

ANNEX 5 – SAINT LUCIA

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1 ECONOMIC ENVIRONMENT

1.1 Main Macroeconomic Developments

1.1.1 Real economy

1.1. The services sector is the main pillar of St. Lucia's economy; according to ECCB estimates, its GDP contribution increased from 70% in 2007 to approximately 73% in 2013 (Table 1.1). Tourism remains the most important activity in terms of generated employment and foreign exchange. Other noteworthy services activities include real estate, transportation, wholesale and retail trade, services provided by the Government, and financial intermediation.

1.2. Following dynamic activity in the run-up to the hosting of the 2007 Cricket World Cup, both public and private sector expenditure in the construction sector fell in a gradual decline of its GDP share in 2009-13. Agriculture's GDP contribution remained modest during the review period, partly due to the adverse effects of natural disasters, plant pests, and rising input prices. The sector continues to struggle with structural constraints, including the prevalence of small-scale production units and an aging rural population. St. Lucia remains a net food importer, with a widening agricultural trade deficit; it also depends heavily on imports of fossil fuels.

Table 1.1 Selected macroeconomic indicators, 2007-13

	2007	2008	2009	2010	2011	2012	2013 ^a
Real sector							
Nominal GDP (EC\$ million)	3,093	3,197	3,186	3,381	3,500	3,560	3,648
GDP per capita (EC\$)	15,167	15,807	15,687	15,610	15,691	15,398	15,437
Real GDP (basic 2006 prices, EC\$ million)	2,472	2,590	2,584	2,588	2,626	2,604	2,611
Real GDP growth (%)	1.7	4.8	-0.2	0.1	1.5	-0.8	0.3
Consumer Price Index (January 2008=100, % change, period average)	2.8	5.6	-0.2	3.3	2.8	4.2	..
Unemployment rate (%) ^b	14.0	15.7	18.1	20.6	21.2	21.4	24.9
GDP components							
				(% of GDP)			
Total consumption	96.2	91.9	79.9	86.4	90.8	84.3	84.9
Public final consumption expenditure	12.0	12.9	13.8	14.1	13.9	14.4	14.5
Private final consumption expenditure	84.1	79.0	66.1	72.4	77.0	69.9	70.4
Gross capital formation	29.2	32.1	28.9	27.8	28.0	26.3	25.7
Transportation	6.5	6.1	3.6	5.1	4.6	4.2	4.1
Other machinery & equipment	4.3	5.6	5.3	5.3	6.1	5.7	5.6
Construction	18.4	20.4	20.0	17.5	17.4	16.4	16.0
Goods & services	-25.3	-24.0	-8.8	-14.3	-18.9	-10.7	-10.6
Total exports of goods & services	39.9	45.3	46.1	48.6	44.3	44.5	44.6
Exports of goods	8.8	14.6	16.2	19.1	14.9	15.0	14.8
Exports of services	31.1	30.7	29.9	29.5	29.4	29.5	29.8
Total imports of goods & services	65.2	69.3	54.9	62.9	63.2	55.2	55.2
Imports of goods	47.3	51.1	38.8	46.6	47.5	40.8	40.8
Imports of services	18.0	18.2	16.1	16.3	15.7	14.4	14.5
Gross national saving	-0.9	3.4	17.3	11.6	9.2	13.6	13.7
Foreign saving	30.1	28.7	11.6	16.2	18.8	12.8	12.0
GDP by economic activity							
				(% of GDP)			
Agriculture, livestock & forestry	2.3	3.2	3.0	2.2	1.8	2.0	2.0
Crops	2.0	2.8	2.6	1.8	1.4	1.7	1.7
Bananas	1.2	1.8	1.6	0.9	0.4	0.6	0.6
Other crops	0.8	1.0	1.0	1.0	1.0	1.0	1.1
Livestock	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Forestry	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fishing	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Mining & quarrying	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Manufacturing	4.3	3.8	3.4	3.1	3.2	3.1	2.9
Electricity & water	3.2	3.2	3.6	3.5	3.2	3.3	3.3
Construction	7.2	8.0	7.8	6.9	6.8	6.4	6.3

	2007	2008	2009	2010	2011	2012	2013 ^a
Wholesale & retail trade	7.8	7.8	6.9	6.5	7.5	7.3	6.5
Hotels & restaurants	11.8	10.6	10.5	13.6	12.8	13.5	13.7
Hotels	9.6	8.7	8.4	11.6	10.7	11.4	11.6
Restaurants	2.2	1.8	2.1	2.0	2.1	2.1	2.1
Transport, storage & communications	16.4	15.6	15.2	16.6	16.4	16.3	16.4
Transport & storage	10.6	9.8	9.3	10.9	11.2	11.2	11.3
Communications	5.8	5.8	6.0	5.8	5.2	5.1	5.1
Financial intermediation	7.1	7.2	6.9	5.5	5.1	5.0	4.9
Real estate, renting & business activities	14.0	14.2	14.8	14.6	15.0	15.1	15.2
Public administration, defence & compulsory social security	5.0	5.2	5.4	5.5	5.8	6.0	6.0
Education	3.3	3.4	3.7	3.8	3.7	3.7	3.7
Health & social work	1.6	1.6	1.6	1.6	1.7	1.8	1.8
Other community, social & personal services	3.0	3.3	3.9	4.1	4.3	4.2	4.3
Activities of private households as employers	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Less: FISIM	2.1	2.3	2.3	2.0	1.8	1.8	1.8
Plus: Product taxes	14.8	14.7	14.9	14.1	14.1	13.7	14.4
Less: Subsidies on products	0.5	0.5	0.5	0.5	0.5	0.5	0.5
General Government finance	(% of GDP)						
Current revenue	22.8	25.1	24.7	23.0	23.3	22.9	23.7
Current expenditure	17.5	19.4	20.9	21.4	21.7	22.7	22.5
Primary balance	-2.8	4.4	0.8	-0.5	-3.2	-4.4	-1.6
Overall fiscal balance	0.5	0.0	-2.0	-0.6	-4.6	-6.4	-5.2
Public sector external debt (end-of-period)	35.6	30.7	31.6	31.4	32.1	32.8	..
Gross public sector debt	57.2	56.0	57.9	60.8	65.7	71.9	..
Money & interest rates							
Money supply, M1 (EC\$ million, end-of-period)	639	661	702	645	675	701	..
Broad money, M2 (EC\$ million, end-of-period)	1,544	1,805	1,851	1,915	2,054	2,098	..
Prime lending rate (% per year)	9.5-10	9.5-10	9.5-13	9.5-13	9.5-13	9-13	..
Other lending rates (% per year)	6-17	6-19	6-19	6-19	6-25	6-25	..
Savings rate (% , end-of-period)	3-4.25	3-4.26	3-4.27	3-4.28	3-4	3-4	..

.. Not available.

a Projection, unless indicated otherwise.

b The figure for 2013 is based on preliminary data for the period January-September.

Source: Eastern Caribbean Central Bank, *Annual Economic and Financial Review 2011 and 2012*; ECCB online statistics (viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>); and authorities of St. Lucia.

1.3. St. Lucia's economy grew erratically during the review period, on account of external shocks and structural impediments. While the global economic downturn seriously impacted tourism revenue and FDI inflows, the rapid growth of domestic real wages contributed to a steady decline in productivity, resulting in erosion of competitiveness. Following a peak growth rate of approximately 4.8% in 2008, real GDP grew at an annual average rate of just 0.16% in 2009-13, according to ECCB estimates. The unemployment rate has remained high, at 21.4% for the first three quarters of 2013, as the labour market continues to suffer from a mismatch of jobseekers' skills and available jobs, with some 60% of the labour force lacking secondary school education.¹

1.1.2 Fiscal policy and structural reforms

1.4. Budgetary outlays, driven by a strong policy response to the sluggish economic performance, have generally been on the rise, whereas revenue streams have not kept pace. Apart from surpluses in 2008 and 2009, the primary fiscal result registered deficits throughout the review period and the overall fiscal balance turned into a deficit as from 2009. The overall fiscal deficit has remained between 4% and 6% of GDP over the past three years. Amidst this situation of

¹ Government of St. Lucia (2013).

deteriorating public finances, public sector debt rose steadily to reach some 71.9% of GDP in 2012. The authorities estimate that, in the absence of fiscal adjustments, the debt burden could increase to 90% of GDP by 2015.²

1.5. Conscious of their very limited policy space, the authorities have embarked on a process of fiscal consolidation and structural reforms. Efforts to broaden the tax base and improve tax collection have led to the introduction of VAT (section 3.1.3) and amendments to the property tax system; certain administrative charges, such as application fees for alien's landholding licences (section 2.3), have also been revised upward. Initiatives aimed at containing expenditures have included: a fuel-cost pass-through mechanism establishing a three-month cycle for retail price adjustments; a reduction in the magnitude and scope of blanket price subsidies on essential commodities; and public-private partnerships for new infrastructure developments in water supply systems, port and airport facilities, and accommodation of government offices. Although all these initiatives will help to lower the deficit, other expenditure components are more rigid and will prove more difficult to deal with. In this respect, the authorities estimate the non-discretionary component of current spending at some 70%; it remains dominated by the wage bill, which accounts for some 43% of current spending (nearly 13% of GDP).³

1.6. The Government's short-term reform programme also envisages a number of measures to reinforce the institutional framework and enhance competitiveness, such as: establishing a specialized court for commercial disputes; creating an energy sector regulator and paving the way for commercial entry of renewable energy producers; implementing information technology solutions for fully transactional online presence of the public administration and monitoring of government vehicles; and a better targeted social safety net.

1.1.3 Balance of payments, monetary and exchange rate policy

1.7. As a member of the Eastern Caribbean Currency Union (ECCU), St. Lucia applies its common monetary and exchange policies (Common Report). Although moderate on average during 2007-12, at about 3% a year, inflation fluctuated somewhat in 2008-09. The introduction of the VAT in October 2012 (section 3.1.3) intensified inflationary pressures, notably in the following consumer basket categories: clothing and footwear, recreation and culture, and food and beverages.

1.8. During the review period, the current account of the balance of payments remained structurally in deficit, attributable mainly to the goods component (Table 1.2). St. Lucia continued to import merchandise worth nearly four times the total value of its goods exports. The surplus in services, although on the rise, has remained insufficient to cover the sustained merchandise trade deficit. By and large, the current account deficits have been financed by foreign direct investment.

Table 1.2 Balance of payments, 2007-13

(EC\$ million)^a

	2007	2008	2009	2010	2011	2012	2013 ^b
Current account	-931	-918	-369	-547	-658	-494	-271
Goods and services	-784	-767	-281	-482	-660	-411	-188
Goods	-1,189	-1,167	-720	-929	-1,140	-956	-787
Merchandise	-1,257	-1,241	-788	-995	-1,227	-1,037	-872
Exports	206	392	448	579	436	493	469
Imports	1,463	1,633	1,236	1,574	1,663	1,529	1,341
Repair on goods	0	0	0	0	0	0	0
Goods procured in ports by carriers	68	74	68	66	81	81	85
Services	406	400	439	447	479	544	598
Transportation	-171	-205	-152	-169	-192	-172	-160
Travel	700	717	674	703	736	789	831
Insurance services	-22	-31	-16	-24	-27	-23	-20
Other business services	-89	-69	-58	-57	-29	-39	-43
Government services	-13	-12	-8	-6	-9	-10	-10

² Government of St. Lucia (2013).

³ A 4% wage increase was awarded to public officers in fiscal year 2011/12 and is being offset by an 80% reduction in funded vacancies.

	2007	2008	2009	2010	2011	2012	2013 ^b
Income	-184	-194	-122	-107	-54	-102	-102
Compensation of employees	1	1	1	1	1	1	1
Investment income	-184	-195	-122	-108	-55	-103	-103
Current transfers	37	44	34	41	56	19	19
General Government	8	11	1	5	2	-4	-4
Other sectors	29	33	32	37	52	23	23
Capital and financial account	984	915	501	571	659	521	229
Capital account	23	29	70	118	92	89	76
Capital transfers	23	29	70	118	92	89	76
General Government	20	26	66	115	88	85	72
Other sectors	4	4	4	4	4	4	4
Financial account	961	885	431	453	568	432	153
Direct investment	734	435	395	328	219	205	225
Portfolio investment	1	-26	-79	83	91	141	254
Other investments	226	476	114	43	258	86	-327
Public sector long term	55	-26	47	80	4	-43	-6
Other public sector capital	0	0	0	0	0	0	0
Commercial banks	217	466	-12	-114	211	132	-40
Other assets	-79	20	56	13	-4	-68	-339
Other liabilities	33	16	24	64	47	64	58
Net errors and omissions	-4	-27	-42	62	19	18	-65
Overall balance	50	-29	90	86	20	44	-107
Financing	-50	29	-90	-86	-20	-44	107
Change in government foreign assets	1	0	0	0	0	0	0
Change in imputed reserves	-51	29	-28	-86	-20	-44	107
Memorandum							
Current account balance (%of GDP)	-30.4	-29.2	-11.7	-16.9	-20.1	-13.9	-7.4
Net imputed international reserves (US\$ million)	151	140	151	182	190	201	..
Debt service ratio (% of exports of goods and services)	13.1	11.3	12.7	11.3	10.4	11.2	..

.. Not available.

a EC\$ = US\$1.

b Provisional.

Source: Eastern Caribbean Central Bank (ECCB), *Annual Economic and Financial Review* (2011) and (2012); ECCB online statistics. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>; and the authorities of St. Lucia.

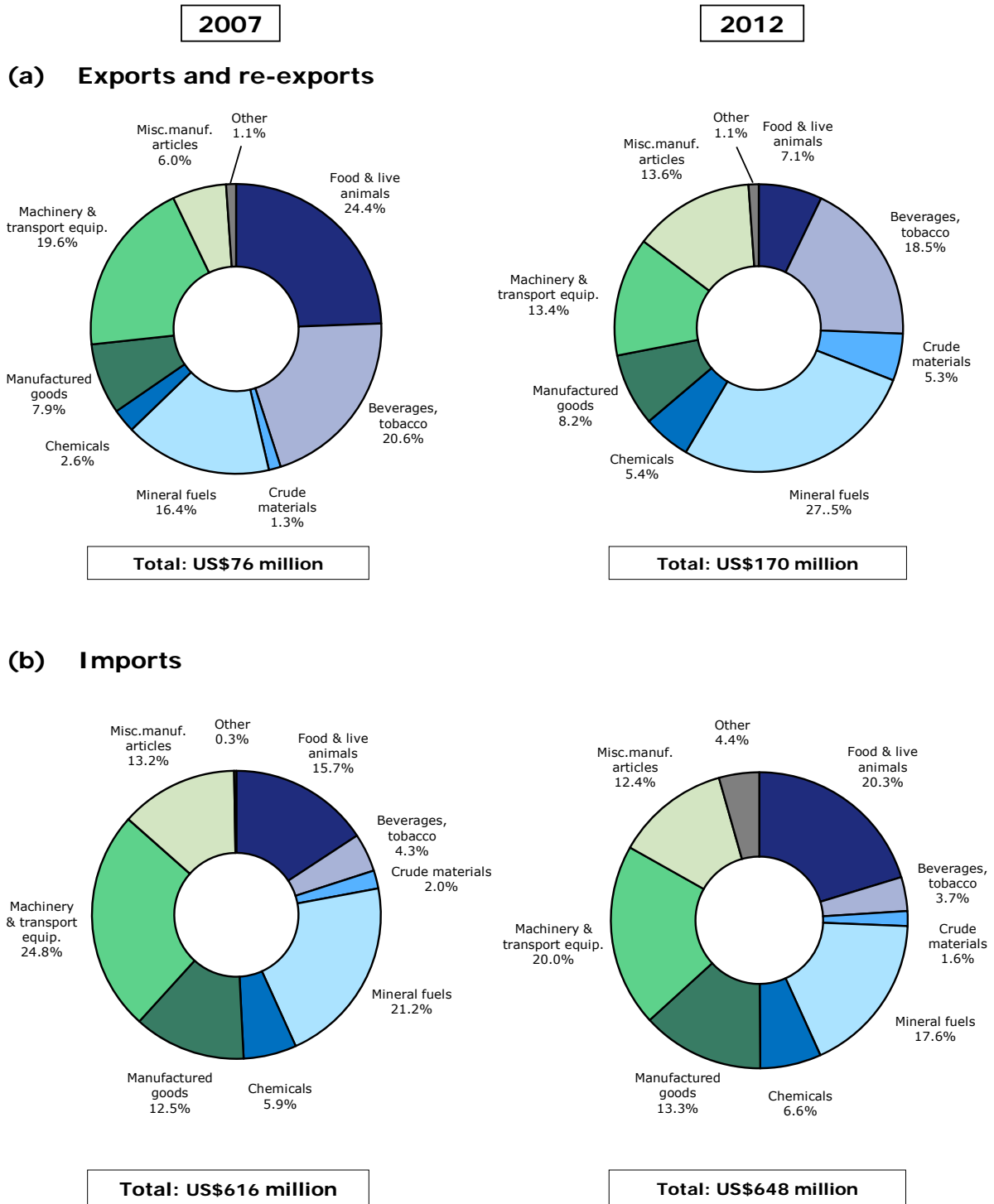
1.2 Trade and Investment Patterns

1.9. St. Lucia's merchandise trade statistics for the review period present a number of gaps and inaccuracies, which undermine their trustworthiness. Detailed information on services trade and investment flows was not made available.

1.10. St. Lucia's total merchandise trade grew by some 18% between 2007 and 2012, albeit with an unsteady pattern reflecting swings in international commodity prices. Re-exports are an important source of revenue, exceeding earnings from domestic exports in 2008-10 (Table A1.1). Manufactures, fuels, and beverages and tobacco represent the bulk of St. Lucia's exports; their combined share in total exports increased during the review period, whereas that of food and live animals declined steadily. The composition of imports highlights the predominance of the same product categories, albeit with an expanding share of expenditure on food and live animals (Chart 1.1 and Table A1.2).

1.11. Trinidad and Tobago and the United States remain St. Lucia's main trading partners, jointly accounted for more than half of St. Lucian imports and approximately 45% of exports in 2012. Other important trading partners include the United Kingdom, Barbados, and other OECS countries (Chart 1.2 and Tables A1.3 and A1.4).

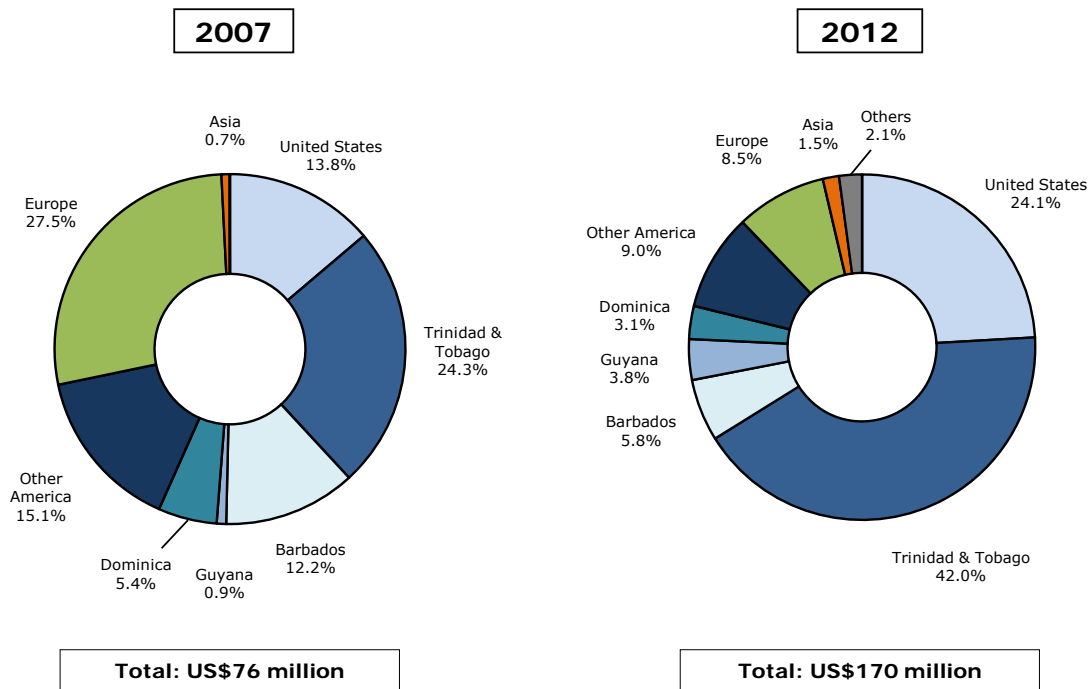
Chart 1.1 Merchandise trade by SITC section, 2007 and 2012



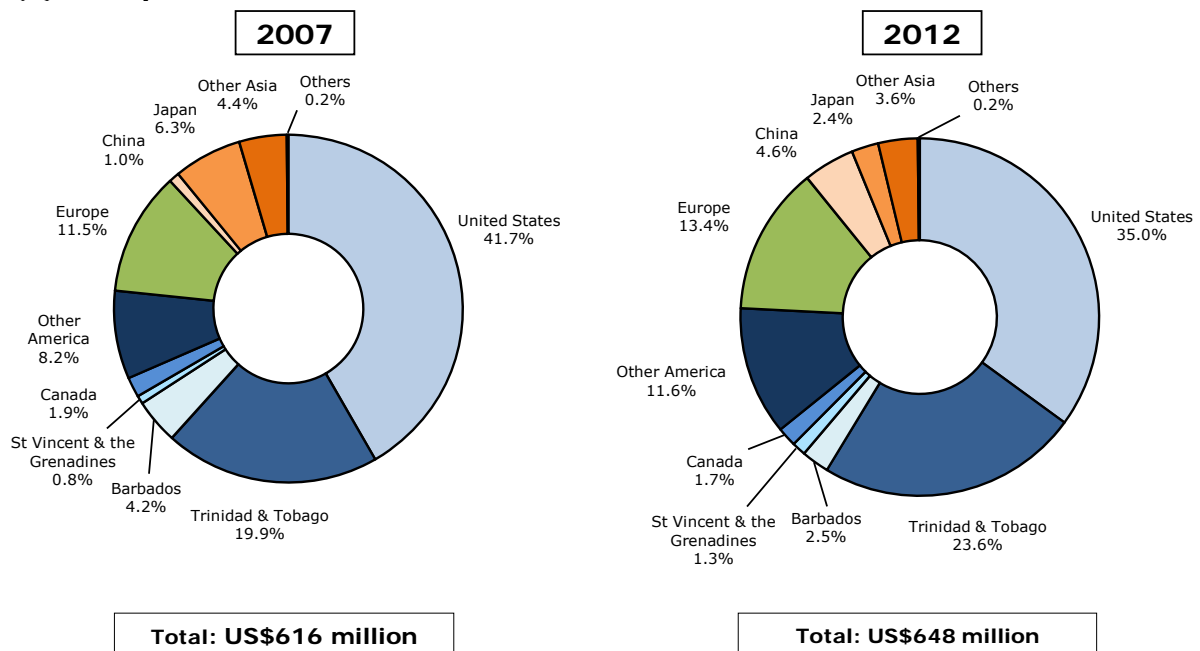
Source: Eastern Caribbean Central Bank (ECCB).

Chart 1.2 Merchandise trade by main origin and destination, 2007 and 2012

(a) Exports and re-exports



(b) Imports



Source: Eastern Caribbean Central Bank (ECCB); the authorities of Saint Lucia; and UNSD Comtrade database.

1.3 Outlook

1.12. St. Lucia's economic outlook remains challenging, given the authorities' very limited fiscal space in a context of sluggish growth, declining productivity, and high unemployment. The IMF expects economic activity to have regained some momentum in 2013; real GDP was projected to grow by 1.1%, while inflation was forecast to reach 4.8% before subsiding to a more moderate

level (around 3%) in the following years.⁴ The Fund's medium term projections comprise average real economic growth of around 3%, single-digit inflation, and improvement in the central government primary balance (including grants) to about 2.9% of GDP as tax reforms begin to bear fruit.⁵ Nevertheless, actual economic performance will depend on the speed of recovery in external demand for tourism services.

1.13. No medium-term projections were made available by the authorities.

⁴ IMF Public Information Notice No. 13/27, 12 March 2013. Viewed at: http://www.imf.org/external/np/sec/pn/2013/pn1327.htm#P22_354.

⁵ IMF (2010).

2 TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES

2.1 General Constitutional and Legal Framework

2.1. St. Lucia is a parliamentary democracy within the Commonwealth of Nations. Its Head of State is the British monarch, represented locally by a Governor General who must be a St. Lucian citizen. Apart from residual powers that may be used at the Governor General's discretion, executive power is vested in the Prime Minister and his Cabinet. The Cabinet of Ministers is exclusively responsible for concluding trade agreements and treaties.

2.2. Legislative power is vested in the bicameral parliament, comprising 17 directly elected members of the House of Assembly and 11 members of the Senate appointed by the Governor General. The Parliament may be dissolved at any point during its five-year term by the Governor General, either at the request of the Prime Minister or if the House of Assembly passes a vote of no-confidence in the Government. Parliamentary elections were last held on 28 November 2011.

2.3. All laws that do not conform to the Constitution of St. Lucia, the supreme law, are void to the extent of their inconsistency. After the Constitution, the hierarchy of legislation is: acts of parliament, including ordinances and international agreements given effect through parliamentary approval; and subsidiary legislation, which may be in the form of regulations, statutory rules or orders. A report containing draft amendments to the Constitution, elaborated by the Constitutional Reform Commission set up in 2006, was tabled in parliament in April 2013; it is being discussed in the House of Assembly.

2.4. Draft bills are typically prepared, after public consultations, by the Ministry of Legal Affairs in coordination with other relevant ministries. Regardless of where it was initially submitted for consideration, a draft bill must be passed in both the House and the Senate before it is presented to the Governor General for royal assent.⁶ Upon assent, the bill becomes an Act of Parliament and enters into force once it has been published in the *Official Gazette*; parliament may also decide that a bill should enter into operation with retroactive effect.⁷ This procedure applies to all laws, including trade and trade-related laws. St. Lucia continues to have serious resource constraints in legislative drafting, in 2012, the Ministry of Legal Affairs had an estimated backlog of 60 pieces of legislation awaiting drafting.⁸

2.5. St. Lucia has a hybrid legal system combining common and civil law elements; international agreements may be invoked before national courts only if enacted into domestic law. At the lowest judicial level, magistrates courts generally hear minor civil and criminal matters. Serious civil and criminal cases, as well as discretionary decisions of ministers, are referred to the High Court, and may be appealed at the Court of Appeal of the Eastern Caribbean Supreme Court. The Judicial Committee of the Privy Council in London remains the final Court of Appeal for St. Lucia. All courts, from the level of the High Court, are vested with authority to interpret and enforce the Constitution, as well as all trade-related laws. The alternate dispute resolution system utilized in St. Lucia is based on mediation. The authorities have indicated their intention to establish a commercial court to hear and adjudicate on all commercial disputes.

2.2 Trade Policy Formulation and Implementation

2.6. The Ministry of External Affairs, International Trade and Civil Aviation (METC) is responsible for the macroeconomic and strategic aspects of trade policy formulation, including WTO issues, and the negotiation of bilateral and multilateral trade agreements. The METC also represents St. Lucia at regional and international trade fora, such as the WTO, the CARICOM Secretariat, and the African, Caribbean and Pacific (ACP) group of countries. The domestic market is the remit of the Ministry of Commerce, Business development, Investment and Consumer Affairs, with

⁶ Bills concerning taxation and budgetary matters must be introduced and debated in the House and only pass formally through the Senate, without discussion.

⁷ Parliament of St. Lucia online information. Viewed at: <http://www.stluciaparliament.com/how-is-a-bill-passed-into-law>.

⁸ Government of St. Lucia (2013).

functions that include designing microeconomic policies and liaising with the private sector.⁹ Overall economic policy is the responsibility of the Ministry of Finance.

2.7. A Trade Facilitation Task Force, with broad public and private sector representation, was established in 2008 to work with counterparts from other OECS countries on a common position in the Negotiating Group on Trade Facilitation at the WTO. The Task Force does not formulate policies, but works on the technical aspects of measures aimed at streamlining St. Lucia's trade regime. It has worked on the establishment of a risk-assessment mechanism for customs clearance.

2.8. St. Lucia generally works with other OECS and CARICOM member countries to adopt common trade policy positions and is assisted by the Secretariats of these regional blocks in trade matters, particularly in trade negotiations. This approach is largely necessitated by human and financial constraints. The establishment of the OECS technical mission in Geneva has facilitated greater participation in the WTO.

2.3 Foreign investment regime

2.9. St. Lucia's investment policy is to strongly encourage foreign direct investment, particularly in sectors and industries that create jobs and earn foreign exchange. The National Development Corporation, better known as Invest Saint Lucia is the Government body in charge of foreign direct investment; its goal is to promote foreign investment and to offer guidance and to anyone seeking investment opportunities in St. Lucia. To this end, Invest St. Lucia acts as a "one stop shop" for the provision of services to both domestic and foreign investors. The services offered include: general and sector specific information; identifying sites for business development; matching investors with sector-specific projects; start-up facilitation; and the promotion of locally manufactured products through regional and international trade missions, among others.¹⁰ Invest Saint Lucia also manages seven industrial estates.

2.10. Foreign investment projects require prior government approval. Investment proposals are reviewed by Invest St. Lucia taking into account national interest and economic benefit considerations. The investment regime does not stipulate any minimum investment thresholds or national security reviews. There is no general limit on the amount of foreign ownership or control in the establishment of a business; however, in principle, some 21 areas of investment activity, including importation for the purpose of trading, remain reserved for nationals of St. Lucia.¹¹ According to the authorities, this restriction is intended to prevent the crowding out of local small-scale businesses; it is not applied to large investments or when local investors have no business interest or lack the appropriate technology. There are no foreign exchange controls and no restrictions on the repatriation of profits. Foreign nationals receive national treatment with regards to legal protection.

2.11. Investment incentives are offered through tax concessions and the free-zone regime (section 3). The main legislation in this respect includes the Fiscal Incentives Act No. 15 of 1974, the Free Zones Act, the Income Tax Act, the National Development Corporation Act, the Development Incentives Act, the Special Development Areas Act, the Trade License Act, the Aliens Licensing Act, and the Tourism Development Act.

2.12. Non-CARICOM nationals and alien companies (those with at least 50% non-CARICOM participation) must apply to the Prime Minister's Office for a licence to hold land, either as an owner or as a lessee (lease period of two years or more).¹² Upon approval, the landholding licence is forwarded to the Attorney General for signature and must be registered in the Land Registry by a lawyer entitled to practice in St. Lucia. Landholding licences are granted for a specific property and do not require renewal. In the case of land acquisition, the licence fee ranges from EC\$5,000

⁹ Government of St. Lucia online information. Viewed at: http://www.stlucia.gov.lc/sites/default/files/documents/files/EXTERNAL_AFFAIRS_POLICY_REVIEW.pdf.

¹⁰ Invest St. Lucia online information. Viewed at: http://www.investstlucia.com/general_pages/view/our-services.

¹¹ Cabinet Conclusion No. 645 of 1984. For the full list of reserved areas see: http://archive.stlucia.gov.lc/faq/investment_activity.pdf.

¹² A non-refundable fee of EC\$5,400 is payable for each application (Aliens (Licensing) Act No. 20 of 2002, as amended by the Aliens (Licensing) (Amendment) Act No. 11 of 2012).

for plots of less than one acre to EC\$50,000 for plots larger than 100 acres; the fee for a licence to lease land is 2% of the aggregate rental payable for the duration of the lease. Foreigners selling land are subject to a 10% stamp duty on the value of the property, except for CARICOM nationals who pay: 0% on the first EC\$50,000; 2.5% on the next EC\$25,000; 3.5% on the next EC\$75,000; and 5% the any remaining balance. The standard corporate income tax rate is 33.3%. Foreign investors in St. Lucia can repatriate all profits and dividends and import capital. Compensation is paid in case of expropriation in the public interest. There are no recently reported cases of expropriation.

2.13. Alien companies and non-CARICOM nationals are also required to obtain a trade licence in order to conduct business in St. Lucia.¹³ Trade licences are granted for the duration of the current calendar year and are renewable. The annual licence fee is EC\$1,000.

2.14. Foreigners wishing to conduct business or be gainfully employed in St. Lucia must apply to the Minister responsible for labour for a work permit.¹⁴ A fee of EC\$400 is payable for short-term work permits (up to one month validity), regardless of the applicant's nationality; the fee for a one-year permit is EC\$2,000 for CARICOM nationals and EC\$7,500 for all other nationalities.¹⁵ All work permits are renewable. CARICOM nationals are eligible to work in ten approved professional categories without the need to obtain a work permit. To this end, they must obtain a skills certificate and pay a one-time fee of EC\$200; skills certificates issued by other CARICOM countries are not automatically recognized.

2.15. Since its previous Review, St. Lucia has concluded tax information exchange agreements with Aruba, Australia, Belgium, Denmark, Faroe Islands, Finland, France, Germany, Greenland, Iceland, Ireland, Netherlands, Netherlands Antilles, Norway, Portugal, Sweden, and the United Kingdom.¹⁶ St. Lucia has a bilateral investment treaty with the United Kingdom and with Germany.

2.4 International relations

2.4.1 World Trade Organization

2.16. St. Lucia is an original Member of the WTO. Many of the WTO Agreements have been incorporated into domestic legislation through acts of parliament and the relevant WTO provisions may be invoked before national courts. St. Lucia has made GATS commitments on tourism, recreational, financial, and maritime transport services; its initial offer on services in the context of the DDA negotiations dates from March 2005.

2.17. St. Lucia was not involved in any dispute settlement cases during the review period. It has made a few notifications to the WTO since 2007 (Table 2.1).

Table 2.1 Selected notifications to the WTO, 2007-13

WTO Agreement and description	Document symbol
Import Licensing	
Notification under Articles 1.4(a) and 8.2(b)	G/LIC/N/1/LCA/4 (17 September 2013); G/LIC/N/1/LCA/3 (10 July 2013)
Replies to questionnaire on import licensing procedures	G/LIC/N/3/LCA/6 (17 September 2013); G/LIC/N/3/LCA/5 (29 September 2008)
Subsidies and Countervailing Measures	
Subsidy notification and extension of transition period for the elimination of export subsidies	G/SCM/N/253/LCA and G/SCM/N/260/LCA (16 July 2013); G/SCM/N/243/LCA (4 October 2012); G/SCM/N/220/LCA and G/SCM/N/226/LCA (18 October 2011); G/SCM/N/211/LCA (12 July 2010); G/SCM/N/186/LCA and G/SCM/N/192/LCA (8 September 2010);

¹³ Trade Licences Act No. 5 of 16 March 1985, as amended by Act 21 of 27 March 2006.

¹⁴ Labour Act No. 37 of 2006.

¹⁵ Statutory Instrument No. 38 of 1 June 2004.

¹⁶ OECD online information. Viewed at: <http://www.oecd.org/ctp/exchange-of-tax-information/tax-informationexchangeagreementstieas.htm>.

WTO Agreement and description	Document symbol
	G/SCM/N/163/LCA (5 September 2007); G/SCM/N/155/LCA and G/SCM/N/160/LCA (9 July 2007)
Technical Barriers to Trade	
Pre-packaged products; table eggs; transformers, reactors; small kitchen appliances	G/TBT/N/LCA/49/Rev.1 (8 February 2010); G/TBT/N/LCA/48 (22 January 2009); G/TBT/N/LCA/46 and G/TBT/N/LCA/47 (14 April 2008)

Source: WTO Secretariat.

2.4.2 Preferential agreements and arrangements

2.18. St. Lucia is a Member of the Organization of Eastern Caribbean States (OECS) since its creation in 1981. The Revised Treaty of Basseterre (RTB) Establishing the OECS Economic Union was signed on 18 June 2010 in St. Lucia. The RTB created a single financial and economic space within which goods, people and capital move freely, monetary and fiscal policies are harmonized (Common Report). The Revised Treaty of Basseterre came into force on 21 January 2011 the day after, when five of six Members States (the exception being St. Lucia) had completed ratification.

2.19. As a founding member of both CARICOM and the OECS, St. Lucia is a party to the free-trade agreements signed by these regional blocks (Common Report). St. Lucia is also a member of the Association of Caribbean States (ACS). Products originating in St. Lucia benefit from preferential access to the U.S. and Canadian markets under CBI and CARIBCAN; they are also eligible for the GSP schemes of Australia, Canada, the European Communities, Japan, New Zealand, Russia, Switzerland, and the United States.

2.20. St. Lucia, as part of CARIFORUM (a negotiating partnership involving CARICOM and the Dominican Republic) signed an Economic Partnership Agreement (EPA) with the EU in 2008 (Common Report). St. Lucia ratified the EPA in September 2012. The EPA, although in force, is still in the process of full implementation by St. Lucia and other OECS countries, requiring a number of legal and institutional changes. As at March 2014, St. Lucia had not implemented any tariff reductions under the EPA. Implementation of tariff cuts will require the adoption of administrative and legislative measures.

2.21. As a founding member of the CARICOM and the OECS, St. Lucia is a party to the free-trade agreements signed by the two regional blocks (Common Report); it also benefits from these regional pools of technical resources in trade policy formulation and implementation. Products originating in St. Lucia benefit from preferential access to the EU, U.S., and Canadian markets; they are also eligible for a number of GSP schemes, including those of Australia, Japan, New Zealand, Norway, Switzerland, and Turkey.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Procedures

3.1. Importers must register with the Customs and Excise Department to obtain user access to the Automated System for Customs Data (ASYCUDA); customs brokers are required to pay an EC\$5,000 customs bond or security deposit. An upgrade to ASYCUDA World, the system's internet-based version, was completed in October 2010. Electronic submission of supporting documentation became mandatory for all commercial consignments on 31 March 2012.¹⁷ The system's licensing module is expected to become operational in 2014, enabling the competent authorities to issue relevant licences and permits electronically.

3.2. Customs clearance of imports is on the basis of: a single administrative document (declaration); suppliers' invoices or a bill of sight; a value declaration (Form 61) for items valued above EC\$2,500; and a bill of lading or airway bill. Where applicable, the supporting documentation must also include an import licence and/or permit, a certificate of origin, and a veterinary or health certificate. Commercial goods below the threshold of EC\$600 and goods for personal use valued up to EC\$2,500 may be declared with a simplified customs declaration. There are no mechanisms for pre-arrival processing of import-related documents or for advance rulings.

3.3. Import declarations are assigned into one of four lanes: green (immediate release), blue (post-clearance check), yellow (documentary check), and red (documentary and physical checks). The Customs and Excise Department reserves the right to examine consignments, even if they have been assigned to the green lane. The main selectivity criteria are: the importer's profile, the country of origin, and the type of good being imported. According to the authorities, between 40% and 70% of declarations are assigned to the red lane.

3.4. The use of customs brokers is optional. According to the authorities, the legislation governing the licensing and operations of customs brokers has not been enforced, as the Customs Brokers and Customs Clerks Commission stipulated therein is yet to be operationalized.¹⁸ The legally prescribed fees and charges for a customs broker's regular services, some of which expressed as a percentage of the customs value, also await proper enforcement; in the interim, customs brokers reportedly compete freely for clients.

3.5. As from February 2012, clearance under bond prior to the payment of customs duties is only possible for: perishable goods; raw materials imported by the manufacturing sector; goods qualifying for concessions; and special circumstances attested by the Comptroller of Customs.¹⁹ According to the authorities, this measure was implemented due to frequent abuse of the bond facilities by importers seeking to delay the payment of duties. St. Lucia has introduced an Authorized Economic Operator (AEO) programme, in accordance with relevant WCO guidelines; there were 18 AEOs in February 2014.

3.6. The 2013 World Bank *Doing Business survey* estimates the average time for customs clearance and technical control at one day.²⁰ According to the authorities, only consignments selected for physical examination would take, on average, 24 hours to clear customs.

3.1.2 Tariffs

3.7. Taxes on international trade accounted for roughly half of fiscal revenue throughout the review period (Table 3.1). Import duties remain a major source of government revenue, although their share of the total declined somewhat between 2007 and 2012.

¹⁷ Customs and Excise Department Notice No. 10 of 21 November 2011. Viewed at: http://www.customs.gov.lc/notices/notice_10_2011.pdf.

¹⁸ Customs Brokers and Customs Clerks Act No. 3 of 2001 and Statutory Instrument 4/2006 (Customs Brokers and Customs Clerks Regulations) of 23 January 2006.

¹⁹ Customs and Excise Department Notice No.11 of 21 November 2011. Viewed at: http://www.customs.gov.lc/notices/notice_11_2011.pdf.

²⁰ World Bank online information. Viewed at: <http://www.doingbusiness.org/data/exploreconomies/st~lucia/#trading-across-borders>.

Table 3.1 Tax revenue by main sources, 2007-12

(EC\$ million and %)

	2007	2008	2009	2010	2011	2012
Total	656.5	725.3	724.4	728.3	764.3	744.5
	(%)					
Taxes on income	26.9	31.1	31.2	31.0	32.1	30.4
Taxes on property	0.7	0.3	0.6	0.4	0.5	0.6
Taxes on goods and services	17.8	18.2	14.9	17.2	16.5	19.8
VAT (domestic)	n.a.	n.a.	n.a.	n.a.	n.a.	2.8
Excise tax (domestic)	0.5	0.6	1.3	1.7	1.7	1.4
Consumption tax (domestic)	1.4	1.0	0.9	0.7	0.8	0.8
Hotel occupancy tax	4.7	5.2	3.4	4.6	4.4	4.9
Other taxes	11.7	12.1	10.6	11.8	11.3	11.3
Taxes on international trade and transactions	54.5	50.3	53.3	51.4	51.0	49.3
Import duty	16.1	14.9	12.9	13.5	13.8	13.6
Customs service charge	10.2	9.3	8.4	8.3	9.0	9.3
VAT (imports)	n.a.	n.a.	n.a.	n.a.	n.a.	5.3
Excise tax (imports)	6.1	5.3	3.6	9.3	9.0	7.2
Consumption tax (imports)	17.3	16.0	22.6	15.2	14.7	9.9
Environmental levy	3.0	2.3	2.0	2.2	2.1	1.6
Security charge	0.1	0.2	0.2	0.1	0.1	0.1
Other taxes	1.8	2.4	3.5	2.8	2.1	2.1

n.a. Not applicable.

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

3.8. St. Lucia grants at least MFN treatment to all its trading partners. It applies the CARICOM Common External Tariff (CET) with certain exceptions, which must be approved by CARICOM's Council on Trade and Economic Development (Common Report). According to the authorities, most CET exceptions are applied for development and disaster recovery purposes. During the review period, in the framework of COTED-approved CET suspensions, St. Lucia reduced its applied rates to zero on certain pharmaceuticals (HS 30.04) and (for a two-year period) on some foodstuffs.²¹

3.9. The 2013 applied MFN customs tariff is based on the 2007 version of the Harmonized Commodity Description and Coding System (HS), and comprises 6,328 lines at 11-digit level. Apart from eight tariff lines that carry specific rates, the tariff is *ad valorem* (Table 3.2). There are no seasonal tariffs or tariff quotas, but 14 tariff lines are subject to quantitative restrictions through import licensing (section 3.1.5).

Table 3.2 Structure of MFN Tariff, 2006 and 2013

	2006	2013
Total number of tariff lines	6,352	6,328
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	0.1	0.1
Non- <i>ad valorem</i> with no AVEs (% of all tariff lines)	0.1	0.0
Duty-free tariff lines (% of all tariff lines)	39.1	39.6
Dutiable lines tariff average rate (%)	16.4	16.0
Simple average tariff (%)	10.0	9.7
WTO agriculture	16.7	17.8
WTO non-agriculture (including petroleum)	8.6	8.0
Agriculture, hunting, forestry and fishing (ISIC 1)	20.7	22.0
Mining and quarrying (ISIC 2)	5.5	4.9
Manufacturing (ISIC 3)	9.3	8.9
First stage of processing	15.9	16.8
Semi-processed products	4	4.1

²¹ The HS tariff lines concerned were 0406.30.00; 0713.10.20; 0713.39.00; 0713.40.00; 2009.60.30; 2009.70.20; 2106.90.70; and 3401.20.90.

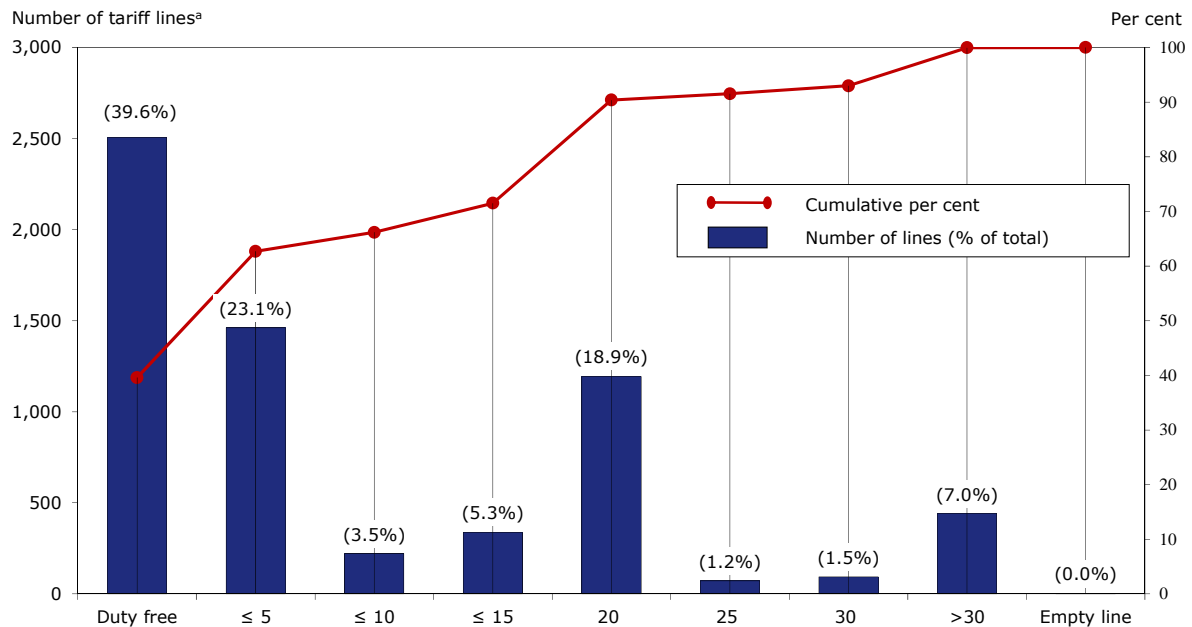
	2006	2013
Fully processed products	11.6	10.9
Domestic tariff "peaks" (% of all tariff lines) ^a	6.3	8.4
International tariff "peaks" (% of all tariff lines) ^b	28.7	28.5
Overall standard deviation	12.1	12.0
Nuisance applied rates (% of tariff lines) ^c	0.1	0.1
Bound tariff lines (% of all tariff lines)	99.5	99.5

- a Domestic tariff peaks are all rates exceeding three times the overall average applied rate.
- b International tariff peaks are all rates exceeding 15%.
- c Nuisance rates are greater than 0% but inferior or equal to 2%.

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

3.10. The computed average tariff rates for St. Lucia are biased downwards, due to the exclusion of the 5% customs service charge (section 3.1.3), which continues to boost the overall level of border protection. Subject to these limitations, the 2013 simple average applied MFN tariff is 9.7% (down from 10% in 2006). Some 39.6% of all tariff lines are duty free (up from 39.1% in 2006) and 8.5% of all lines carry rates of over 25% (Chart 3.1).

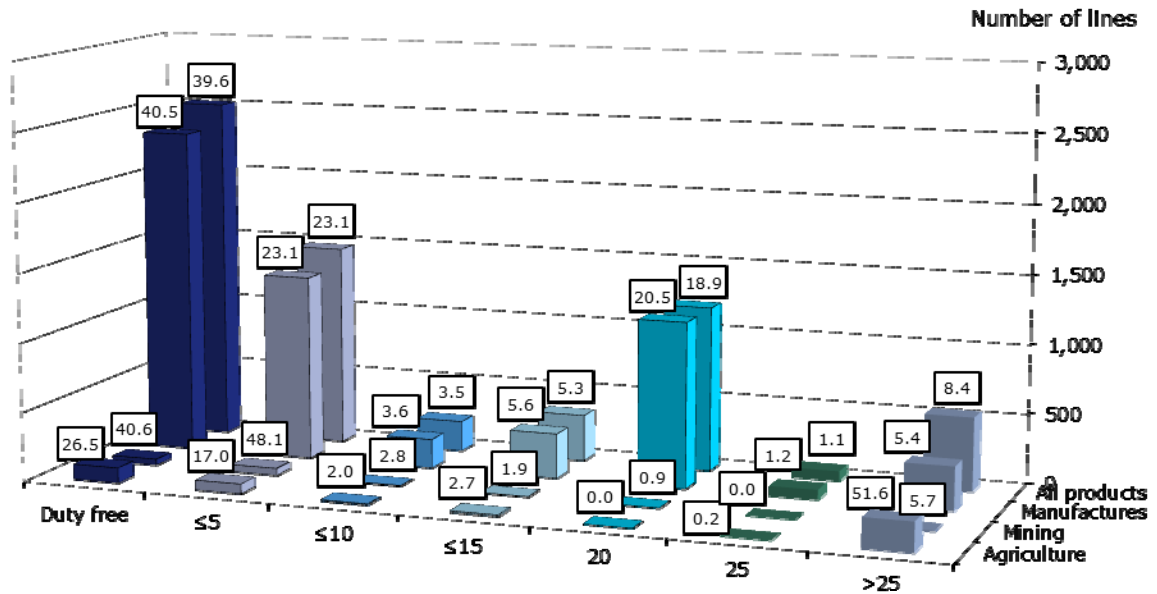
Chart 3.1 Frequency distribution of MFN tariff rates, 2013



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

3.11. Overall tariff dispersion remains unchanged, with *ad valorem* rates ranging from zero to 70% (Table 3.3); some 23% and 19% of tariff lines carry rates of 5% and 20%, respectively. Tariff protection remains most pronounced in agriculture: the average applied rate on agricultural products (WTO definition) is 17.8% (up from 16.7% in 2006), whereas the corresponding average for non-agricultural products is 8% (down from 8.6%). About 52% of agricultural tariff lines (ISIC definition) carry rates greater than 25%, while 20.5% of tariffs on manufactures have a 20% rate (Chart 3.2).

Chart 3.2 Distribution of the MFN tariff by ISCI sector, 2013



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

3.12. In aggregate, the tariff depicts mixed escalation: semi-processed products are subject to a much lower average applied rate than fully processed products, whereas raw materials attract the highest average rate (Table 3.3). The high overall protection of raw materials may render some competitive inputs inaccessible, which tends to discourage investment in processing industries. Thus, the tariff structure may not be conducive to diversification of economic activity through value addition at the semi-processed stage.

Table 3.3 Summary analysis of MFN tariff, 2013

Description	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	Final bound average (%)
Total	6,328	9.7	0 - 101.1	1.2	65.8
HS 01-24	1,144	20.2	0 - 101.1	0.8	118.2
HS 25-97	5,184	7.3	0 - 70	1.2	54.6
By WTO category					
WTO Agriculture	1,047	17.8	0 - 101.1	0.9	116.9
- Animals and products thereof	149	15.4	0 - 40	1.1	120.8
- Dairy products	24	5.8	0 - 20	1.1	100.0
- Fruit, vegetables and plants	307	22.6	0 - 40	0.7	117.8
- Coffee and tea	29	17.4	5 - 40	0.8	102.1
- Cereals and preparations	126	14.8	0 - 40	0.8	110.2
- Oil seeds, fats, and oils	95	17.3	0 - 40	1.0	125.1
- Sugars and confectionary	23	19.7	0 - 40	0.8	107.8
- Beverages, spirits and tobacco	136	26.4	0 - 101.1	0.6	130.8
- Cotton	6	0.0	0 - 0	..	100.0
- Other agricultural products n.e.s.	152	8.2	0 - 40	1.5	106.8
WTO Non-agriculture (incl. petroleum)	5,281	8.0	0 - 70	1.3	55.6
- WTO Non-agriculture (excl. petroleum)	5,255	8.0	0 - 70	1.3	55.4
- - Fish and fishery products	175	26.9	0 - 40	0.6	116.8
- - Minerals and metals	1,119	5.5	0 - 30	1.5	52.4
- - Chemicals and photographic supplies	1,010	6.3	0 - 40	1.0	52.4
- - Wood, pulp, paper and furniture	329	8.7	0 - 25	0.9	65.0
- - Textiles	638	6.0	0 - 30	1.2	52.4
- - Clothing	277	19.9	5 - 20	0.1	53.3

Description	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	Final bound average (%)
- - Leather, rubber, footwear and travel goods	179	9.4	0 - 25	0.9	51.4
- - Non-electric machinery	588	2.8	0 - 30	2.7	51.3
- - Electric machinery	267	7.6	0 - 30	1.4	50.0
- - Transport equipment	187	8.6	0 - 35	1.5	63.3
- - Non-agriculture articles n.e.s.	486	12.2	0 - 70	1.1	55.3
- Petroleum	26	7.3	0 - 25	1.1	104.6
By ISIC sector ^a					
Agriculture and fisheries	411	22.0	0 - 40	0.8	113.4
Mining	107	4.9	0 - 30	1.5	52.1
Manufacturing	5,809	8.9	0 - 101.1	1.2	62.9
By HS section					
01 Live animals & products	330	20.7	0 - 40	0.9	118.9
02 Vegetable products	382	20.1	0 - 40	0.9	117.8
03 Fats & oils	53	26.4	0 - 40	0.7	141.4
04 Prepared food etc.	379	19.0	0 - 101.1	0.7	114.9
05 Minerals	191	5.1	0 - 25	1.1	58.9
06 Chemical & products	941	6.1	0 - 40	1.0	54.8
07 Plastics & rubber	244	7.4	0 - 25	1.0	51.4
08 Hides & skins	80	8.3	0 - 20	1.1	56.4
09 Wood & articles	133	10.5	0 - 20	0.6	53.8
10 Pulp, paper etc.	172	5.9	0 - 25	1.4	53.5
11 Textile & articles	902	9.8	0 - 20	0.9	54.1
12 Footwear, headgear	60	15.8	0 - 20	0.4	50.0
13 Articles of stone	186	9.0	0 - 25	0.9	51.5
14 Precious stones, etc.	62	15.5	0 - 30	1.0	73.1
15 Base metals & products	712	4.4	0 - 30	1.6	50.8
16 Machinery	875	4.4	0 - 30	2.0	50.9
17 Transport equipment	198	8.3	0 - 35	1.6	62.5
18 Precision equipment	229	8.2	0 - 30	1.2	56.8
19 Arms and ammunition	24	39.6	0 - 70	0.7	77.4
20 Miscellaneous manuf	167	14.3	0 - 20	0.5	74.5
21 Works of art, etc.	8	20.6	20 - 25	0.1	50.0
By stage of processing					
First stage of processing	801	16.8	0 - 40	1.1	96.2
Semi-processed products	1,860	4.1	0 - 40	1.3	53.2
Fully-processed products	3,667	10.9	0 - 101.1	1.1	65.7

.. Not available.

a ISIC (Rev.2) classification, excluding electricity (1 line).

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

3.13. St. Lucia has bound 99.5% of its tariff lines. Agricultural products (WTO definition), and fats and oils, were bound at a ceiling level of 100%, with some exceptions above that rate. The average bound rate for agricultural products is 116.9%, against 55.6% for non-agricultural products. Three lines carry applied MFN rates (70%) that exceed bound levels (50%), but the computed *ad valorem* equivalents of non-*ad valorem* duties are below the corresponding bound rates. In the Uruguay Round, St. Lucia left blank the column "other duties and charges" in its schedule, which in practice is equivalent to having entered "zero".²² The authorities consider that, among taxes applied on imports, only the customs service charge falls into the WTO category of other duties and charges; they intend to make best endeavours to eliminate it.

²² WTO document WT/DS302/R, 26 November 2004.

3.1.3 Other charges affecting imports

3.14. A customs service charge (CSC), at the rate of 5% on the c.i.f. value of imports, remains in place; goods originating from other OECS/CARICOM countries are not exempt from it.²³ Statutory exemptions from the CSC apply to, *inter alia*, inputs and packaging materials imported by certified local manufacturers, goods imported by the Government and public institutions, and certain goods used by approved airlines. During the review period, temporary exemptions were also granted on a range of building materials (until 8 February 2014).²⁴

3.15. St. Lucia introduced value added tax (VAT) in October 2012, to replace five indirect taxes: consumption tax, environmental protection levy, motor vehicle rental fee, mobile telephone tax, and hotel accommodation tax. VAT registration with the Inland Revenue Department is compulsory for businesses with annual gross turnover reaching the EC\$180,000 threshold. VAT is charged at a general rate of 15% on the supply of services and goods, including imports. A reduced rate of 8% applies, until April 2014, to accommodation services supplied by a hotel, and to food and beverages supplied by a restaurant; thereafter the rate will increase to 9.5%.²⁵ Zero-rated supplies of goods and services include live animals (other than pets); fuel²⁶; fresh eggs; uncooked pasta; ventilated boxes for transport of unprocessed agricultural products; water and sewerage; electrical energy; and all exports. A range of goods and services are VAT-exempt, including financial services; medical services; care services to children and aged or disabled persons; veterinary services (other than for pets); education services and materials; postal services supplied by the State; agricultural and fishing inputs; and numerous food items.²⁷ An exemption from VAT was also granted to some tourism-related segments, including water sports operators and heritage tours providers, in September 2013; it is to be reviewed in April 2014.

3.16. VAT is levied on the c.i.f. value of imports plus all duties and taxes payable upon importation. The tax base for domestically supplied goods and services is the fair market value of the supply, typically reflected in the sale price.

3.17. As at July 2013, goods classifiable under 121 tariff headings remained subject to excise tax; the main product categories were alcoholic beverages, tobacco products, fuels, and motor vehicles and parts. The rates applicable to some fuels have been amended frequently, generally following a downward trend.²⁸ Most excise taxes are specific or *ad valorem*, depending on the good. Since 2012, certain motor vehicles are subject to compound rates, with the specific component being linked to the vehicle's age: EC\$1,000 for a new vehicle; EC\$4,000 for a used vehicle up to five years old; or EC\$6,000 for a used vehicle over five years old.²⁹ Excise taxes are assessed on the wholesale price of domestically produced goods; for imports the tax base is the c.i.f. value without addition of the tariff or any other duties and charges.

3.18. In November 2011, St. Lucia introduced a 1% security tax on the c.i.f. value of imports; the tax expired on 31 December 2012.³⁰ The schedule to the Act provided for exemptions on some 43 classes of goods. According to the authorities, lax enforcement of this tax resulted in modest overall revenue (some EC\$32,000).

3.19. Goods originating from other CARICOM countries are imported tariff-free, except where St. Lucia has made use of the CARICOM Treaty's safeguard provisions. A variety of programmes grant exemptions from payment of (one or all of) import duty, CSC, and VAT (or the taxes replaced by it). The beneficiaries of these initiatives include certain industries and sectors³¹; sports

²³ Customs (Service Charge) Act No. 10 of 1989 and its subsequent amendments.

²⁴ Customs (Service Charge) (Amendment of Schedule) Orders No. 78 (06/08/2012), No. 148 (22/11/2012), and No. 14 (25/02/2013).

²⁵ Government of St. Lucia (2013).

²⁶ HS headings 2710.11.30; 2710.19.10; 2710.19.20; 2710.19.40; 2711.11.00; 2711.19.11; 2711.19.12; and 2711.19.14.

²⁷ Value Added Tax Act No. 7 of 10 July 2012, as amended by Value Added Tax (Amendment) Act No. 10 of 28 September 2012. Viewed at: http://www.vat.gov.lc/resources/legislation/vat_act.php.

²⁸ Excise Tax (Amendment of Schedule 1) (No. 4) Order No. 55 of 29 July 2013.

²⁹ Excise Tax (Amendment of Schedule 1) (No. 8) Order of 28 September 2012.

³⁰ Security Tax Act No. 21 of 9 November 2011.

³¹ In 2011-13, beneficiary sectors and industries included: air transport (airlines), car rental, construction, electricity supply, farming and fishing, financial intermediation, manufacturing, taxi operators,

and cultural events; medical, charitable, and religious institutions; returning residents and diplomats; diplomatic institutions and agencies; and government and statutory bodies. According to the Customs and Excise Department, forgone revenue from taxes on imports (customs duties and other taxes) was EC\$3.35 billion in 2011, EC\$2.88 billion in 2012 and EC\$2.45 billion in the first nine months of 2013; these figures were not confirmed by the Ministry of Finance.

3.1.4 Customs valuation and rules of origin

3.20. St. Lucia has not submitted any notifications on customs valuation to the WTO.³² In principle, the primary method of valuation is the transaction value of the imported goods; when necessary, recourse to alternative methods follows the hierarchy set out in the WTO Customs Valuation Agreement. Freight and insurance costs are included in the customs value to the extent that they have been incurred by the buyer; imports are not required to have insurance coverage. St. Lucia does not use minimum or reference prices for customs valuation purposes. The authorities estimate that the transaction method is used for some 90% of imports. Second-hand motor vehicles undergo a special valuation check prior to release, due to frequent under-reporting.

3.21. The customs value of imports may be verified and, if necessary, adjusted by the Comptroller of Customs within one year of entry into St. Lucia. Import duties are assessed on the transaction value, pending the result of the investigation. Valuation disputes may be heard by the Comptroller of Customs or by Customs Appeal Commissioners; matters involving a question of law or a question of mixed law and fact may be appealed to the High Court and, subsequently, the Court of Appeal. The assessed rate of duty must be paid prior to disputing the assessment.

3.22. St. Lucia has not submitted to the WTO any notifications on rules of origin.³³ The authorities affirm that no rules of origin have been established for non-preferential purposes. St. Lucia applies CARICOM preferential rules of origin (Common Report) on the basis of HS 2007, although it may invoke safeguard provisions for imports from the more developed CARICOM countries. Direct shipment between CARICOM member countries is not a requirement for conferring originating status to imports, provided that the goods remain under customs control and do not enter the commerce of the transit country. The Department of Customs issues certificates of origin for goods exported from St. Lucia under reciprocal and non-reciprocal preferential regimes; the certificates are free of charge.

3.1.5 Import prohibitions, restrictions and licensing

3.23. St. Lucia's latest notification of import licensing legislation and replies to the relevant questionnaire date from 2013.³⁴ Non-automatic licensing requirements continue to apply on a number of goods, depending on their country of origin (Table 3.4). The additional list of restricted imports, subject to special (non-automatic) permission regardless of their origin, remains unchanged since St. Lucia's last Review.³⁵ The authorities affirm that non-automatic import licensing is used for national security, public health, public safety, plant and animal health, moral, development, and financial needs considerations. The granting of import licences for poultry (eight tariff lines) and pork (six tariff lines) remains subject to domestic purchase requirements of 25% and 40% of the imported quantity, respectively; these requirements are applied regardless of the origin of imports.

3.24. In general, the granting of licences is administered by the Ministry of Commerce; importers must seek approval from at least one additional competent entity in the following cases: animals, meat, meat products, plants, plant material, and chain saws, Ministry of Agriculture³⁶; pesticides, Pesticides Control Board; controlled drugs, Ministry of Health (Chief Medical Officer); rubber tyres, Ministry of Transport; and firearms and ammunitions, Ministry of Internal Security (Commissioner

telecommunications, tourism, and yachting. Goods imported in barrels or similarly sized packages, typically in-kind remittances, also benefited from such concessions.

³² WTO document G/VAL/W/232, 16 September 2013.

³³ WTO document G/RO/W/144, 20 September 2013.

³⁴ WTO documents G/LIC/N/1/LCA/4/Corr.1, 19 September 2013; and G/LIC/N/3/LCA/6, 17 September 2013.

³⁵ WTO document WT/TPR/S/190/LCA/Rev.1, 21 April 2008.

³⁶ An export permit from the country of origin is a prerequisite for obtaining a licence to import plants or animals into St. Lucia.

of Police). Imports of left-hand drive motor vehicles remain subject to special permits issued by Cabinet, while imports of radio and television transmitting equipment require type approval by the National Telecommunications Regulatory Commission (section 4.3.2). Importers are expected to apply for the relevant licence or permit prior to the goods' arrival and must present a certificate of origin for non-CARICOM originating items.³⁷ Licences are issued at no cost to the applicant; they are non-transferable, typically valid for one month, and allotted on a first-come-first-served basis.

3.25. Decisions not to grant a licence must be notified to the applicants, with details on the reason for refusal. Appeals may be made to the Permanent Secretary or to the Minister of Commerce; redress may also be sought through the Civil Court and, ultimately, through the Caribbean Court of Justice, if the infringement is in contravention of the Revised Treaty of Chaguaramas.

Table 3.4 Products subject to import licensing

Goods originating outside the OECS or CARICOM
<p>Baby chicks, point of lay pullets (01.05)^a; meat and edible meat offal (Chapter 2); fresh, frozen or chilled fish (HS 0301.03.04); smoked fish (HS 0305.41.00-0305.49.90); crustaceans and molluscs fresh, chilled, frozen or salted etc. (HS 03.06; 03.07); fresh milk (HS 0401.10.00); eggs (HS 04.07; 04.08); natural honey (HS 0409.00.00); fresh or chilled potatoes (HS 07.01); leeks and other alliaceous vegetables (HS 0703.90.00); cauliflowers and headed broccoli (HS 0704.10.00; 0704.10.10); cabbages (HS 0704.90.10); cabbage lettuce (HS 0705.11.00); carrots and turnips (HS 0706.10.00; 0706.10.10; and 0706.10.90); cucumbers (HS 0707.00.10); fresh or chilled vegetables (HS 07.08; 07.09); arrowroot, sweet potatoes and other similar roots and tubers with high starch, fresh or dried, whole or sliced (HS 07.14)^a; coconuts, cashew nuts fresh or dried (HS 08.01)^a; bananas including plantains, fresh or dried (HS 08.03.00)^a; pineapple, avocados, mangoes, guavas, fresh or dried (HS 08.04)^a; citrus fruits, fresh or dried (HS 08.05); roasted ground coffee (HS 0901.21.00-0901.22.00); pepper, pimento (HS 09.04); vanilla (HS 0905.00.00); cinnamon (HS 09.06)^a; cloves (HS 0907.00.00); nutmeg, mace (HS 09.08)^a; thyme, saffron, bay leaves, ginger, curry and other spices (HS 09.10)^a; rice (HS 10.06); wheat flour (HS 1101.00); edible oil (HS 15.07-15.15); margarine, imitation lard and other prepared edible fats (HS 15.17); sausages and the like of meat, meat offal or animal blood (HS 16.01); other prepared or preserved meat of offal (HS 16.02); chicken patties (HS 1602.32.00); other patties (HS 1602.39.00); beef patties (HS 1602.50.90); prepared or preserved fish (burgers, fingers and patties) (HS 16.04)^a; crustaceans and molluscs, prepared or preserved (HS 16.05); cane and beet sugar and chemical pure sucrose in solid form (HS 17.01); pasta products (HS 19.02); cakes (HS 1905.90.90); jams, fruit jellies, marmalades (HS 20.07); mango chutney (HS 2008.99.10); fruit and vegetable juices, except preparations for infants (HS 20.09); coconut milk and coconut cream (HS 2106.90.90)^a; baking powder (HS 2102.30.00); tomato ketchup and tomato sauce (HS 2103.20.10); pepper sauce (HS 2103.90.10); browning, Bar B-Q sauce and mixed seasoning (HS 2103.90.90)^a; ice cream (HS 2105.00.10); waters, aerated beverages, malt and other non-alcoholic carbonated drinks and orange squash (HS 22.02); beer (HS 2203.00.10); cigarettes (HS 2402.20.00); other tobacco products (HS 2402.90.00); oxygen in cylinder (HS 2804.40.00); carbon dioxide in cylinder (HS 2811.21.00); acetylene in cylinder (HS 2901.29.20); soaps (toilet, medicated, other) (HS 3401.11.00; 3401.11.10; 3401.11.90); bleaches (liquid and other) (HS 3402.20.40; 3402.20.50); candles (HS 34.06.00)^a; tyres remould, recapped, rethreaded (HS 40.12)^a; wooden mouldings, (HS 44.09)^a; wooden doors, except micro fibre doors (HS 4418.20.00); mats and matting of vegetable materials (HS 4601.21.00-4601.99.00); baskets and waste paper bins of vegetable plaiting materials (HS 46.02)^a; toilet paper (HS 4818.10.00); cardboard boxes (HS 48.19)^a; fibre mats of vegetable plaiting materials (HS 46.01; 57.02)^a; girls and ladies panties, half-slips and nighties (HS 61.08; 62.08)^a; brassieres (HS 6212.10.00); concrete blocks (HS 6810.11.00); galvanized sheets (HS 72.08-72.12)^a; aluminium windows and doors (HS 7610.10.00; 76.11)^a; solar water heaters (HS 8419.19.10-8419.19.20); domestic and commercial meters for measuring volumes of water (HS 9028.20.00); chairs and other seats (HS 94.01); other furniture (HS 94.03); mattresses (HS 94.04)^a; and gambling machines (HS 9504.30.00; 9504.90.30).</p>
Goods originating from the OECS or CARICOM
<p>Fresh, frozen or chilled fish (HS 03.01-03.04); smoked fish (HS 0305.41.00 - 0305.49.90)^a; crustaceans and molluscs fresh, chilled, frozen or salted etc. (HS 03.06-03.07); fresh milk, not including UHT milk (HS 0401.10.00); rice (HS 10.06); wheat flour (HS 1101.00); chicken patties (HS 1602.32.00); beef patties (HS 1602.50.90); prepared or preserved fish (burgers, fingers and patties) (HS 16.04)^a; cane and beet sugar (HS 17.01); ice cream (HS 2105.00.10); concrete blocks (HS 6810.11.00); and domestic and commercial meters for measuring volumes of water (HS 9028.20.00).</p>

³⁷ According to the authorities, most applications are submitted after the goods' arrival at customs.

Goods originating outside the OECS

Curry powder (HS 0910.99.30); pasta products (HS 19.02); waters, aerated beverages, malt and other non-alcoholic carbonated drinks and orange squash (HS 22.02); malt beverages (HS 2202.90.20); beer (HS 2203.00.10); candles (HS 34.06)^a; oxygen in cylinders (HS 2804.40.00); carbon dioxide in cylinders; (HS 2811.21.00); acetylene in cylinders (HS 2901.29.20); solar water heaters (HS 8419.19.10–8419.19.20); chairs and other seats of wood and upholstered fabric (HS 94.01)^a; and other furniture of wood and upholstered fabric (HS 94.03)^a.

a Applies only to the named goods, not the general class of goods identified by that tariff heading.

Source: External Trade (Restricted Imports) (Amendment) Order No. 118 of 28 September 2012.

3.26. There were no changes to import prohibitions during the review period. The list of prohibited imports still includes matches containing white or yellow phosphorus, and shaving brushes made in or exported from Japan.³⁸ A number of import prohibitions on SPS grounds remain in place (section 3.1.8).

3.1.6 Contingency measures

3.27. St. Lucia has not submitted to the WTO any notifications regarding anti-dumping and countervailing measures, and the relevant legislation, since its last Review. No responses have been provided to questions posed in 1996 regarding its original notification of pertinent legislation.³⁹ There have been no amendments to the Customs Duties (Dumping and Subsidies) Ordinance No. 25 since its entry into force on 19 December 1964. The authorities affirm that no anti-dumping actions were taken during the review period.

3.28. No notifications on safeguards legislation or actions taken have been made to the WTO Committee on Safeguards since 1996. St. Lucia has no domestic legislation on safeguards, but may invoke the provisions of the Revised Treaty of Chaguaramas (Article 150) to restrict imports from other CARICOM countries and third countries. St. Lucia did not apply any safeguard measures under CARICOM rules during 2007-13.

3.1.7 Technical regulations, conformity assessment, and standards

3.29. Between January 2007 and October 2013, St. Lucia notified to the Committee on Technical Barriers to Trade one CARICOM and three national standards.⁴⁰ In line with its transition to the international system of units, St. Lucia also notified its intention to prohibit the importation of pre-packaged goods with labels expressed only in British imperial or U.S. customary units; measuring devices or instruments incompatible with metric standards and/or specifications; and road transportation equipment with speedometers and odometers denominated only in miles.⁴¹ As at November 2013, the Legal and Standard Units of Measurement Order was yet to be enacted.

3.30. The St. Lucia Bureau of Standards (SLBS) is the national standards body and the national metrology institute. Its responsibilities include: developing and promoting standards and codes of practice; ascertaining quality through inspection, testing and certification; and carrying out all legal metrology activities in St. Lucia. The SLBS serves as national enquiry point and notification body under the WTO Agreement on Technical Barriers to Trade; it has accepted the Code of Good Practice for the Preparation, Adoption and Application of Standards contained in Annex 3 to the Agreement.⁴² The SLBS is a member of the International Organization for Standardization (ISO), the Pan American Standards Commission (COPANT), and the CARICOM Regional Organization for Standards and Quality (CROSQ). The Bureau has forged partnerships and alliances with the International Electrotechnical Commission (IEC), the American Society for Testing and Materials (ASTM), and the British Standards Institute (BSI).

³⁸ WTO document WT/TPR/S/190/LCA/Rev.1, 21 April 2008.

³⁹ WTO document WT/TPR/S/190/LCA/Rev.1, 21 April 2008.

⁴⁰ WTO documents G/TBT/N/LCA/48, 22 January 2009; and G/TBT/N/LCA/46 and G/TBT/N/LCA/47, 14 April 2008.

⁴¹ WTO document G/TBT/N/LCA/49/Rev.1, 8 February 2010.

⁴² WTO document G/TBT/CS/N/135, 6 November 2001.

3.31. National standards are prepared by technical committees, upon request from interested parties. Whenever possible, national standards replicate or are based on international and regional ones, or, in the absence of other references, those of major trading partners. A 60-day period is reserved for public consultations on draft standards; those intended to be made compulsory (technical regulations) are notified to the WTO and require a regulatory impact assessment by the office of the Minister of Commerce prior to adoption. Standards are adopted by the SLBS Council, comprising members of both the public and private sector; technical regulations are declared by the Minister of Commerce, usually on recommendation from the Council and with the formal concurrence of any other relevant Minister.⁴³ National standards are normally reviewed and updated every five years; the procedure for revisions and amendments is the same as for preparation of standards.

3.32. In January 2014, there were 104 standards and 42 technical regulations in force in St. Lucia; in 46 cases an international standard was adopted, either fully or with some adaptation. The main categories of products and processes covered by active standards are: amusement rides and devices; beverages; building materials; chemicals; consumer products; fresh produce; furniture; gaseous fuels; information and documentation; labelling; lighting; quality & quality management; tourism; and tyres.

3.33. St. Lucia does not have a national laboratory accreditation body; it recognizes accreditations granted by the accreditation bodies of Jamaica and Trinidad and Tobago. Product-testing is the shared responsibility of the Ministry of Health and Labour Relations; the Ministry of Agriculture, Food Production, Fisheries and Rural Development; and the Caribbean Environmental Health Institute. Type approval is accepted in determining conformity to a standard. Certificates of conformity issued by accredited overseas bodies are recognized, in principle.

3.34. The SLBS is the only certification body in St. Lucia; it may only grant certification against an existing standard, generally following thorough testing, and plant and system assessment.⁴⁴ The SLBS implements a conformity-assessment programme for technical regulations; assessment procedures depend on the level of risk associated with a particular product or service. The risk level is determined as part of the regulatory impact assessment carried out as a prerequisite for the technical regulation's adoption. In general, suppliers' declarations of conformity are accepted for low-risk products. High-risk products are typically subject to third-party conformity assessments, although first-party assessments, from suppliers who have certified quality and safety management systems in place, are also accepted.

3.35. Enforcement of technical regulations is carried out by the SLBS through systematic market surveillance conducted at least twice a year. SLBS staff members are also present at ports of entry to check compliance with technical regulations. The relevant imported goods may be subject to documentary checks and/or physical inspections prior to their local sale and distribution, and locally manufactured goods may be inspected at the plant. Surveillance activities also involve spot-checks of all items commercialized on the domestic retail market.

3.1.8 Sanitary and phytosanitary measures

3.36. As at November 2013, St. Lucia had not made any notifications to the SPS Committee. The relevant national legislation predates the SPS Agreement and, *inter alia*, confers the Chief Veterinary Officer authority to adopt SPS measures without Ministerial or Cabinet approval. St. Lucia does not keep records that would provide an overview of SPS measures in force, or those introduced since 2007.

3.37. The Ministry of Agriculture, Food Production, Fisheries, and Rural Development (MAFFRD) remains the enquiry point on SPS matters. St. Lucia is a member of the Codex Alimentarius Commission and a contracting party to the International Plant Protection Convention (IPPC); it is not a member of the World Organisation for Animal Health (OIE). The SLBS is the national contact point for the Codex Alimentarius Commission; it also provides food-safety certificates for certain foods.

⁴³ The declaration is done through the office of the Attorney General, as per the Standards Act No. 14 of 1990.

⁴⁴ The SLBS certification programme is not accredited, but is conducted in accordance with the requirements of ISO Guides No. 28 and No. 65.

3.38. According to the authorities, the SPS regime responds to identified pest and disease outbreaks. In principle, St. Lucia's SPS measures are based on relevant IPPC, Codex, or OIE standards, guidelines, or recommendations; trading partners affected by an SPS measure are informed by St. Lucia through peer-to-peer contacts. The CARICOM Animal and Animal Products Trade Committee conducts risk assessments for the entire common market; there is no equivalent arrangement for plants. While the authorities of CARICOM countries operate as a collective to overcome capacity constraints, SPS measures adopted in another member country are not automatically implemented in St. Lucia.

3.39. The MAFFRD, through its Veterinary and Livestock Services Division (VLS), its Crop Protection and Quarantine Unit (CPQU), and its Department of Fisheries, is the main entity responsible for the implementation of sanitary and phytosanitary measures.⁴⁵ Importers of plants, animals and fish, and material, products, and by-products thereof, must apply for an import permit from the relevant unit within the MAFFRD. In the assessment of applications, the main deciding factor is the disease status of the exporting country; obtaining import permits for plants and animals requires presentation of the corresponding export permit from the country of origin.⁴⁶ In addition to a valid import permit, importation is conditional on the provision of a phytosanitary or veterinary-health certificate issued by the competent authority of the exporting country; no systematic testing is carried out at points of entry into St. Lucia, but imports are inspected to ascertain their integrity and quality. Live animals transiting through St. Lucia must be accompanied by a transfer permit issued by the VLS.⁴⁷

3.40. Imports prohibited on SPS grounds include: meat from animals treated with hormones; honey; yams and sweet potatoes; bananas and plantains (all parts and handicraft items); unprocessed plant material from coconut, citrus, and bananas; plants rooted in soil; anthurium lilies, heliconia, and ginger lilies; coconut and palms (except polished handicraft items); soil; and packing material of grass, straw, etc. Import restrictions, mostly in the form of permits or quarantine requirements, continue to apply to a number of products that could potentially pose a pest problem.⁴⁸

3.1.9 Other measures

3.41. St. Lucia applies the international trade sanctions adopted by the United Nations and the regional bodies to which it belongs. According to the authorities, during the review period there were no barter trade transactions and no agreements were signed with foreign governments or companies with a view to influencing the volume or value of exports to St. Lucia. No information was made available on the existence of any statutory requirements for the maintenance of reserve stocks and the mechanisms for their application.

3.2 Measures Directly Affecting Exports, and Restrictions

3.2.1 Export procedures, taxes, and restrictions

3.42. Exporters are subject to the same registration and documentation requirements at Customs as importers (section 3.1.1). Exports are not normally inspected, except in cases of suspicions regarding drugs or other illegal activity. St. Lucia applies no export taxes or levies; exports are also exempt from internal taxes and are zero-rated for VAT purposes.

3.43. No new export restrictions or bans have been introduced since 2007. Export-licensing requirements remain in place for, *inter alia*: narcotics and drugs; ginger and dry coconut, and rare or threatened plants and animals.⁴⁹ Licences for ginger, dry coconut, and exports requiring a CITES permit are administered by the MAFFRD, which also issues export permits for fish and

⁴⁵ The Environmental Health Department of the Ministry of Health and Labour Relations deals with environmental issues. The Pesticide Control Board maintains a register of pesticides and issues import permits for pesticides.

⁴⁶ Ministry of Agriculture, Food Production, Fisheries, and Rural Development online information. Viewed at: http://www.malff.com/index.php?option=com_content&view=article&id=91&Itemid=106.

⁴⁷ Applications for transfer permits are subject to a EC\$20 application fee.

⁴⁸ Plant Protection Act No. 21 of 1988.

⁴⁹ Customs (Control And Management) Act of 1990.

seafood, conditional on provision of the relevant health certificate.⁵⁰ Seasonal export bans on lobster are notified annually by publication in the media; a moratorium on sea eggs fishing (and exportation) remains in place.

3.2.2 Export subsidies, financing, insurance, and promotion

3.44. St. Lucia has not submitted to the WTO Committee on Agriculture any notifications regarding export subsidies since 2004. During the review period, St. Lucia provided regular notifications to the Committee on Subsidies and Countervailing Measures on export incentives maintained under its Fiscal Incentives Act (section 3.3.1), Micro and Small Scale Business Enterprises Act, and Free Zone Act.⁵¹ St. Lucia is expected to revise its export incentives in order to make them WTO-compatible by 31 December 2015⁵²; the authorities are planning a complete overhaul of the incentives regime (section 3.3.1).

3.45. Under the Free Zone Act, No. 10 of 1999, imported merchandise may enter a free zone for commercial purposes duty free, and not subject to quotas or any import restrictions. Import-licensing requirements do not apply, in general, to free zones, with the exception of goods restricted for safety or health reasons. Other benefits include: tax credits related to the number of nationals employed on a continuous basis; exemption from income tax during the first five years of operations and the possibility to carry forward total net losses accrued during this five-year tax holiday and deduct them against profits in the three years following the tax holiday. Individual companies operating outside a specific free zone may also be granted free-zone status. The free-zones regime is outside the scope of the Fiscal Incentives Act; a company may benefit from either of these two regimes, but not both. Goods produced in the free zones may be imported into the national customs territory only upon payment of import duties.⁵³ Other advantages offered in free zones include: no restrictions or taxes on foreign exchange transactions; no taxes on dividends for the first 20 years of operation; no work permit fees for management personnel of Free Zone businesses; and no price controls. The Free Zone Management Authority (FZMA) grants licences to trade within a designated free-zone area: enterprises conducting trade and investment activities in manufacturing, financial services, telecommunications, professional services, and other activities may apply to operate within a free zone; licences are specific to a business.

3.46. Under the Fiscal Incentives Act and the Micro and Small Scale Business Enterprises Act, eligible enterprises continued to qualify for exemptions from income tax on export profits, as well as for export allowances. The authorities affirm that, in practice, exemptions have been granted not on export but on total profits. There were no export allowance beneficiaries during 2007-13. There are two main industrial free-zone areas in St. Lucia, both located in Vieux Fort; only one is active. A third free zone, located in Cul-de-Sac, is devoted exclusively to the import and transshipment of petroleum products. All in all, the Free Zone programme had some 24 beneficiaries as at June 2013, of which 4 were manufacturing companies. Since 2007, only two companies, of which one active in manufacturing, have benefited for the first time from free-zone incentives.

3.47. In 2011, the role of a Trade Export Promotion Agency (TEPA) was added to the original mandate of St. Lucia's Office of Private Sector Relations (OPSR).⁵⁴ The OPSR formally became TEPA in 2013.⁵⁵ TEPA's mission includes providing information and support to local businesses and international buyers; and coordinating and evaluating the national export development strategy. The bulk of TEPA's budget for 2011-14 has been funded by the Caribbean Development Fund, and the remainder by the Government of St. Lucia; future funding is expected to come mainly from the Government. Most export promotion initiatives to date have been carried out on a cost-sharing basis, with TEPA covering between 75% and 85% of the cost. Some 21 local producers have benefited from marketing support and approximately 50 have received assistance to participate in

⁵⁰ The authorities indicate that fish export permit fees are a function of the quantity exported.

⁵¹ WTO documents G/SCM/N/260/LCA, 16 July 2013; G/SCM/N/243/LCA, 4 October 2012; G/SCM/N/226/LCA, 18 October 2011; G/SCM/N/211/LCA, 12 July 2010; G/SCM/N/192/LCA, 8 September 2009; G/SCM/N/177/LCA, 3 September 2008; G/SCM/N/163/LCA, 5 September 2007; and G/SCM/N/160/LCA, 9 July 2007.

⁵² WTO document WT/L/691, 31 July 2007.

⁵³ St. Lucia Customs and Excise online information. Viewed at: <http://www.customs.gov.lc/index2.htm>.

⁵⁴ The OPSR was established in 1998 to stimulate and promote business growth and development in St. Lucia.

⁵⁵ Act No. 16 of 2013.

export promotion events. TEPA has also been building alliances to develop a national trade information network.

3.48. There are no publicly funded programmes at the national level providing export credit, insurance, or guarantees. Exporters may access the risk mitigation facilities provided by the ECCB (Common Report); they may also receive export promotion support from the OECS Export Development Unit (EDU).

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.49. In addition to export-related incentives (section 3.2.2), St. Lucia continues to offer tax and tariff concessions to enterprises that meet certain local-value-added (employment) or investment size criteria, and to micro and small-scale enterprises.⁵⁶ Tax and tariff relief programmes also remain in place for the agri-business and tourism industries (section 4), and special development areas⁵⁷, as well as fuel rebates for fishermen and public transport providers. Incentives are granted by the Cabinet of Ministers, on recommendation by the relevant Ministry or, where applicable, the Office of Private Sector Relations. According to the authorities, conditionality on local content has been *de facto* phased out since 2000. Some 30 to 40 incentive applications were allegedly approved annually during 2008-13; only figures on forgone revenue from taxes on imports were made available (section 3.1.3).

3.50. Concessionary funding and guarantee facilities are available through the Caribbean Development Bank. Under the Government's Construction Stimulus Programme, concessionary loans are being offered by East Caribbean Financial Holding Company (ECFH) and First Caribbean International Bank. As at April 2013, some 94 loans valued at EC\$20.75 million had been approved. Certain credit facilities for development purposes (i.e., supporting agriculture, fishing, education) are managed by St. Lucia Development Bank, which also provides technical assistance. According to the authorities, St. Lucia Development Bank is funded mostly by the Government and regional agencies; it has a maximum loan limit of EC\$20,000.

3.51. The authorities intend to replace the outdated Fiscal Incentives Act of 1974 with a new incentives regime, which would make incentives conditional on performance. The new regime is also expected to introduce incentives for the services sector. Under the Fiscal Incentives Act, a tax holiday of up to 15 years may be granted for the manufacture of approved products by approved enterprises. The length of the tax holiday depends on the local value added generated or on whether the company exports all its production. To this end, companies are classified as: (i) Group 1 enterprises, where local value is 50% or more of sales, and which may enjoy a tax holiday of up to 15 years; (ii) Group 2 enterprises, with local value of between 25% and 50% of sales, and which are granted concessions for up to 12 years; (iii) Group 3 enterprises, with local value of between 10% and 25% of sales, and which can benefit from a tax holiday of up to 10 years; and (iv) enclave enterprises, where production is exclusively for export, and which may enjoy a tax holiday of up to 15 years. The Act provides for additional benefits in the form of income tax rebates at the termination of the tax holiday period. The rebates are based on the company's share of export profits in its total profits. Accordingly, the income tax rebate is: 25% when export profits are between 10% and 20% of total profits; 35% when they are between 21% and 40%; 45% when they are between 41% and 60%; and 50% when export profits exceed 60% of total profits. In addition, companies benefiting from a tax holiday under the Fiscal Incentives Act are allowed to import duty-free machinery, equipment, spare parts, building materials, raw and packaging materials, and other inputs, as appropriate, to be used in eligible enterprises.

3.52. The Special Development Areas Act aims at encouraging investment in the areas of Vieux-Fort, Anse la Raye, Soufriere, Canaries and Dennery, which have been designated as such. The concessions offered under the Act include: exemption on import duty, stamp duty and consumption tax on inputs for the construction of new buildings and the renovation or refurbishment of existing buildings; exemption on land and house tax and on stamp duty payable by vendors and purchasers on the initial purchase of property; higher tax allowances; and accelerated depreciation. Agricultural and fisheries-related activities; tourism projects highlighting

⁵⁶ WTO document G/SCM/N/260/LCA, 16 July 2013.

⁵⁷ WTO document WT/TPR/S/190/LCA/Rev.1, 21 April 2008.

the heritage and natural environment of St. Lucia; residential complexes; commercial or industrial buildings; facilities directed towards the improvement or expansion of services to the tourism sector; water based activities; and arts and cultural investments are eligible to benefits under this Act.

3.53. Under the Tourism Incentives Act, material and equipment used exclusively in connection with the construction and equipping of the tourism project, may be imported free of customs duties.

3.54. While a comprehensive services policy has yet to be developed, the Government has identified professional services as a priority sector for stimulus.⁵⁸

3.55. Tourism incentives, in the form of exemptions from customs duties, corporate tax and (for up to 15 years) income taxes, may be granted by Cabinet for approved tourism products (section 4.3.4.).

3.3.2 Competition policy and price controls

3.56. Like the other OECS countries, St. Lucia is contemplating the adoption of harmonized competition legislation within CARICOM and the establishment of an enforcement authority at OECS level. The extent of national law remains limited, essentially covering practices that may mislead the public, or that may cause confusion with or discredit other enterprises.⁵⁹

3.57. The Ministry responsible for commerce is responsible for the administration of price controls. Maximum wholesale and retail mark-ups are set for a range of essential foodstuffs; household and school supplies; fertilizers and soil ameliorants; and herbicides and insecticides. Maximum producer (ex. factory/farm) and retail prices are applied to certain types of bread, flour, rice, sugar, and fuels.⁶⁰ As from 2012, maximum fuel prices are revised every three months to ensure regular pass-through of international price fluctuations to consumers. In 2013, the authorities raised the prices of bulk rice, flour, and sugar⁶¹; the Government remains the sole importer of these three commodities (section 4.1).

3.3.3 State-trading and state-owned enterprises

3.58. St. Lucia has not submitted to the WTO any notifications regarding state-trading enterprises. The Ministry in charge of Commerce retains exclusive rights over bulk imports of rice, sugar, and flour; the Central Tenders Board awards importation contracts through competitive tenders. No import restrictions apply to these commodities when packaged. Two statutory bodies, the St. Lucia Marketing Board and the St. Lucia Fish Marketing Corporation, remain active on the wholesale and retail markets of fruit and vegetables, and seafood, respectively. According to the authorities, neither of these two parastatal entities has exclusive rights over importation or marketing.

3.59. According to the authorities, at end 2013 there were 18 government corporations and 33 statutory bodies in St. Lucia. Government subventions are the main source of funding for statutory bodies; the liabilities of statutory bodies that have the power to borrow may be guaranteed by the Government of St. Lucia if authorized by Parliament. Some state-owned enterprises, such as the Water and Sewerage Corporation, received extensive Government assistance during the review period⁶²; details on the number of beneficiaries and the precise forms of support were not made available.

3.3.4 Government procurement

3.60. St. Lucia is not a party to the WTO Plurilateral Agreement on Government Procurement.

⁵⁸ Government of St. Lucia (2013).

⁵⁹ WTO document WT/TPR/S/190/LCA/Rev.1, 21 April 2008.

⁶⁰ Price Control Order No. 54 of 2 June 2008, as amended by Statutory Instrument No. 92 of 28 September 2009 and Statutory Instrument No.58 of 9 August 2013.

⁶¹ The domestic-market prices of these commodities had not been adjusted in almost 30 years; the cost of subsidizing them reached EC\$18.2 million in fiscal year 2012/13.

⁶² Government of St. Lucia (2013).

3.61. No major changes were made in the legal and institutional framework governing public procurement during the review period.⁶³ The Central Tenders Board (CTB) continues to act on behalf of government contracting entities for procurement contracts exceeding EC\$100,000; contracts for computers, furniture, and general-use office supplies are handled by the Central Procurement Unit of the Ministry of Finance. The procurement legislation applies to all government agencies, statutory bodies and para-state bodies, whenever they deal with funds forming part of the consolidated fund established by the Finance Act.

3.62. Invitation to tender is the principal method of awarding contracts for the procurement of goods, construction work, or services. Although not a statutory requirement, tender notices are posted in the *St. Lucia Gazette* and at least two local papers of wide circulation. All tenders are open for international bidding; the decision to advertise internationally is made on a case-by-case basis. Direct contracting must be authorized by the Director of Finance, who may also set out specific procedures to be followed; in such instances, the procuring entity has to justify the impracticability of competitive tendering. Usually, this approach is reserved for emergencies and where only one possible supplier is available; however, its use was widespread during 2009-13 and in some years (e.g., 2011) it accounted for more than 50% of procurement, both considering the number of contracts and value (Table 3.5). Preferences for local suppliers may be applied when after-sales service is a key feature of the procurement contract.

Table 3.5 Procurement contracts, 2009-13

	2009	2010	2011	2012	2013 ^a
Number of contracts	292	278	257	249	191
Direct purchase (%)	59.6	48.6	56.0	31.3	59.7
CTB (%)	40.4	51.4	44.0	68.7	40.3
Total value	235,900,342	138,683,081	180,785,126	162,108,186	116,238,715
Direct purchase (%)	24.1	51.4	73.3	23.5	59.9
CTB (%)	75.9	48.6	26.7	76.5	40.1

a Data cover the period January-September.

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

3.63. St. Lucia's legislation does not stipulate an appeals mechanism for government procurement; in practice appeals are made to the CTB or to the procuring entity, as well as to the courts. According to the authorities, there were only two appeals during 2010-13.

3.3.5 Intellectual property rights

3.64. There have been no changes to the legal and institutional framework for intellectual property protection in St. Lucia since its previous Review.⁶⁴ National laws and regulations related to intellectual property have been notified to the WTO; no updates on the subject were received during the review period.⁶⁵ St. Lucia's contact point for issues related to intellectual property is the Minister for Legal Affairs. Since 2006, the authorities have been involved in a WIPO initiative seeking to establish a regional framework for the protection of traditional knowledge, traditional cultural expressions, and genetic resources.

3.65. The Patents Act No. 16 of 2001 contains provisions for compulsory licensing of intellectual property, but is yet to enter into force (Table 3.6). In the absence of the relevant implementing regulations, St. Lucia still fails to fully comply with the provisions of the TRIPS Agreement, since, in accordance with its domestic legislation it cannot provide a 20-year protection period for patents.

⁶³ WTO document WT/TPR/S/190/LCA/Rev.1, 21 April 2008.

⁶⁴ WTO document WT/TPR/S/190/LCA/Rev.1, 21 April 2008.

⁶⁵ WTO document IP/N/1/LCA/2, 18 August 2004; the review of St. Lucia's legislation in the TRIPS Council and its responses to the checklist of enforcement-related issues date from 2001.

Table 3.6 National IPR legislation, 2013

Legislation (entry into force)	Term of protection	Coverage	Sanctions
Patents			
Patents Act 2001 (27 August 2001) ^a	20 years, renewable	New invention, involving an inventive step and capable of industrial application/please indicate coverage under Title X of the Commercial Code.	Fines up to EC\$10,000 and/or imprisonment for up to three years
Industrial designs			
Industrial Designs Act 2001 (1 June 2003); Industrial Designs Regulations 2003 (1 June 2003)	Five years, renewable for two consecutive five-year periods	Any composition of lines or colours or any three-dimensional form, or any material (whether or not associated with lines or colours) that: gives a special appearance to a product of industry or handicraft; can serve as a pattern for a product of industry or handicraft; or appeals to and is judged by the eye.	Fines up to EC\$10,000 or imprisonment for up to five years
Layout designs of integrated circuits			
Layout-Designs (Topographies) of Integrated Circuits Act 2000 (1 May 2003); Layout-Designs (Topographies) of Integrated Circuits Regulations 2003 (1 May 2003)	Ten years from the date of commencement of protection; non-renewable	The three-dimensional disposition of the elements (at least one of which is an active element) and of some or all of the inter-connections of an integrated circuit; or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture	Fines up to EC\$5,000 or imprisonment for up to two years
Geographical indications			
Geographical Indications Act 2000 (1 May 2003); Geographical Indications Regulations 2003 (1 May 2003)	Indefinite protection	Indication which identifies a good as originating in the territory of a country, or a region or locality in this territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin	Fines up to EC\$10,000 and/or imprisonment for up to two years
Trademarks			
Trade Marks Act 2001(1 April 2003); Trade Marks Regulations 2003 (1 April 2003)	Ten years from filing; renewable	A sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.	Fines up to EC\$250,000
Copyright and related rights			
Copyright Act 1995 (6 September 1995); Copyright (Amendment) Act 2000 (27 March 2000); Copyright (Importation Restriction) Regulations 2000 (27 May 2000); Copyright (International Organisations) Order 2000 (27 May 2000)	Literary, dramatic, musical or artistic works, computer programs, and data compilations, 50 years from author's death (if authorship unknown, 50 years after first public availability); computer-generated works (no human author), sound recordings and films, 50 years from creation/first public availability; broadcasts and cable programmes, 50 years from broadcasting; typographical arrangements of editions, 25 years from first publication.	Original literary, dramatic, musical or artistic works, computer programs, and data compilations; computer-generated works (no human author), sound recordings, films, broadcasts or cable programmes; typographical arrangements of published editions. There is no formal registration of copyright	Fines up to EC\$50,000 and/or imprisonment for up to five years

a For lack of implementing regulations, the Patents Act (2001) is not yet in force. According to the authorities, patents are not currently granted in St. Lucia, but those that have been granted in the United Kingdom are re-registered in St. Lucia by virtue of Part I, Title X of the Commercial Code, Ch. 244, Revised Laws of Saint Lucia 1957.

Source: Information provided by the authorities of St. Lucia.

3.66. In contrast, legislation to implement the TRIPS Agreement has been introduced for copyright and trademarks. The meaning of literary works encompasses computer programmes and

tables and compilations. The Copyright Act also protects the moral rights of producers of phonograms and performers. Copyright owned by international organizations is protected for 50 years from the date of creation of the work. The Copyright Act also provides for copyright protection in audio-visual production made by foreign performers and foreign producers, as well as neighbouring rights in a broadcast made by a foreign broadcasting organization. The Act contains provisions with respect to copyright licensing.

3.67. Trademark legislation extends protection to all visible signs capable of distinguishing goods (trademarks) or services (service marks), as well as collective marks and trade names. The exclusive right to a trademark is acquired through registration in the Register of Marks. The Act 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.

3.68. St. Lucia's copyright and trade mark laws contain provisions with respect to enforcement of IPRs. Penalties under the Trademarks Act include award of damages; seize, forfeit or destroy orders; and fines and imprisonment. The Copyright Act contains provisions with respect to civil and criminal proceedings for copyright infringement. Remedies include seizure of infringing copies and adjudication of damages, as well as fines and imprisonment.

3.69. No information is currently available on enforcement activities.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.1 Overview

4.1. St. Lucia's agriculture sector grew erratically during the review period, affected by several unfavourable events, including plant pests (banana leaf spot disease), rising input prices, and adverse climatic conditions. The crops segment continued to account for most of agriculture output, with some fluctuation attributable mainly to swings in banana production. Fisheries output expanded steadily throughout 2007-13. The sector's overall contribution to GDP remained modest (section 1). St. Lucia remains a net food importer; its agricultural trade deficit increased during the review period. Food imports are dominated by meat and meat products, dairy products, cereals, and vegetables and fruits.

4.2. Notwithstanding its modest GDP contribution, agriculture remains a top Government priority for its significance to St. Lucia's growth and socio-economic development objectives.⁶⁶ Efforts to boost output and value added continue to be hampered by a number of constraints, including: the prevalence of small-scale production units; the low adoption rate of improved techniques; and the growing shortage of qualified farm labour, due to an aging rural population. Vulnerability to adverse weather conditions exacerbates these challenges: Hurricane Thomas eradicated all banana plantations on the island in November 2010, causing a significant setback in agriculture production.

4.1.2 Border measures

4.3. Agriculture remains the most tariff-protected sector (section 3). The average applied rate on agricultural products (WTO definition) increased from 16.7% in 2006 to 17.8% in 2013. More than 50% of agricultural tariff lines (ISIC definition) carry rates greater than 25%. Fruit and vegetables, animals and products thereof, beverages and spirits, coffee, and tobacco, continue to benefit from higher than average protection. Imports of beer, onions, potatoes, and certain types of seeds and sugar are subject to non-*ad valorem* tariffs. St. Lucia continues to require import licences for a range of agricultural products (Table 3.2) import licences for poultry and pork remain subject to local purchase requirements.

4.1.3 Domestic measures

4.4. The Ministry of Commerce, Business Development, Investment and Consumer Affairs maintains a monopoly on bulk imports of rice, flour, and sugar; and two parastatal entities remain active on the wholesale markets of fruit and vegetables, and seafood (section 3.3.3).

4.5. The Ministry of Agriculture, Food Production, Fisheries and Rural Development (MAFFRD) conducts several support programmes and services, such as: the Crop Production and Development Programme and the Coconut Revitalization Programme, geared at producing quality crops; the Livestock Production Programme, aimed at partially satisfying the protein requirements of the population; the Agricultural Health and Surveillance Programme, geared at preventing the entry of harmful pest and diseases; the Land and Water Management Programme, aimed at conserving the land and water base for sustainable agricultural production; and the Agro-Industry Development Programme, geared at facilitating the domestic production of processed agricultural commodities. Considerable support is being provided to banana producers to accelerate post-disaster recovery. The MAFFRD also imports new plant varieties with a view to improving farmers' yields. The authorities have drafted a framework policy for the production and importation of GMOs; Cabinet deliberations on the draft have not commenced yet.

4.6. A range of agricultural inputs are VAT-exempt, while certain inputs and unprocessed agricultural produce are zero-rated (section 3.1.3). Additional incentives to the agriculture sector generally take the form of partial or complete waivers of import duties, and excise taxes on most items used in production and processing of agricultural commodities (e.g. improved plant and

⁶⁶ Policy Brief, National Agricultural Policy 2009-15. Viewed at: <http://www.malff.com/images/stories/admin/Agricultural%20policy%20brief%202009-2015.pdf>.

livestock varieties, pick-up and refrigerated trucks, tractors, fertilizers, agri-chemicals, medication, safety gear, land preparation tools and equipment, and fishing vessels and equipment).⁶⁷ The fisheries subsector is also eligible for a fuel rebate of EC\$0.75/gallon for the first 4,500 gallons. Other support measures include in-kind government contributions for: maintenance of private access roads (up to 50% of materials and technical services), pest and disease control (up to 100% of supplies and labour), as well as irrigation and processing systems, soil and water conservation, and renewable energy installations (up to 50% of technical expertise).⁶⁸ Applications for incentives must be accompanied by a business plan that demonstrates the project's viability; those with estimated support value not exceeding EC\$100,000 are decided at the Ministry level, whereas requests above that threshold require approval by the Cabinet. No estimates of forgone revenue and provided in-kind support were available for 2007-13.

4.7. St. Lucia has not established any insurance facilities specific to the agriculture sector; the authorities indicate that a voluntary livelihood insurance scheme with a broader remit is managed by a subsidiary of Bank of St. Lucia.

4.2 Manufacturing

4.8. The manufacturing sector's already modest GDP contribution declined further during the review period and was estimated at 2.9% in 2013 (Table 1.1). The sector's performance reflects the effects of the global economic crisis as well as structural competitiveness issues, including high energy and labour costs. During 2008-12, the most dynamic subsectors were beverages, food, fabricated metals, and chemical products; together they accounted for 78% of production (Table 4.1).

4.9. No major changes have been made to the legal and institutional framework or to border and domestic measures for the sector since St. Lucia's last Review. The authorities are planning a major reform to the fiscal incentives regime with a view to making the granting of concessions performance-driven; new eligibility criteria under consideration would refocus on innovation and technology adoption.

Table 4.1 Manufacturing production, 2008-12

Sub-sectors	2008	2009	2010	2011	2012
Total (EC\$ million)	348.8	321.4	310.9	328.6	328.2
	(%)				
Beverages	47.5	43.6	41.8	44.1	43.5
Alcoholic	38.6	34.0	31.6	34.7	31.9
Non-alcoholic	8.8	9.6	10.2	9.4	11.5
Food	14.3	16.1	17.0	17.3	18.1
Fabricated metals	9.9	9.7	8.4	8.4	8.3
Chemical products	7.5	7.9	7.9	7.7	8.2
Paper and paper products	6.9	9.1	8.0	6.8	6.6
Electrical products	1.6	1.2	1.6	1.5	1.2
Other	12.4	12.4	15.3	14.4	14.0

Source: Ministry of Finance, Economic Affairs, Planning and Social Security (2013), *St. Lucia Economic and Social Review 2012*. Viewed at: www.finance.gov.lc.

4.3 Services

4.3.1 Telecommunications

4.10. Like in other OECS member countries, St. Lucia's telecommunications sector is regulated by a National Regulatory Telecommunications Commission (NTRC), which works in conjunction with the Eastern Caribbean Telecommunications Authority (ECTEL) to ensure regional policy harmonization (Common Report, section 4). The responsibilities of the NTRC include: setting

⁶⁷ Typically, the duty waiver is 100% for imports by a cooperative and 60% for imports by independents. Also, imports for cooperatives receive a full waiver of excise taxes, while imports for independents are subject to a reduced rate of 5%.

⁶⁸ Ministry of Agriculture, Food Production, Fisheries and Rural Development (2006).

technical standards⁶⁹; reviewing applications for licences; monitoring compliance with licences granted; reviewing interconnection agreements; resolving interconnection and infrastructure-sharing disputes; regulating prices for telecommunications services; and managing the universal service fund. The NTRC also shares competences with ECTEL over the management of radio frequency spectrum. Telecommunications licences are technology-neutral.

4.11. Frequency authorizations are subject to an application fee and an annual fee depending on the type of service provided and the bandwidth. Telecommunications licences are subject to a non-refundable application fee, a one-time initial fee (upon approval of the application), and an annual licence fee expressed either as a percentage of the licensee's gross revenue or a fixed amount; for fixed-line, mobile, and internet service providers these fees are EC\$1,000, EC\$20,000 and 3% of annual gross revenue, respectively.⁷⁰

4.12. Providers of voice and/or broadband services (Class A licence holders) are required to contribute to a universal service fund (USF) at rates of 0.25% and 0.5% of their gross revenue in the first and second year after obtaining a licence, respectively, and 1% from the third year onward.⁷¹ The USF is used to finance relevant projects approved by the NTRC; project proposals may be submitted by the general public. Implementation contracts for approved projects are awarded through competitive bidding to telecommunications operators licensed in St. Lucia; for contracts below a certain threshold the NTRC may, after consultation with ECTEL, opt for sole-source procurement.⁷²

4.13. Any radio or telecommunications equipment, whether used in the deployment of networks or by end-users, requires type-approval certification before it may be sold for use, imported, or installed in Saint Lucia. Virtually all such equipment is imported. The NTRC typically grants customs clearance authorizations within five days. The NTRC issues type-approval certificates to the manufacturers of telecommunications equipment; subsequent importations of type-approved items do not require clearance authorization. Type approvals granted in certain overseas jurisdictions may be recognized as equivalent, upon presentation of all supporting technical details and a certified copy of the type-approval certificate.⁷³ There is no ECTEL-wide list of recognized foreign type-approval jurisdictions.⁷⁴ All suppliers of telecommunications equipment must register with the NTRC and pay an annual registration fee.

4.14. During the review period, the telecommunications providers active in St. Lucia comprised three fixed-line, two mobile, and five internet service providers. One mobile service provider withdrew from the market in 2006. Although a significant number of licences have been issued to prospective providers, there have been no new entrants on the telecommunications market since 2002. Fixed-line penetration declined during 2008-13, from 24% to some 21% in 2013 (Table 4.2). Mobile and fixed internet subscriptions remained broadly on the rise; mobile penetration rose to a high of 131% in 2011, but declined by two percentage points in 2012 and a further four points in 2013.

4.15. There were no changes to the rates for mobile services in St. Lucia during the review period: the average rates were EC\$0.72 per minute for on-net mobile calls and EC\$0.82 per minute for off-net mobile calls. Mobile to fixed calls were on average EC\$0.80 per minute.⁷⁵ A price cap plan for the incumbent fixed-line operator, similar to those implemented in other ECTEL States, remains in place. Mobile telephony (call and SMS) termination rates and all interconnection rates continue to be regulated at ECTEL level (Common Report).

⁶⁹ The NTRC does not have authority to make a standard compulsory, but may make representation through ECTEL to the competent Minister.

⁷⁰ Statutory Instrument (Telecommunications (Fees) Regulations) No. 96 of 14 October 2002. Viewed at: http://www.ntrc.org.lc/Laws_and_Regulations/Telecoms_Regulations/S.I.No.96of2002.pdf.

⁷¹ Statutory Instrument (Telecommunications (Universal Service Fund Contribution) Order) No. 45 of 6 April 2009.

⁷² Telecommunications (Universal Service Fund) Regulations No. 120 of 15 December 2008.

⁷³ Applications for type approval are subject to a fee: EC\$500 for new approvals and EC\$35 for previously approved items.

⁷⁴ For a list of jurisdictions recognized in St. Lucia, see NTRC online information. Viewed at: <http://www.ntrc.org.lc/Publications/SPM/Module5-TerminalEquipmentandPublicNetworks.pdf>.

⁷⁵ ECTEL (2012).

Table 4.2 Telecommunications statistics, 2008-13

	2008	2009	2010	2011	2012	2013
Provider revenue (EC\$ million)	239	238	243	245	240	227
Investment (EC\$ million)	65	54	36	19	29	23
Employment	623	566	520	519	506	425
Fixed-line penetration (%)	24	23	22	21	20	21
Mobile penetration (%)	104	116	120	131	129	125
Fixed internet penetration (%)	10	12	14	13	13	15
Local fixed traffic (million minutes)	173	183	173	158	147	143
Local mobile traffic (million minutes)	215	215	243	204	241	217
International incoming traffic (million minutes)	61	67	51	51	43	36
International outgoing traffic (million minutes)	41	40	34	36	25	25

Source: ECTEL.

4.16. St. Lucia does not apply any overseas ownership restrictions in the telecommunications sector; foreign and domestic operators are granted the same rights. According to the ITU, all major telecommunication markets are fully open to competition.⁷⁶ Nevertheless, there is scope for strengthening market contestability through regulatory provisions that establish or clarify, *inter alia*: (fixed and mobile) number portability; domestic mobile roaming; obligations on passive infrastructure sharing; local loop unbundling; secondary spectrum trading; and frameworks allowing the entry of virtual network operators and carrier (pre-)selection for certain calls.

4.3.2 Financial services

4.17. Domestic (onshore) commercial banks remain under ECCB supervision. The Ministry of Finance, Economic Affairs, Planning and Social Security, through its Financial Sector Supervision Unit (FSSU), regulated and supervised both the offshore financial services segment and onshore non-bank financial institutions (NBFI) until end 2013. As from January 2014, these functions are carried out by the newly established Financial Services Regulatory Authority (FSRA). During the review period, the regulatory framework was strengthened with the broadening of licensing and supervision to cover money-services businesses that undertake one or more of the following activities: transmission of monetary value in any form; cheque cashing; currency exchange; and issuance, sale or redemption of money orders or travellers' cheques.⁷⁷

4.3.2.1 Onshore financial services

4.3.2.1.1 Banks

4.18. At end-October 2013 the onshore segment comprised six banks (including three foreign branches), 16 credit unions, four money-services businesses, 26 insurance companies, 14 insurance brokers, 16 agents, and more than 200 insurance salespersons. There are no reinsurance companies registered in St. Lucia; the authorities note that the Insurance Act does not mention registration of reinsurers.

4.19. Commercial presence remains a prerequisite for obtaining a licence from the Minister for Finance to carry on banking business in St. Lucia; foreign companies may establish presence through a branch or a subsidiary. Foreign-owned banks licensed and incorporated in St. Lucia benefit from national treatment; there are no foreign ownership limitations. St. Lucia citizens and companies are not restricted from borrowing or placing deposits with banks located abroad; no taxes are levied on financial transactions.

4.20. Following the acquisition of St. Lucia Development Bank by Bank of St. Lucia in July 2002, the latter continued to administer a development loans portfolio and was partially state owned. State participation in the Bank of St. Lucia is 37% (January 2014): 20% owned by the Government of St. Lucia and 17% by the National Insurance Corporation (NIC), a statutory entity.

⁷⁶ ITU (2012).

⁷⁷ Money Services Business Act No. 11 of 3 March 2010.

A new St. Lucia Development Bank (SLDB), established⁷⁸ with an initial capital contribution of EC\$12 million from the Government of St. Lucia, opened for business in February 2009. Its mandate is to mobilize and provide finance for the economic development of Saint Lucia, as well as to foster the development of money and capital markets. The activities of the SLDB are not subject to any restrictions, but its mandate includes extending credit and providing technical assistance to "development enterprises" (designated by relevant Ministers). According to the authorities, being a development bank, SLDB falls under the authority of the FSRA, rather than that of the ECCB. Details on concessionary lending and other development-oriented activities of SLDB and Bank of St. Lucia were not made available.

4.3.2.1.2 Insurance

4.21. Insurance coverage in St. Lucia may only be provided by domestically registered and licensed companies and associations of underwriters; separate registration requirements are set out in the Companies Act and the Insurance Act. Foreign companies must have operated for at least five years in their country of incorporation before they can be registered to operate in St. Lucia. Individuals acting as intermediaries (insurance agents, brokers, and salesmen) only need to register under the Insurance Act.⁷⁹ All insurers must comply with technical reserves requirements (for risks insured in St. Lucia) and the legal provisions on their placement.⁸⁰ Foreign entities not registered in St. Lucia may insure certain risks for which no coverage is offered on the domestic market; to this end, the St. Lucia-based customer must obtain prior authorization to seek insurance coverage for that risk abroad.

4.22. Annual licence fees range from EC\$1,200 to EC\$5,500, depending on the class of insurance business and whether the insurer is local or foreign. Different minimum paid-up share capital thresholds apply to local and foreign insurers: EC\$1 million and EC\$2.5 million, respectively, for long-term insurance business; and EC\$750,000 and EC\$1.5 million, respectively, for general insurance business. Foreign insurers must also make higher initial deposits, at EC\$100,000 or EC\$150,000, compared with EC\$25,000 or EC\$75,000 for local companies, depending on the class of business transacted. Deposit requirements for insurance brokers also depart from national treatment: EC\$10,000 for St. Lucian nationals and companies with majority ownership by St. Lucian nationals, against EC\$20,000 for foreign nationals and majority foreign-owned companies.

4.23. St. Lucia levies a tax on insurance premiums: local life insurers, 1.5%; foreign life insurers, 3%; local general insurers, 3%; and foreign general insurers, 5%.

4.3.2.2 Offshore financial services

4.24. At end-October 2013, the offshore segment comprised six class A and three class B banks, 31 international insurance companies, five incorporate cell companies (ICCS), eight incorporate cells (ICS)⁸¹, nine private mutual funds, three public mutual funds, three mutual fund administrators, one mutual fund manager, 17 registered agents, and three registered trustees.

4.25. Offshore financial institutions are precluded from doing business with residents of St. Lucia; they must have at least two directors, one of which is resident in St. Lucia.⁸² International banks and international insurance companies must appoint a registered agent, and have a registered office in St. Lucia (which may be the office of the registered agent). Offshore entities are exempt from taxes in Saint Lucia, but may irrevocably opt to pay income tax at a rate of 1% in order to

⁷⁸ Act No. 12 of 2008.

⁷⁹ Registration fees range from EC\$100 to EC\$1,500 depending on the activity and whether, in the case of a broker, the partners holding the majority interest are citizens of St. Lucia.

⁸⁰ Insurance Act No. 6 of 1995, as amended by the Insurance (Amendment) Act No. 28 of 2003, the Insurance (Amendment) Act No. 3 of 2006, and Statutory Instrument (Insurance (Amendment of Schedule 4) Regulations) No. 52 of 8 July 2013.

⁸¹ Registration fees for ICCs and ICs were raised during the review period. ICs must pay a non-refundable application fee of US\$500 and a US\$1,000 fee for the certificate of registration. The application fee for ICCs is US\$1,000; these institutions are also subject to an annual licence fee of US\$2,500 plus US\$500 for each IC linked to them by an operation agreement.

⁸² The definition of residence does not encompass other OECS/CARICOM countries.

benefit from the CARICOM Double Taxation Agreement.⁸³ Offshore banks must deposit US\$100,000 into an approved financial institution doing commercial business in St. Lucia.

4.3.3 Transport

4.26. Responsibility for St. Lucia's ports and airports, as well as port services, remains with the St. Lucia Air and Sea Ports Authority (SLASPA), which controls the navigable waters at all ports and marinas, and manages the two state-owned seaports and the two airports. Ground-handling services are put out to tender by SLASPA; a number of private foreign and local companies provide these services. Pilotage remains compulsory at the two main seaports and may only be provided by SLASPA; ships belonging to Her Majesty and ships owned or operated by SLASPA are exempt from this requirement, and small vessels may obtain exemptions from SLASPA. SLASPA also licenses companies to provide ground handling services to airlines.

4.27. According to the authorities, St. Lucia's international air services agreements are bilateral and stipulate up to the fourth freedom. No changes were made to the legal and institutional framework governing air transport services during the review period. The Air Transport Licensing Board, at the METC, remains in charge of issuing licences and approving tariffs for passenger and cargo services. Ministerial approval is a prerequisite for the granting of all air transport service licences. No restrictions on cabotage services are explicitly stipulated in St. Lucia's legislation; the Minister may issue regulations to that effect.

4.28. According to the authorities, foreign investment in domestically incorporated carriers is unrestricted. As at November 2013, one private air transport service provider was incorporated in St. Lucia (St. Lucia Helicopter); another company (Inter-Caribbean Express) is based in St. Lucia but is incorporated and registered in St. Vincent and the Grenadines. St. Lucia is a shareholder in the regional airline LIAT, along with the governments of Antigua and Barbuda, Barbados, and St. Vincent and the Grenadines.

4.29. There were no changes to the legal and institutional framework governing maritime transport during the review period. Ownership of St. Lucian ships is restricted to St. Lucian citizens and companies headquartered in the country. There are no restrictions on international maritime passenger and cargo transport services, as bound in St. Lucia's GATS commitments, provided that ships are registered in a foreign registry. Cabotage by foreign-flag ships requires an authorization from the Minister of Infrastructure, Port Services and Transport; according to the authorities, cabotage does not take place in St. Lucia and there are no St. Lucian vessels.

4.3.4 Tourism

4.30. Although the global economic crisis caused a reduction in tourist arrivals, the adverse effect was partly attenuated by St. Lucia's positioning in the high-end market segment. According to the authorities, cruise ship passenger arrivals have increased from about 300,000 before 2005 to an annual average of over 600,000, and spending per person has remains on an upward trend.

4.31. The Ministry of Tourism, Heritage and the Creative Industries is responsible for formulating and implementing tourism policy. The authorities are working on strengthening the regulatory framework through the adoption of national standards and a licensing regime for tourism services. Efforts to date have resulted in the adoption of a National Tourism Taxi Policy aimed at improving the standard of service by taxi operators. St. Lucia is yet to implement a formal grading and classification scheme for accommodation facilities, or to adopt provisions for compulsory insurance coverage.

4.32. Marketing and promotion activities are undertaken by the St. Lucia Tourism Board (SLTB)⁸⁴, in collaboration with the St. Lucia Hotel and Tourism Association (SLHTA); SLTB also negotiates with air carriers with a view to increasing capacity and frequency on existing routes to the island. The authorities have announced plans to invest US\$3 million, including a US\$1 million private sector contribution, in a bid to increase tourist arrivals from emerging Latin American markets.

⁸³ International Business Companies Act, as amended by Act No. 34 of 31 December 2007.

⁸⁴ Annual government allocations for the SLTB's marketing activities ranged between EC\$40 million and EC\$55 million during 2007-12. There is no link between the subvention granted and the taxes collected from the tourism industry.

Recent discussions on the long-term VAT rate for the sector (section 3.1.3) have also brought about a decision to establish a Tourism Marketing and Product Development Fund, which would assist in financing "minimum revenue guarantees, airlift support, marketing or other related tourism activities".⁸⁵ The fund would be constituted through a statutory contribution of US\$2 per room-night and would be managed by a joint public-private sector board, with the SLHTA appointing two thirds of the board's members.

4.33. St. Lucia continues to levy various tourism-related taxes. Visitors travelling by air are subject to: a departure tax (EC\$60), a travel tax (7.5% of the ticket cost), an airport service charge (US\$25), a security fee (EC\$15), and a facilitation fee (EC\$1 per passenger). According to the authorities, the EC\$68 airport development charge has been eliminated. Visitors passing through St. Lucia's seaports are subject to an in-transit fee (US\$6.50) and an embark/disembark fee (EC\$15). The hotel accommodation tax (US\$10 per night) levied on overseas guests staying at all-inclusive hotels was eliminated upon introduction of the VAT regime in October 2012.

4.34. Tourism incentives, in the form of exemptions from customs duties, corporate tax and (for up to 15 years) income taxes, may be granted by Cabinet for approved tourism products, on recommendation from the Minister responsible for tourism.⁸⁶ Eligibility is open to any service or facility considered to be a tourism project, including hotels, restaurants, and refurbishments. Duty and tax concessions are granted on a case-by-case basis, but are guided by conditions set out in the Act; according to the authorities, all applications are considered on merit, not on nationality grounds. In general, customs duty concessions may be granted on imports of specified articles, building materials, or equipment.

4.35. Areas of investment/employment activity reserved for nationals (section 2.3) include the operation of guest houses of less than ten rooms or below an investment threshold of EC\$500,000, and the operation of restaurants. Nevertheless, top-class specialty-type restaurants may be allowed to bring in chefs whose skills are required but not available locally.

4.3.5 Professional services

4.36. St. Lucia's professional services subsector remains fragmented, constituting a mix of regulated and non-regulated segments. While there were no legislative changes during the review period, the authorities announced plans to guide and encourage the development of the subsector, including the elaboration of legislative and institutional frameworks for various professions and the provision of incentives.⁸⁷ Priority efforts will focus on the accounting, architecture, engineering, and management consulting professions; measures to develop capacity in offshore education and medical training are also envisaged.

⁸⁵ Government of St. Lucia (2013).

⁸⁶ Tourism Incentives Act No. 7 of 1996, as amended by Act No. 4 of 18 April 2013. The amendment provided for an extension of maximum tax-holiday periods.

⁸⁷ Government of St. Lucia (2013).

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5 APPENDIX TABLES

Table A1. 1 Merchandise exports and re-exports by SITC section, 2007-12

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012
Total exports and re-exports	76.1	145.1	252.8	214.5	160.1	169.9
Domestic exports	46.5	68.8	69.2	72.7	87.0	97.2
Re-exports	29.6	76.3	183.6	141.8	73.1	72.7
	(% of total exports and re-exports)					
0 Food and live animals	24.4	18.5	11.7	9.0	5.7	7.1
1 Beverages and tobacco	20.6	14.1	8.2	10.7	21.0	18.5
2 Crude materials, inedible, except fuels	1.3	3.5	0.5	1.9	2.5	5.3
3 Mineral fuels and related materials	16.4	21.6	8.4	13.7	28.0	27.5
4 Animal and vegetable oils, fats and waxes	-	-	-	0.5	0.5	0.3
5 Chemicals and related products	2.6	5.3	2.6	7.0	4.3	5.4
6 Manufactured goods classified by material	7.9	8.0	3.8	6.0	6.6	8.2
7 Machinery and transport equipment	19.6	18.8	13.4	15.7	18.6	13.4
8 Miscellaneous manufactured articles	6.0	9.2	51.1	35.0	11.4	13.6
9 Commodities and transactions not classified elsewhere in SITC	1.1	1.1	0.4	0.5	1.3	0.9

- Trade share lower than 0.05%.

Source: Eastern Caribbean Central Bank online information. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>.

Table A1. 2 Merchandise imports by SITC section, 2007-12

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012
Total imports	615.6	657.4	520.4	662.5	696.9	648.3
	(% of total imports)					
0 Food and live animals	15.7	16.5	20.9	19.9	18.8	20.3
1 Beverages and tobacco	4.3	4.2	4.7	4.7	4.2	3.7
2 Crude materials, inedible, except fuels	2.0	1.7	1.9	1.7	1.7	1.6
3 Mineral fuels and related materials	21.2	25.8	16.7	12.8	15.6	17.6
4 Animal and vegetable oils, fats and waxes	0.3	0.3	0.5	0.3	0.4	0.5
5 Chemicals and related products	5.9	6.2	7.3	6.7	6.6	6.6
6 Manufactured goods classified by material	12.5	13.5	13.9	14.6	13.8	13.3
7 Machinery and transport equipment	24.8	19.4	20.1	21.3	19.8	20.0
8 Miscellaneous manufactured articles	13.2	12.1	13.2	16.9	14.4	12.4
9 Commodities and transactions not classified elsewhere in SITC	-	0.2	0.8	1.1	4.6	3.9

- Trade share lower than 0.05%.

Source: Eastern Caribbean Central Bank online information. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>.

Table A1. 3 Merchandise exports and re-exports by trading partner, 2007-12

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012 ^a
Total exports and re-exports	76.1	145.1	252.8	214.5	160.1	169.9
	(% of total exports and re-exports)					
America	71.7	79.7	..	63.1	71.9	69.2
United States	13.8	34.0	..	10.6	18.7	17.6
Other America	57.9	45.7	..	52.5	53.2	51.6
Trinidad and Tobago	24.3	23.2	..	16.0	29.1	26.9
Brazil	0.0	0.1	..	0.1	0.2	0.1
Mexico	0.0	0.0	..	0.0	0.1	0.1
Panama	0.1	0.2	..	0.0	0.0	0.1
Canada	0.2	0.3	..	0.1	0.2	0.1
Barbados	12.2	8.5	..	2.0	0.2	0.1
Grenada	3.5	1.8	..	0.3	0.0	0.0
St Vincent and the Grenadines	4.5	3.0	..	0.1	0.1	0.0
Antigua and Barbuda	3.7	2.3	..	0.1	0.0	0.0
Netherlands Antilles	0.0	0.0	..	0.1	0.0	0.0
British Virgin Islands	0.1	0.4	..	0.0	0.0	0.0
Guyana	0.9	1.0	..	0.0	0.0	0.0
St Kitts and Nevis	1.4	0.7	..	0.1	0.0	0.0
Jamaica	0.4	0.4	..	0.2	0.3	0.0
Dominica	5.4	2.8	..	1.2	0.1	0.0
Venezuela	0.3	0.1	..	0.2	0.0	0.0
Dominican Republic	0.1	0.3	..	0.1	0.0	0.0
Bahamas	0.1	0.1	..	0.0	0.7	0.0
Europe	27.5	17.1	..	3.2	3.2	3.4
EU(27)	27.4	17.0	..	3.1	2.9	2.8
United Kingdom	25.8	15.1	..	2.5	1.8	2.1
France	1.2	1.1	..	0.0	0.5	0.1
Germany	0.1	0.3	..	0.4	0.2	0.2
EFTA	0.0	0.1	..	0.0	0.3	0.6
Switzerland	0.0	0.1	..	0.0	0.3	0.6
Other Europe	0.1	0.0	..	0.0	0.0	0.0
Commonwealth of Independent States (CIS) ^b	0.0	0.1	..	0.0	0.2	0.0
Africa	0.0	1.3	..	0.0	0.0	0.0
South Africa	0.0	0.0	..	0.0	0.0	0.0
Middle East	0.0	0.1	..	0.0	0.0	0.0
Asia	0.7	1.7	..	1.1	2.1	2.5
China	0.3	0.6	..	0.2	1.2	1.1
Japan	0.1	0.0	..	0.6	0.6	0.9
Six East Asian Traders	0.0	0.5	..	0.2	0.3	0.3
Hong Kong, China	0.0	0.1	..	0.1	0.2	0.1
Chinese Taipei	0.0	0.1	..	0.0	0.1	0.1
Thailand	0.0	0.1	..	0.1	0.0	0.0
Korea, Republic of	0.0	0.1	..	0.0	0.0	0.0
Singapore	0.0	0.1	..	0.0	0.0	0.1
Malaysia	0.0	0.0	..	0.0	0.0	0.0
Other Asia	0.3	0.6	..	0.1	0.1	0.2
India	0.3	0.4	..	0.1	0.1	0.1
Indonesia	0.0	0.0	..	0.0	0.0	0.1
Other	0.0	0.0	..	32.6	22.6	24.8
Areas n.e.s.	..	..	..	31.2	21.8	23.5

.. Not available.

a Estimates.

b Commonwealth of Independent States (CIS) includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Note: Shares are based on UNSD Comtrade data for the period 2007-08; 0.0 indicates negligible trade.

Source: UNSD, Comtrade database (SITC Rev.3); Saint Lucia Government Statistics Department; and Eastern Caribbean Central Bank (ECCB).

Table A1. 4 Merchandise exports and re-exports by trading partner, 2007-12

Description	2007	2008	2009	2010	2011	2012 ^a
Total exports and re-exports	76.1	145.1	252.8	214.5	160.1	169.9
	(% of total exports and re-exports)					
America	71.7	79.7	..	85.1	86.4	87.9
United States	13.8	34.0	..	18.2	19.2	24.1
Other America	57.9	45.7	..	66.8	67.2	63.8
Trinidad and Tobago	24.3	23.2	..	29.4	43.8	42.0
Barbados	12.2	8.5	..	14.4	7.4	5.8
Guyana	0.9	1.0	..	2.8	2.3	3.8
Dominica	5.4	2.8	..	6.1	3.4	3.1
St Vincent and the Grenadines	4.5	3.0	..	3.4	2.8	2.2
Antigua and Barbuda	3.7	2.3	..	3.4	1.8	1.7
Grenada	3.5	1.8	..	2.3	1.2	0.8
St Kitts and Nevis	1.4	0.7	..	1.6	0.8	0.6
Belize	0.4	0.3	..	0.7	0.6	0.6
Jamaica	0.4	0.4	..	0.4	0.7	0.7
Canada	0.2	0.3	..	0.2	0.2	0.4
Panama	0.1	0.2	..	0.1	0.1	0.1
Suriname	0.0	0.0	..	0.4	0.2	0.2
Netherlands Antilles	0.0	0.0	..	0.2	0.2	0.1
Mexico	0.0	0.0	..	0.0	0.1	0.0
Turks and Caicos Islands	0.1	0.0	..	0.1	0.0	0.0
British Virgin Islands	0.1	0.4	..	0.0	0.1	0.0
Europe	27.5	17.1	..	12.9	6.3	8.5
EU(27)	27.4	17.0	..	12.9	6.2	8.4
United Kingdom	25.8	15.1	..	11.7	5.7	7.5
Germany	0.1	0.3	..	0.3	0.1	0.1
The Netherlands	0.2	0.1	..	0.6	0.2	0.3
EFTA	0.0	0.1	..	0.0	0.0	0.0
Switzerland	0.0	0.1	..	0.0	0.0	0.0
Other Europe	0.1	0.0	..	0.0	0.0	0.0
Commonwealth of Independent States (CIS) ^b	0.0	0.1	..	0.0	0.2	0.0
Africa	0.0	1.3	..	0.0	0.1	0.2
Middle East	0.0	0.1	..	0.1	0.3	0.0
Asia	0.7	1.7	..	2.0	1.8	1.5
China	0.3	0.6	..	0.4	0.9	0.4
Japan	0.1	0.0	..	0.0	0.1	0.0
Six East Asian Traders	0.0	0.5	..	0.6	0.4	0.6
Hong Kong, China	0.0	0.1	..	0.0	0.0	0.4
Chinese Taipei	0.0	0.1	..	0.3	0.2	0.1
Thailand	0.0	0.1	..	0.0	0.1	0.0
Korea, Republic of	0.0	0.1	..	0.1	0.0	0.0
Singapore	0.0	0.1	..	0.1	0.0	0.0
Malaysia	0.0	0.0	..	0.0	0.0	0.0
Other Asia	0.3	0.6	..	1.1	0.4	0.5
India	0.3	0.4	..	0.8	0.3	0.3
Australia	..	..	..	0.1	0.0	0.1
Other	0.0	0.0	..	0.0	5.1	1.9
Areas n.e.s	0.0	0.0	..	0.0	5.1	1.9

.. Not available.

a Estimates.

b Commonwealth of Independent States (CIS) includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Note: Shares are based on UNSD Comtrade data for the period 2007-08, and on national data for the period 2010-12; 0.0% in the table represents negligible trade.

Source: UNSD, Comtrade database (SITC Rev.3); the authorities of Saint Lucia; and Eastern Caribbean Central Bank (ECCB).