers	17.9	18.8	17.7	19.5	18.9	19.1	13.3	5.6	6.2
Number of cruise ship calls	0.3	0.3	0.3	0.4	0.4	0.4	0.1	0.1	0.2

<sup>118</sup> The direct contribution of the sector is mapped through the activities by hotels and restaurants in national accounts.

	2014	2015	2016	2017	2018	2019	2020	2021	2022 <sup>a</sup>
Number of yacht calls	3.8	3.9	4.0	4.4	3.8	3.9	2.3	1.0	0.4
Total visitor expenditure (XCD billion)	1.6	1.6	1.7	1.6	1.7	2.1	0.9	1.3	0.6

a Data for January to March 2022.

Source: Eastern Caribbean Central Bank (ECCB). Viewed at: <https://www.eccb-centralbank.org/statistics/tourisms/comparative-report>.

4.55. In its Medium Term Strategic Development Plan of Antigua and Barbuda (2016-2020), the Government identified as flagship priorities to use the tourism industry as an economic anchor for its development and to transform the country into a green, low-density, and high-end tourism destination by limiting undesirable environmental and socio-cultural consequences. To achieve these objectives, a Green Tourism Initiative is ongoing, covering areas such as energy consumption and efficiency, use of renewable energy, water consumption, waste disposal practices, green building practices, green operations, promotion of the local economy, employee engagement, social responsibility, customer education, and conservation practices.

4.56. The Ministry of Tourism, Investment and Economic Development (MoTIED) is responsible for establishing policies and guidelines for the tourism industry. Established in 2008, the Antigua and Barbuda Tourism Authority (ABTA)<sup>119</sup>, a statutory body within the MoTIED, is in charge of developing policies for tourism promotion, designing and implementing marketing strategies, advising the Government and the tourism industry on marketing strategies, putting measures in place to ensure sufficient and suitable transport services to and from Antigua and Barbuda, and carrying out tourism-related research. The ABTA has three offices overseas.

4.57. Commercial presence for the construction of hotels and resorts and the management of hotels is subject to the provisions of the Hotel Proprietors Act, which fixes liabilities for the proprietor with respect to hotel guests. There are no limitations on foreign investment in hotels; however, under the ABIA Act, one director must reside in the country.

4.58. Besides incentives under the ABIA Act (Section 2.4), under the Hotel Aid Act 1952, developers may import building materials and equipment duty-free, or drawback customs duties already paid, subject to obtaining a licence from the Cabinet. Since 2003, the development of new hotels and the expansion of existing ones are eligible for relief from corporate income tax for 7 to 25 years depending on the number of new rooms created by each project.<sup>120</sup>

4.59. Between 2014 and 2018, tourism development or tourism-related projects could benefit from the incentives prescribed by the Tourism and Business (Special Incentives) Act 2013 (Section 2.4). These benefits included waivers on all import and other duties on all capital items, as well as exemptions or reductions on corporate income taxes, withholding taxes, property taxes, and stamp duties on land transfers and non-citizen licences. The terms of those benefits ranged between 6 and 25 years and were only granted for projects of XCD 1 million or above.

4.60. In 2019, Antigua and Barbuda passed a new framework regarding the licensing and the classification of tourism services<sup>121</sup>; however, this legislation has not yet come into force. The Tourism Industry Licensing Committee, which is yet to be established, will examine all licence applications before submitting its recommendations to the Minister for their issuance. Licences will be valid for 12 months and can be renewed without any limitation. In 2021, criteria for the classification of tourist accommodations (class A, class B, and luxury hotels) were published and a tourism guest levy tax was imposed according to the classification and price charged for hotel rooms.<sup>122</sup> All monies collected are transferred to the Climate Resilience Development Fund.

4.61. Antigua and Barbuda also granted an exemption of visa requirement to tourists from 15 countries during the review period. Since March 2020, tourism activities are subject to a sales

<sup>119</sup> Tourism Authority Act 2008. In 2015, the composition of the Board of Directors of ABTA was amended, and the Advisory Council repealed (Tourism Authority (Amendment) Act 2015).

<sup>120</sup> Income Tax (Amendment) Act 2003.

<sup>121</sup> Tourism Licensing and Classification Act 2019.

<sup>122</sup> Tourism Guest Levy Act 2021.

tax of 14%<sup>123</sup>; part of the revenue collected is dedicated to the funding of marketing and promotion activities.

#### 4.2.5 Other offshore services

4.62. Under the International Business Corporations (IBCs) Act 1982 (as amended), other offshore services are regulated by the FSRC. These corporations may be formed by an attorney, an accountant, or a trust company and, according to the authorities, incorporation may be completed within 24 hours for non-licensed corporations.<sup>124</sup> Minimum requirements include a single director, a single shareholder, a registered office, and a registered agent. IBCs are eligible for an array of incentives that include exemptions from various taxes including customs duties. For instance, IBCs are not subject to income tax, capital gains tax, and asset transfer tax.

4.63. In 2016, the regulatory framework for interactive gaming (virtual casino) and interactive wagering (sports book) was modified by the issuance of a new law and relevant regulations to the sector.<sup>125</sup> The Gambling Authority of Antigua and Barbuda was established in 2016, and it replaced the FRSC as the licensing and supervisory body over all local gambling and online gaming in Antigua and Barbuda.<sup>126</sup> Some other regulations such as Interactive Gaming and Interactive Wagering Regulations 2007 (the Online Gaming Regulations) remain in place. All interactive gaming activities require a licence by the Gambling Authority of Antigua and Barbuda and companies must be incorporated under the laws of Antigua and Barbuda. Applicants pay a non-refundable fee of USD 15,000 for conducting investigations, due diligence, and assessments of applicants. The processing time of a licence is 60 days and there are currently three licensees in Antigua and Barbuda. The annual licence fee is USD 100,000 for an interactive gaming business and USD 75,000 for an interactive wagering business. In addition, there is a USD 100,000 minimum reserve requirement, and the Authority may establish higher thresholds based on its assessment of risk. The Authority has monitoring and examination powers to monitor the adequacy of the capital reserve on an ongoing basis as well as to implement surveillance over business associates of licensees providing key services.<sup>127</sup>

4.64. In 2020, a regulatory framework for digital asset businesses and for the protection of the interests of their clients or potential clients was adopted. Digital asset business activities to the general public or to private clients include (i) issuing, selling, or redeeming virtual coins, tokens, or any other form of digital asset; (ii) operating as a payment service provider business utilizing digital assets; and (iii) operating as an exchange, a vendor, a custody service, or a custodial wallet service. A digital asset is defined as anything that exists in binary or digital format and comes with the right to use it and includes, but is not limited to, a digital representation of value. A digital asset is not recognized as a security.

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<sup>123</sup> In January 2019, the Antigua and Barbuda Sales Tax (ABST) rate on hotel accommodation was raised to 13% from 12.5%, which had been the rate applied since January 2012.

<sup>124</sup> Licensed corporations are international banks, trusts, insurance corporations, and interactive gaming and wagering companies.

<sup>125</sup> Antigua and Barbuda Gambling Act 2016, and Antigua and Barbuda Gambling (Amendment) Act 2017.

<sup>126</sup> The Gambling Act Regulations 2020 introduced new licensing fees and the tax structure for local gambling.

<sup>127</sup> The authorities indicate that no action has been in this regard during the review period.

## 5 APPENDIX TABLE

Table A1.1 Merchandise visible exports and imports by SITC section, 2014-21

Description	2014	2015	2016	2017	2018	2019	2020	2021
	<b>(USD million)</b>							
Total exports	23.1	27.5	25.6	20.9	25.8	37.7	22.2	19.1
Domestic exports	3.2	2.2	1.8	2.1	3.3	2.7	2.7	4.3
Re-exports	19.9	25.3	23.8	18.8	22.6	35.0	19.5	14.8
	<b>(% of total exports)</b>							
0. Food and live animals	3.0	0.8	1.4	3.5	4.3	4.2	9.4	16.0
1. Beverages and tobacco	6.0	11.0	10.6	19.9	18.1	8.7	17.7	17.7
2. Crude materials, inedible, except fuels	4.3	3.1	2.8	1.4	1.8	0.1	0.0	0.2
3. Mineral fuels and related materials	4.4	0.5	0.2	0.2	4.0	12.2	16.5	26.2
4. Animal and vegetable oils, fats and waxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Chemicals and related products	2.3	7.7	5.1	1.8	0.7	0.7	1.4	2.8
6. Manufactured goods	33.9	16.1	7.1	27.0	12.6	5.2	6.1	7.2
7. Machinery and transport equipment	36.9	14.5	12.7	22.1	8.8	5.5	9.8	20.0
8. Miscellaneous manufactured articles	9.2	46.3	60.1	23.9	15.3	9.5	11.1	9.9
9. Commodities and transactions not classified elsewhere in SITC	0.0	0.0	0.0	0.0	34.4	54.0	28.0	0.0
	<b>(USD million)</b>							
Total imports	551.8	462.6	478.0	554.3	698.8	700.9	498.1	595.5
	<b>(% of total imports)</b>							
0. Food and live animals	17.8	20.8	19.5	19.6	17.2	17.1	21.5	20.0
1. Beverages and tobacco	4.5	5.8	5.2	5.2	4.8	4.6	4.5	4.1
2. Crude materials, inedible, except fuels	1.9	2.2	2.3	2.0	2.5	2.2	2.5	3.3
3. Mineral fuels and related materials	29.8	20.0	16.2	18.4	19.0	17.4	14.9	20.0
4. Animal and vegetable oils, fats and waxes	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4
5. Chemicals and related products	5.8	7.3	7.0	7.3	6.5	6.7	8.6	8.4
6. Manufactured goods	11.4	11.5	12.7	11.7	14.0	14.6	14.0	14.2
7. Machinery and transport equipment	17.5	18.8	23.3	22.5	21.6	22.4	22.2	19.4
8. Miscellaneous manufactured articles	11.1	13.3	13.5	12.9	12.8	12.0	10.9	10.0
9. Commodities and transactions not classified elsewhere in SITC	0.0	0.0	0.0	0.0	1.3	2.8	0.4	0.1

Source: Eastern Caribbean Central Bank (ECCB), *Real Sector Statistics – Selected Visible Trade Statistics*, as of October 2022. Viewed at: <https://www.eccb-centralbank.org/statistics/trades/country-report>.