



TRADE POLICY REVIEW

REPORT BY

BARBADOS

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Barbados is attached.

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1 INTRODUCTION

1.1. Since its last Trade Policy Review in 2014, Barbados sought to continue building on its growth and development path, despite the numerous challenges it would have faced since the 2008 financial crisis. Notwithstanding efforts by the Government to bring about sustained growth to the economy post 2014, the economy grew marginally during this period and beyond. This stagnant growth resulted in difficulties in expanding the economy and maintaining the level of employment in both the public and private sector.

1.2. Additionally, the economy was ravaged by the onset of the global pandemic, the volcanic eruption of La Soufriere volcano in St. Vincent and the Grenadines and two climatic events in 2021. These additional stresses on the economy served to further reduce economic growth and increase debt.

1.3. Notwithstanding these shocks, Barbados did not erect any barriers to trade as a means of trade protection. As a small open economy, Barbados is aware that its growth and development is dependent on remaining open in the global community. Hence, international trade is the main avenue for countering the sluggishness in the economy.

1.4. Barbados also continues to pin much of its hopes for economic revival and sustainability on its regional trade, namely within the CARICOM Single Market and Economy as well as with bilateral partners. Much of Barbados' exports are to trading partners within the region. CARICOM therefore remains an important market for its goods and services. Its bilateral partners, Venezuela, Colombia, Dominican Republic, Cuba and Costa Rica – though trading with these countries is much less than was initially envisioned – are still significant trading partners. Barbados, with fellow CARICOM Member States, is trying to create and maintain opportunities for increased trade through its bilateral negotiations.

1.5. The Economic Partnership Agreements (EPA) is also an important agreement and one in which Barbados is earnestly trying to boost its trade. The United Kingdom, when formerly part of the European Union (EU), was Barbados' main export market in the EU. Given its separation from the EU, Barbados is stridently seeking to maintain its export numbers to that market.

1.6. Notwithstanding the UK's separation from the EU, Barbados will nevertheless be seeking to improve its export trade to the EU as it seeks to diversify into new markets and expand its trade into markets in which it had a presence previously.

1.7. Barbados is also seeking to enter new markets on the African continent for the export of its goods and services and will also be seeking to improve trade relations with Middle Eastern countries through new, or amendments to, bilateral investment treaties or double taxation agreements.

1.1 Challenges

1.8. Since the last Trade Policy Review, a number of critical economic issues would have been experienced. Many of these issues would have arisen from the 2008 financial and economic crisis and would have continued post 2014.

1.9. The 2008 crisis, which would have seen the collapse of large global conglomerates, the loss in value of stocks and bonds and reduced growth in many developed and emerging markets, did not leave Barbados unscathed. Indeed, during the 2014 period and beyond, Barbados experienced continued contraction of the economy and reductions in private capital inflows.

1.10. Additionally, Barbados, in 2020, was unilaterally blacklisted by the European Union after being listed as partially compliant by the Organisation for Economic Cooperation and Development (OECD) global forum with regards to certain regulations. Prompt action by the authorities was required on a number of occasions to avert negative fall-out from such actions.

1.11. Post 2014 and prior to the 2018 period, Barbados' continued experience of sluggish economic activity was in part caused by a number of incidents occurring in tandem. One of the main issues which impacted heavily on the Barbados economy around the 2016-2017 period was a lack of investor confidence. Barbados experienced a series of credit rating downgrades which saw its rating

for foreign debt slip from investment grade on the eve of the global financial crisis to selective default in June 2018. This was the first time Barbados would have defaulted on its debt payments. This situation has been successfully reversed and Barbados maintains a positive and encouraging investor rating by various agencies.

1.12. The expanding public debt was also proving problematic for the technocrats managing the economy. The Barbados Economic and Social Report of 2018 indicated that as of 24 May 2018, Barbados was faced with a public debt in the region of 158% of Gross Domestic Product (GDP). During this period, the domestic debt stood at approximately 80% of GDP whilst foreign debt stood at 20%.

1.13. During this period, it was also faced with mounting debt service payments of USD 50 million which were becoming due in the month of June 2018, along with annual interest costs of USD 400 million.

1.14. The Barbados Economic and Social Report indicated that at the end of 2017, Barbados' foreign reserves stood at BBD 400 million which is representative of only 5 weeks import cover.

1.15. During this period, the Government had resorted to the printing of money, with a heavy dependence on the Central Bank of Barbados, given shortfalls in meeting salaries of public servants. This naturally placed strain on the foreign reserves and the parity of the Barbados dollar.

1.16. In order to create some degree of leverage within the economy, steps had to be taken to arrest the dwindling foreign reserves, inspire confidence with regard to both external and local creditors and significantly reduce the debt to GDP ratio in the shortest possible time. These actions culminated in Barbados' labour market also witnessing severe dislocation as double-digit unemployment was experienced.

1.17. These critical steps were taken in 2018 with the advent of a new political administration. The Barbados Labour Party (BLP) succeeded the Democratic Labour Party (DLP) at the polls in May 2018.

1.18. During this period a restructuring of the economy commenced. This restructuring was at the heart of Government's medium term strategic plan which was called the Barbados Economy Recovery and Transformation (BERT) Plan.

1.19. The success of the BERT Plan and to a great degree, the restructuring programme, was evident in the 2018-2019 period, when the public sector debt fell to 125% of GDP. During this period, foreign reserves also rose to BBD 1 billion, signifying 12.8 weeks import cover. The instituting of this Plan also meant that Barbados was now capable of borrowing from other financial institutions such as the Caribbean Development Bank (CDB), the World Bank, among others. During the 2018-2019 period, the Economic and Social Report indicated that Barbados was able to borrow USD 75 million and USD 100 million from the Caribbean Development Bank and the Inter-American Development Bank respectively.

1.20. Notwithstanding the positive developments in the economy which occurred from the 2018 period onward, Barbados' economy experienced set-backs due to the Coronavirus pandemic of early 2020 and the ash fall from the La Soufriere in St. Vincent in April 2021. The climatic events of 2021 also created unforeseen levels of damage to housing solutions.

1.21. The Coronavirus pandemic (COVID-19) has adversely affected almost all economies globally. Barbados has not been spared the onslaught of this virus. From the 2020 period onward, Barbados experienced two (2) major lockdowns, which adversely affected the economic outlook of various business sectors. Barbados' tourism experienced severe dislocation as many international and regional flights temporarily ceased operations to the country. As a result of the economic fallout from the virus during this period, over 41,000 unemployment benefit applications were filed in May 2020. This represented almost one-third of the workforce.

1.22. In order to mitigate much of the dislocation which took place in the economy leading to public and private sector retrenchment, the Government implemented the Barbados Optional Saving Scheme (BOSS). This saving scheme was represented by a four (4) year saving bond which offered an interest rate of 5% per annum. The main purpose of this programme was to aid in Government's

financing of its capital works programme, thereby allowing for the creation of employment and the acceleration of economic growth.

2 TRADING ARRANGEMENTS

2.1 CARICOM Bilateral

2.1. Barbados has signed five (5) bilateral agreements with countries of this hemisphere under the rubric of CARICOM. The first agreement signed by CARICOM was with Venezuela in 1992. This agreement, the CARICOM Trade and Investment Agreement, is a one-way trade agreement in CARICOM's favour. The second Agreement, the CARICOM Colombia Trade, Economic and Technical Cooperation Agreement was signed as a one-way Agreement in 1994 and amended to allow for reciprocal trade in 1998. The third agreement signed by CARICOM was the CARICOM Dominican Republic Free Trade Agreement which was signed in 1998. CARICOM signed the CARICOM Trade and Economic Cooperation Agreement with Cuba in 2000 and the final Agreement signed was the CARICOM Costa Rica Free Trade Agreement which was signed in 2004.

2.2. Barbados ratified these Agreements in April 2006 and with CARICOM Members has sought to further the liberalization process under some of the Agreements.

2.3. Further liberalization is slated to take place under the CARICOM Cuba Agreement based on a series of negotiations which occurred between CARICOM and Cuba in September-October 2014 and a final meeting in October 2015. These meetings led to the signing of a second Protocol on 10 November 2017. The Protocol is yet to be ratified by Barbados.

2.4. Negotiations also took place with Costa Rica in 2015 and the Dominican Republic in 2017. These negotiations, however, did not lead to further liberalisation.

2.5. CARICOM recently entered into negotiations with Colombia during May-June 2022. These negotiations will explore the possibility of further liberalisation under this Agreement.

2.6. Since the signing of the Agreement between CARICOM and Venezuela, no discussions have taken place to enact a reciprocal agreement allowing for further liberalisation.

2.7. Trade under these agreements has not been as vibrant as was expected by the Parties involved. Certainly, in Barbados' case, its export trade has not been significant under any of the Agreements. The import trade, however, has been more active under some of the Agreements. Most Favoured Nation (MFN) trade has also been significant with regard to imports from these Spanish speaking nations.

2.2 CARIFORUM European Union Economic Partnership Agreement

2.8. Barbados and CARIFORUM countries entered negotiations with the 27 members of the European Union (EU) in 2000 allowing for a new reciprocal trade agreement which replaced the trade provisions of the Cotonou Agreement. This new Agreement, the CARIFORUM EU EPA, was signed in October 2008.

2.9. During this period, the EPA has undergone one (1) review and is in the process of undergoing the second review. The first review occurred in 2015. These five (5) year reviews, among other things, indicate the performance of the CARIFORUM states under the Agreement.

2.10. The first review indicated that most CARIFORUM States had performed poorly in their trade with the EU due to the financial and economic crisis of 2008. The report indicated that the economic crisis negatively affected the Gross Domestic Product, trade and other socio-economic factors and hence impacted on the implementation of EPA related reforms. CARIFORUM states hence did not have the resources to increase their capacity to take advantage of the opportunities present.

2.11. With respect to trade in goods the report stated that some of the challenges affecting the private sector were:

- Limited resources to finance innovation as well as research and development which exacerbates the supply side constraints;
- Difficulty meeting SPS measures and dealing with technical regulations;
- Inadequate access to affordable transportation and energy; and
- Lack of an appropriate regulatory and enabling environment to facilitate trade.

2.12. Barbados' performance was no different from many of its CARIFORUM partners under the CARIFORUM – European Union (EU) Economic Partnership Agreement (EPA). That is, its performance during the 2008 period onward was in no way a stellar performance and this is especially so with regards to its export performance.

2.13. The second 5-year review is presently being undertaken by the EU and CARIFORUM.

2.3 CARIFORUM United Kingdom Economic Partnership Agreement

2.14. Barbados signed the CARIFORUM-United Kingdom (UK) Agreement on 22 March 2019. The Agreement was ratified in the House of Assembly and the Senate in November and December 2019 respectively. The Agreement was gazette in December 2019.

2.15. The Parties held their first meeting of the Trade and Development Committee on 7 October 2021. The first meeting of the Joint Council is slated to occur on 5 November 2021.

2.16. The UK continues to be Barbados' main source market for tourism related travel. Prior to the COVID-19 pandemic, Barbados recorded a total of 220,695 and 234,659 tourist arrivals from the UK in 2018 and 2019, respectively. This number, however, decreased significantly during 2020 and 2021 to 64,456 and 58,426 respectively. These drastic reductions have been attributed to reduced airlift and the apprehension of most individuals with regard to traveling during the period of the pandemic.

2.17. From late 2021, tourism arrival from the United Kingdom have begun to increase steadily.

2.4 CARICOM

2.18. Barbados has been a part of the CARICOM Single Market and Economy (CSME) since its signature in 2001.

2.19. To date, Barbados and the Region are seeking changes to the Common External Tariff (CET) and Rules of Origin (ROO) in order that these measures would allow for a more competitive region and also to further the integration process. Negotiations in these areas are still ongoing.

2.20. Negotiations have also occurred with regard to the development of a protocol on Government Procurement for the Caribbean Community. This protocol was signed by Barbados in February 2019 and ratified in August 2019. The Protocol will allow Member States the opportunity to procure goods and services from other Member States once the cost of procuring these goods and services fall within a stated threshold.

2.21. Barbados also continues to seek further progress on the free movement of people under the CARICOM Single Market and has drafted legislation on the free movement of a further three categories of persons. These are security guards, domestics and agricultural workers.

2.22. It must be stated that Barbados is the only CARICOM country which has drafted legislation and has prescribed definitions related to these three categories.

2.5 Caribbean Basin Initiative (CBI)

2.23. Barbados places a high value on the Caribbean Basin Initiative (CBI) programme enacted by the United States. The programme enables Barbados to increase its exports and bolster foreign

export earnings. These factors all contribute to achieving set economic growth and development targets.

2.24. An examination of the trade performance of Barbados with the U.S. highlights the vital role the programme plays in boosting domestic exports and the need for its continuation. The U.S. is presently Barbados' top export destination and an average of approximately 60% of Barbados' exports to the U.S. enter under the preferential programme. The duty-free status accorded to some of Barbados' products increases Barbados' ability to compete on the U.S. market. This is significant given the small size of the Barbadian market and economy and the inherent difficulties in achieving economies of scale.

2.25. No less important to national goals is the maintenance of linkages to the Barbadian diaspora which is assisted through the provision of traditional products at an economical price. Among such products are rum, jam, jellies, sauces, seasonings and sweetened and unsweetened biscuits.

2.6 CARIBCAN

2.26. Barbados, along with the other CARICOM Member States, was engaged in negotiations with Canada for a Trade and Development Agreement from 2007. After approximately eight (8) years of negotiating, the Parties were still unable to fashion a reciprocal agreement to replace the CARIBCAN Agreement. The two sides were unable to come to a place of mutual understanding especially in the areas of goods, services and to a lesser extent investment. Both Parties suspended negotiations in May 2015.

2.27. A waiver must be sought among the membership allowing for trade between the beneficiaries of the Agreement and Canada to continue. Canada submitted a waiver to the Council for Trade in Goods (CTG) of the WTO for renewal of the CARIBCAN agreement. The current waiver expires on 31 December 2023. Barbados is thus eligible to continue exporting certain goods to Canada free of duty and would not have to face the Most Favoured Nation (MFN) tariff which is that tariff applied by Canada to all goods entering its borders from other WTO countries with whom they do not have a preferential trading agreement.

2.28. Barbados is no longer eligible to access Canada's General Preferential Tariff (GPT) which is a non-reciprocal preferential arrangement offered by Canada to imports from developing countries. Due to Canada's graduation criteria, Barbados was no longer entitled to the benefits of the GPT after 31 December 2014.

2.29. Goods which currently benefit from preference when exported from Barbados into Canada include Rum, both bulk and bottled, sweet biscuits, aerated beverages, synthetic sails and sauces.

3 SECTORAL PERFORMANCE

3.1 Agriculture

3.1. The agriculture sector continues to be a sector of critical importance to Barbados, both as a source of food and nutrition security as well as a source of employment for many households in the country. However, the sector still faces many longstanding challenges such as praedial larceny, competition for resources and limited land space and an aging demographic. The current COVID-19 pandemic also provided both challenges and opportunities for the sector.

3.2. Additionally, the sector faces competition in the face of a rising food bill which has been at historically high levels in the period subsequent to the last trade review. This food bill stood at close to USD 350 million for several years. This is further compounded by the comparatively higher costs of local production as virtually all agricultural inputs are sourced outside of the country. Notwithstanding this, there are some agricultural sectors such as poultry and root crop production where local supply has kept pace with domestic demand,

3.1.1 Major challenges

3.3. Since the last Trade Policy Review a number of major challenges would have arisen which significantly impacted on Barbados and by extension the agricultural sector. These are as follows:

- **Drought Conditions** – During the period 2014 to 2019 and for part of 2020, Barbados and the wider Caribbean were impacted by the El Niño effect which resulted in lower than normal levels of rainfall. This was most pronounced in the years 2016/17 where, using 2014 as a baseline, overall crop production levels fell by 4% during these years. After 2018, however, crop production levels saw marked improvements. On the other hand, while livestock production levels remained constant or increased during the period, this was mainly due to increased production of poultry with some industries such as dairy showing lower levels of production.

3.1.2 Major initiatives undertaken and planned

3.4. There are a number of initiatives which have either been implemented or are set to be undertaken by the Ministry with an aim at either establishing new industries or improving upon existing ones. These are as follows:

- **FEED Programme** - The Farmers' Empowerment and Enfranchisement Drive (FEED) programme is an initiative of the Ministry which is administered by the State-Owned Enterprise (SOE) Barbados Agricultural Development and Marketing Corporation. This programme is broadly aimed at increasing agricultural production in Barbados and providing a source of employment and financial security and stability to participants and their families. The programme also seeks to facilitate the entry of farmers and other agricultural entrepreneurs who may otherwise not be in a position to enter the sector. Key target demographics of the programme included young persons, women and persons who were unemployed. The programme includes training, access to agricultural land and the assistance of the BADMC in obtaining market access. The overall aim of the programme is to see 3,000 new successful entrants into the sector in various ventures including traditional crop and livestock agriculture, budding sectors such as the apiculture and the medicinal cannabis industry. The COVID-19 pandemic would have impacted on the ability of the BADMC and the Ministry to maintain the planned timeline for the rollout of the initiative. Nonetheless, to date 552 persons, 375 males and 176 females have completed training under 3 cycles of the training programme;
- **Restructuring of the Sugar Industry** – Sugarcane is the largest single cultivated crop in Barbados and the industry is managed by the SOE Barbados Agricultural Management Company (BAMC). The BAMC is responsible for the processing and sale of sugar through cultivation on crown land and the purchase of sugar cane from private farmers at a fixed price. Decreasing yields and falling prices have however made this an untenable situation. Plans are however underway to privatize the industry with Government retaining only a limited stake in the sector. It is proposed that this will be achieved by transitioning the industry from one simply based on the production of bulk sugar for export into an industry focused on value added production including increased production of direct consumption sugar for both the domestic and export markets, increasing supply of the molasses to the rum industry and the generation of renewable energy from biomass among other plans. It is envisaged that the transitioning of the industry to be private sector led will be concluded by 2025;
- **Development of the Black-belly Sheep Industry** – The Barbados Black-belly sheep is a specialized breed which has been developed through selective breeding techniques. However, the industry is still comparatively small when compared to other livestock industries such as pig and poultry. As such, development and establishment of a profitable and sustainable value-added industry is a major priority for the Ministry. It is envisioned that the industry will be developed around the entirety of the animal from meat and specialty cuts to leather products derived from the skin.

3.1.3 Major legislative and regulatory changes

3.5. The following major legislation came into effect subsequent to Barbados' last trade Review in 2014:

- i. Plant Protection Act, Cap 268;
- ii. Animals (Diseases and Importation) (Amendment) Act 2014-10;
- iii. Animals (Diseases and Importation) (Amendment) Regulations 2014-10;
- iv. Pesticides Control (Amendment) Bill 2020;
- v. Markets and Slaughter-Houses (Amendment) Bill, Cap 265.

3.6. In addition to the aforementioned legislation, the following proposed bills are in the stage of drafting:

- i. Animal Health and Veterinary Public Health Bill, 2021;
- ii. Food Safety and quality Bill, 2021;
- iii. Plant Protection Bill, 2021.

3.2 Manufacturing

3.7. During the period under review, the Government of Barbados was active in the amendment and repealing of certain pieces of legislation which were deemed non-compliant with Barbados' commitments under the World Trade Organization. In this regard, the Parliament repealed the Fiscal Incentives Act, Cap 71 (a) as it contained provisions relating to prohibited Export subsidies and provisions on local content requirement which ran counter to the country's obligations as contained within the World Trade Organization Agreement. This Act was repealed in 2019.

3.8. Since the repeal of the Fiscal Incentives Act, the Ministry responsible for Industry, the Ministry of International Business and Industry, has been working towards the development of a new legislative policy to govern the industrial sector. This Act should have been enacted during the year 2021. This new policy has not yet been enacted but is currently being given the utmost attention in the current Ministry, the Ministry of Industry, Innovation, Science and Technology.

3.9. This updated policy is necessary given the slow but consistent decline in the growth of the manufacturing sector and its attendant contribution to the Gross Domestic Product (GDP), as well as the fact that due to the repeal of the Fiscal Incentive Act, there was no longer any legislative guide for the manufacturing sector.

3.10. Consequently, as a starting point, a consultancy was undertaken by the late former Prime Minister, Professor the Right Honorable Owen Arthur on the sector to determine the reasons for the decline and how such a decline could be halted. The Report made the following recommendations to address the factors which have impeded the growth of the sector.

- (1) The need for incentives to re-energize the sector;
- (2) The need for new opportunities through which companies could scale up and export;
- (3) The need for finance;
- (4) The need to reduce or better manage the costs of production;
- (5) Increased capacity to export and actively address issues in external markets.

3.11. Some of the key challenges cited in the sector are as follows:

- COVID-19 Pandemic;
- High production costs;
 - A relatively small bank of exportable products;
 - Reluctance by some key local producers to explore non-traditional markets.
- Capacity constraints;
- Language barriers in non-traditional markets;
- Lack of timely and adequate transportation to markets;
 - High costs of promoting individual brands/products;
 - Lack of highly effective distribution networks/distribution.
- Challenges with obtaining and maintaining retail space.

3.3 Services

3.3.1 Overview

3.12. The services sector continues to play a major role in the economic and social development of Barbados. Within the services sector, tourism and the provision of international business and financial services are major contributors to foreign exchange earnings and are significant sources of employment.

3.13. The significant and adverse effects of the COVID-19 pandemic produced an unprecedented global response characterized by national lockdowns and global travel restrictions. The result of such measures was devastating to the tourism industry in general and acutely felt by small vulnerable economies. Government interventions and novel initiatives were required to support the local sector. Within the same period, significant adjustments were made to the national regime for international business in line with international rulemaking.

3.3.2 Tourism

3.14. In 2019, tourism contributed 17.5% to GDP with an estimated contribution of BBD 1,409.9 million to the economy. Direct employment was measured at 15,600 and indirect employment estimated at 45,000. With the advent of the COVID-19 pandemic, the average contribution from tourism to GDP for 2020 was 6.2% and fell to 2.8% at the end of the year 2021. It is estimated that tourism contributed BBD 413.2 million to the economy in 2020, a decrease of 71%. Employment recorded for the fourth quarter of 2020 showed that there were 10,600 persons employed in the industry.

3.15. Long-stay visitor arrivals to Barbados were registered at 195,102 by the end of 2020, compared to 2019 when arrivals totalled 692,658, a decline of just under half of a million visitors (70.9% decline). Hotel occupancy rates were recorded at 36.6% at the end of 2020 compared to 69% a year earlier. The cruise industry was also particularly hard hit. The cruise industry which had recorded 686,813 arrivals in 2019 saw cruise arrivals plummet to 250,542 arrivals at the end of 2020 (a 63.5% decline) and 71,593 arrivals in 2021. Visitor expenditure suffered a significant blow and fell to BBD 1.2 billion in 2020 from BBD 2.5 billion in 2019.

3.16. The Government of Barbados employed several measures to mitigate the impact of the COVID-19 pandemic on the industry. Through the Barbados Employment and Sustainable Transformation (BEST) Plan, the Government of Barbados pledged BBD 300 million to invest in qualified companies through grants and preference shares to fund the training and re-engagement of workers, to implement technologies that bring about greater efficiencies and to enable companies to survive. Under the National Training Initiative (NTI), efforts were made to skill, upskill and reskill the direct and indirect tourism and hospitality frontline workforce, during the closure of the industry to meet the demands of a transformed sector for the reopening of the tourism industry.

3.17. The tourism industry is recognized as vital to the economic socio-economic development of Barbados. For the expansion and growth of the industry post-COVID, new initiatives and proposed measures to grow and sustain the tourism industry are proposed. They include the pursuit of digitally based marketing initiatives, the creation of a virtual tourism programme and the development of a competitive marketing strategy.

3.3.3 International business

3.18. The competitiveness of the Barbados international business and financial services sector is hinged on the commitment to high regulatory standards and the integrity of the sector. By the end of 2018, entities under the International Business Companies (IBC) Act Cap 77 and entities under the provisions of Societies with Restricted Liability (ISRL) Act Cap. 318B relative to International Societies were abolished following a review by the OECD's Forum on Harmful Tax Practices. The review indicated cases of potential harm due to ring-fencing and a lack of substantial activities.

3.19. In 2018, Barbados signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) and it came into force in 2021. The MLI

allows governments to implement minimum standards to counter treaty abuse and impose dispute resolution mechanisms while providing flexibility to accommodate specific tax treaty policies.

3.20. During 2021, amendments were made to the Companies (Economic Substance) Act 2019-43 and to the International Business Unit Anti-Money Laundering/Combating the Financing of Terrorism and Proliferations Guideline.

3.21. Double Taxation Treaties (DTAs), Tax Information Exchange Agreements (TIEAs) and Bilateral Investment Treaties (BITs) are recognized as important instruments to enhance Barbados' position as a global business centre to attract businesses of substance. While no new BITs and TIEAs have been signed since 2015, four (4) new DTAs have come into force. Barbados currently has 11 BITs, 31 DTAs and 4 TIEAs in force.

4 THE WAY FORWARD

4.1. Barbados, as a small open economy, is well aware that trade and investment are vital aspects of its economic development. It is also well aware that an environment which allows for an easy flow of goods, services and investment is necessary to allow for the unencumbered movement of goods, services and investment. Government is seeking to take a proactive lead in reducing the number of encumbrances to doing business in Barbados.

4.2. The Government of Barbados has therefore embarked on a number of initiatives to provide the appropriate facilitation and environment for entrepreneurs in Barbados to do better business. These initiatives are directed towards innovation, information, communication and smart technologies; insolvency legislation and development of the cooperatives movement.

4.3. Government is also seeking to transform itself as it moves towards eradicating inefficient, outdated processes and collapsing unnecessary bureaucratic layers that make it difficult not only for new local entrepreneurs to be able to function but also foreign investors.

4.4. Additionally, with the advent of the TFA, Barbados has sought to improve the procedures governing the movement of goods, ultimately leading to a simplification and harmonization of the regulatory interface between government bodies and traders at the national borders. Such trade reforms have the potential to reduce institutional, structural, and procedural inefficiencies while enhancing opportunities for increased trade.

4.5. Customs and Excise department in collaboration with key agencies have been working towards the piloting of several initiatives including the launch of a trusted trader programme (authorized economic operator programme) and the implementation of pre-arrival processing procedures to expedite the clearance of goods. Additionally, the Government of Barbados has been benefiting from assistance the International Monetary Fund (IMF) to improve the revenue mobilization and operational efficiency of the Customs and Excise Department.

4.6. During the 15th UNCTAD Conference held in Barbados in October 2021, the Government of Barbados and United Nations Conference for Trade and Economic Development signed a project agreement to implement a National Electronic Single Window. The comprehensive project will reform Barbados' regulatory trading regime by transitioning 28 government agencies to an electronic paperless processing environment, while satisfying all cross-border and regulatory requirements for trade with the technical support from UNCTAD.

4.7. The Electronic Single Window (ESW) for trade is one of the many innovative measures in the harmonization and facilitation of international trade and is recognized as an important step forward in adopting recommended best practices and creating transparency while expediting procedures to facilitate trade. The proposed single window solution will allow stakeholders to interact and satisfy formalities in an electronic paperless processing environment, where all cross-border and regulatory requirements can be fulfilled. UNCTAD proposed single window solution will permit:

- Single entry point – ESW Portal;
- Single submission of data;
- Single and synchronous processing of data;
- Single decision-making point for clearance;
- Single payment.

4.8. As Barbados continues its journey as a Republic, the Government is committed to securing an equitable and fair future for all, where innovation and embracing technology will remain critical planks. A stronger focus on continued reforms and digitization transformation currently in train will be pursued. Barbados intends to leverage technology to transform Barbados into a Smart Nation and a full-fledged innovative economy. The protection of the environment is important to achieving growth.

4.9. Barbados continues to prepare for a post-COVID future. This includes the building of strategic relationships with likeminded persons, organizations and countries. The Government will continue to craft new and relevant strategies for development, to protect our environment and build resilience so that no matter the nature of the challenges confronting us, we shall ensure a fair share for all of our citizens.
