

**ANNEX 5 – SAINT LUCIA**

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## 1 ECONOMIC ENVIRONMENT

### 1.1 Recent economic developments

#### 1.1.1 Real economy

1.1. Saint Lucia is a middle-income economy, according to the World Bank classification. GDP per capita peaked at USD 11,635 in 2019, before declining due to the recession caused by the COVID-19 pandemic. GDP per capita in 2021 was USD 9,278. This reflected a decline in nominal GDP from USD 2.094 billion in 2019 to USD 1.691 billion in 2021.

1.2. As is the case for the rest of the OECS-WTO Members, services are the backbone of Saint Lucia's economy. Tourism has been traditionally the most important activity in terms of generated employment and foreign exchange, both directly and indirectly, since many services and other activities such as construction, electricity, and even manufacturing remain closely linked to the evolution of the tourism sector. Hotel and restaurants and transportation combined accounted for 25.9% of GDP in 2019, but their indirect effect on the economy is larger. According to preliminary results from the draft Tourism Satellite Account (TSA) for Saint Lucia, tourism activities represent some 34% of total GDP. In terms of exports this represents 76% of total exports from Saint Lucia. The majority of this activity is found in accommodation and food services, but other areas include recreational activities, tour guide services, and transport services.<sup>1</sup>

1.3. Other noteworthy services activities include real estate, wholesale and retail trade, services provided by the Government (e.g. health, education, and public administration), and financial intermediation. Despite fluctuations in growth rates, the structure of the Saint Lucian economy remained largely unchanged over the 2014-19 period with services continuing to dominate economic activity with their share in GDP increasing from 75.2% in 2014 to 76.7% in 2019. This pattern was altered in 2020 and 2021 due to the effects of the COVID-19 pandemic on services in general, and tourism in particular. With net inflows equivalent to about 7% of GDP, services also play a critical role in containing the country's external current account deficit.

1.4. The agriculture sector experienced two consecutive years of growth in 2018 and 2019, but despite this its contribution to GDP fell from 2.2% in 2014 to 1.9% in 2021 (Table 1.1). The sector has not recovered from the demise of the banana industry, although the production of other crops has increased (Section 4.1). The sector continues to struggle with structural constraints, including the prevalence of small-scale production units, an ageing rural population, high input and labour costs, limited access to credit/financing, insurance coverage, praedial larceny, market access issues, shipping logistics, and climate change. Saint Lucia remains a net food importer, with a widening agricultural trade deficit.

1.5. During the review period, the authorities launched the Saint Lucia's National Adaptation Plan (NAP) (2018-2028), consisting of priority cross-sectoral and sectoral adaptation measures for eight key sectors/areas and a segment on the limits to adaptation, complemented with Sectoral Adaptation Strategies & Action Plans (SASAPs). Sectors defined as priority sectors for adaptation action include tourism, water, agriculture, fisheries, infrastructure and spatial planning, natural resource management (terrestrial, coastal, and marine), education, and health. The NAP is supplemented by several documents, including Saint Lucia's National Adaptation Plan Stocktaking, Climate Risk and Vulnerability Assessment Report; Saint Lucia's National Adaptation Plan Roadmap and Capacity Development Plan 2018-2028; Saint Lucia's Climate Change Communications Strategy; Saint Lucia's Sectoral Adaptation Strategy and Action Plan for the Water Sector (Water SASAP) 2018-2028; Saint Lucia's Sectoral Adaptation Strategy and Action Plan for the Agriculture Sector (Agriculture SASAP) 2018-2028; Saint Lucia's Sectoral Adaptation Strategy and Action Plan for the Fisheries Sector (Fisheries SASAP) 2018-2028; Saint Lucia's Portfolio of Project Concept Notes for the Water Sector 2018-2028; Saint Lucia's Portfolio of Project Concept Notes for the Agriculture Sector 2018-2028; Saint Lucia's Portfolio of Project Concept Notes for the Fisheries Sector 2018-2028; Monitoring and Evaluation Plan of Saint Lucia's National Adaptation Planning Process;

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<sup>1</sup> Saint Lucia Hospitality and Tourism Association (SLHTA), *Saint Lucia Tourism Satellite Account Documentation*. Viewed at: <http://www.slhta.com/wp-content/uploads/2020/09/Saint-Lucia-Tourism-Satellite-Account-Documentation-1-5.pdf>.

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Guidelines for the Development of Sectoral Adaptation Strategies and Action Plans: Saint Lucia's Experience under Its National Adaptation Planning Process.

1.6. Saint Lucia's economy grew steadily during the 2014-18 period, driven by robust tourism receipts. Saint Lucia experienced three years of consecutive positive growth from 2016 to 2018. GDP growth averaged 2.3% in 2016-19, a higher rate than the historical average of 1.5%. A substantial part of this higher growth is explained by increased activity in hotel and food services. Growth was also triggered by the implementation of a number of infrastructure projects, such as the St Jude Hospital reconstruction, water supply projects, the Disaster Vulnerability Reduction project, and the Road Improvement and Maintenance project. In 2020, the economy experienced a staggering contraction of 24.4% in real terms as tourism receipts plummeted. The COVID-19 pandemic hit the largely tourism-dependent economy hard. The authorities have noted that, prior to COVID-19, Saint Lucia's economy was on course to achieving a growth rate in the region of 3.5% for 2020.<sup>2</sup> Tourism inflows almost came to a halt in mid-March 2020 with closure of the borders and the lockdown and public health measures adopted to contain transmission. During the lockdown, Saint Lucia witnessed the closure of all hotels, which resulted in associated job losses. Given Saint Lucia's strong reliance on the export of tourism-related services, estimated by the authorities to contribute 90% of its foreign exchange and more than half of GDP (directly and indirectly), this had a significant weakening effect on commercial activity, which impacted negatively activity in other sectors.

1.7. The effects of the pandemic on Saint Lucia's economy were very serious. Apart from the 24.4% GDP contraction in 2020, debt increased to XCD 3.79 billion (XCD 3.9 billion including liabilities such as domestic payables, and bank overdraft balances at commercial banks and the Eastern Caribbean Central Bank (ECCB)), the largest in the OECS.<sup>3</sup> The debt service accounted for 28.9% of government revenue in 2021.<sup>4</sup>

1.8. To mitigate the imminent impact of the pandemic and to assist the Saint Lucian economy to recover, the authorities put in place policies to jumpstart the economy. The Social Stabilization Plan, estimated at around 2% of GDP, was launched in April 2020 to help persons who had completely lost their income and the more vulnerable persons in society. Income support through the Social Stabilization Plan of some XCD 66 million was provided through the National Insurance Corporation (NIC), while non-NIC contributors received almost XCD 7.4 million in pay-outs.<sup>5</sup> According to the IMF, despite the plan, the Government's near-term policy focused on maintaining macroeconomic stability.<sup>6</sup> The Government also sought concessional funding and temporary debt relief from bilateral and multilateral sources including the Caribbean Development Bank and the World Bank.

1.9. Economic activity in Saint Lucia has partially recovered since the pandemic, expanding by 12.2% in 2021, in contrast to a contraction of 24.4% one year earlier. Despite this high growth rate, the value of real GDP in 2021 was still 15% below that of 2019. The authorities expect real GDP to recover its pre-pandemic level in 2024. Supporting the recovery was the accommodation and food services sector, a proxy for the tourism industry, which regained some ground relative to the pre-pandemic period. A pick-up in global travel, influenced by a general easing of restrictions and rising demand for leisure services, was the main factor supporting this result. Other activities showing dynamism included the construction sector, and other sectors that were hit hard by the pandemic, such as retail and wholesale trade, manufacturing, and transport.<sup>7</sup> The increased value

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<sup>2</sup> Government of Saint Lucia (2021), *Saint Lucia Economic Recovery and Resilience Plan*. Viewed at: <https://www.govt.lc/media.govt.lc/www/resources/publications/saint-lucia-economic-recovery-and-resilience-plan.pdf>.

<sup>3</sup> Government of Saint Lucia (2022), "Empowering Our People – Transforming Our Economy", Budget Policy Statement by Hon. Philip J. Pierre, 26 April 2022. Viewed at: <https://www.govt.lc/media.govt.lc/www/pressroom/news/attachments/prime-minister-final-budget-document--last-copy-ml0.pdf>.

<sup>4</sup> Government of Saint Lucia, Department of Finance, *Economic and Social Review 2021*. Viewed at: <https://www.finance.gov.lc/resources/download/2166>.

<sup>5</sup> Government of Saint Lucia, Department of Finance, *Economic and Social Review 2020*. Viewed at: <https://www.finance.gov.lc/resources/download/2141>.

<sup>6</sup> ECCB (2022), *2021 Annual Economic and Financial Review: Saint Lucia*. Viewed at: <https://www.eccb-centralbank.org/documents/19>.

<sup>7</sup> ECCB (2022), *2021 Annual Economic and Financial Review: Saint Lucia*. Viewed at: <https://www.eccb-centralbank.org/documents/19>.

added in the construction sector was primarily driven by higher levels of public sector investments, with some support from private sector investment.

1.10. As mentioned above, the increase in economic activity in 2021 was triggered mainly by growth in tourism, which continued in 2022. According to information by the authorities, the number of stay-over arrivals increased by 52.4% in 2021 after falling by 69.1% in 2020, representing just under half of 2019 levels.<sup>8</sup> Value added in the accommodation and food services sector, which accounted for 13.7% of GDP, grew by 66.8%, in contrast to a decline of 66.9% in 2020. Construction expenditure by the public sector increased by 19.7% to a record high of XCD 264.2 million, led by the Central Government. The authorities note, however, that global supply chain bottlenecks and sharp rises in input costs hampered the magnitude of the recovery in manufacturing output in 2021. Real value added in the manufacturing sector increased by some 4.3% in 2021, after contracting by 0.4% in 2020, largely due to an increase in the production of alcoholic beverages.<sup>9</sup> Real value added in the agriculture sector is estimated to have increased by some 5% in 2021.

1.11. The economy is projected to record even stronger growth in 2022, contingent upon greater normalization of the tourism industry.

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

	2014	2015	2016	2017	2018	2019	2020	2021
GDP (current XCD million)	4,723	4,880	5,037	5,391	5,554	5,654	4,093	4,566
GDP (current USD million)	1,749	1,807	1,865	1,997	2,057	2,094	1,516	1,691
Real GDP growth (% change)	1.3	-0.2	3.8	3.4	2.9	-0.7	-24.4	12.2
GDP per capita (USD)	10,728	10,641	10,911	11,262	11,557	11,771	8,923	9,687
<b>GDP by economic activity (% of current GDP)</b>								
Agriculture, forestry and fishing	2.2	2.2	2.1	1.6	1.6	1.7	1.9	1.8
Crops	1.5	1.5	1.4	1.1	1.1	1.2	1.4	1.2
Bananas	0.5	0.5	0.5	0.4	0.3	0.4	0.5	0.5
Other crops	1.0	1.0	0.8	0.7	0.8	0.9	1.0	0.8
Livestock	0.3	0.3	0.3	0.1	0.2	0.2	0.3	0.3
Forestry	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Fishing	0.4	0.3	0.4	0.3	0.2	0.2	0.2	0.1
Mining & quarrying	0.5	0.4	0.3	0.3	0.2	0.2	0.3	0.2
Manufacturing	2.5	2.9	3.1	3.0	2.9	2.0	2.8	3.2
Electricity and water	3.0	3.1	3.2	3.2	3.0	3.0	3.6	3.6
Electricity, gas	2.3	2.3	2.4	2.4	2.2	2.2	2.6	2.9
Water supply	0.7	0.8	0.8	0.8	0.8	0.8	1.0	0.7
Construction	4.0	4.5	4.3	4.4	3.8	3.5	4.7	5.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	10.2	9.0	10.7	9.9	10.2	9.9	10.4	10.7
Transport and storage	5.1	4.9	5.0	5.1	4.6	4.4	3.9	4.4
Road transport	3.0	2.9	3.0	3.3	2.9	2.6	2.1	2.5
Sea transport	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Air transport	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Warehousing and support activities for transportation	1.5	1.4	1.4	1.2	1.2	1.3	1.1	1.3
Postal and courier services	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Accommodation and food service activities	19.8	20.6	18.9	21.1	20.8	22.2	7.6	9.9
Accommodation	18.2	18.9	17.3	19.4	19.4	20.8	6.6	9.2
Food and beverage service activities	1.6	1.7	1.7	1.7	1.4	1.4	0.9	0.7
Information and communication	3.7	3.2	3.4	3.7	3.6	3.6	4.2	4.4
Publishing activities	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Audiovisual	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1
Telecommunications	3.2	2.7	2.9	3.3	3.2	3.3	4.0	4.1
Computing and information	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Financial and insurance activities	5.4	5.7	6.4	6.6	6.9	7.0	10.4	9.3
Financial intermediation	4.4	4.7	5.5	5.7	6.0	6.1	9.1	8.1

<sup>8</sup> Government of Saint Lucia (2021), Statement by Prime Minister the Honourable Allen M. Chastanet on COVID-19 Prevention and Control Measures, 2 February 2021. Viewed at: <https://www.govt.lc/media.govt.lc/www/pressroom/news/attachments/address-by-prime-minister-honourable-allen-chastanet-on-covid-measures--02-feb-21.pdf>.

<sup>9</sup> Government of Saint Lucia (2022), "Empowering Our People – Transforming Our Economy", Budget Policy Statement by Hon. Philip J. Pierre, 26 April 2022. Viewed at: <https://www.govt.lc/media.govt.lc/www/pressroom/news/attachments/prime-minister-final-budget-document--last-copy-ml0.pdf>.

	2014	2015	2016	2017	2018	2019	2020	2021
Insurance	1.0	1.0	1.0	0.9	0.9	0.9	1.3	1.1
Real estate activities	10.1	10.5	9.9	9.8	10.3	9.8	13.4	13.0
Professional, technical & scientific services	1.1	1.2	1.1	1.0	1.0	0.8	0.9	0.8
Administrative and support service activities	4.0	4.0	3.8	3.5	3.6	4.0	3.3	3.8
Rental and leasing activities	0.4	0.5	0.4	0.2	0.1	0.1	0.1	0.1
Travel agency, tour operator, reservation service	1.7	1.6	1.4	1.4	1.2	1.7	1.2	2.1
Office administrative, support and business support activities	1.9	1.9	2.1	2.0	2.3	2.2	2.0	1.6
Public administration and defence; compulsory social security	5.4	5.2	5.2	4.5	5.0	4.9	6.7	6.0
Education	3.6	3.3	3.4	3.3	3.1	3.0	4.1	3.7
Public	3.0	2.7	2.8	2.7	2.5	2.5	3.5	3.3
Private	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.5
Human health and social work activities	2.6	2.5	2.2	2.6	2.5	3.0	3.8	3.5
Public	1.6	1.6	1.3	1.7	1.6	1.6	3.1	3.0
Private	1.0	0.9	0.9	0.9	0.9	1.4	0.8	0.6
Arts, entertainment and recreation	3.3	2.9	2.9	3.0	3.3	3.2	2.9	1.9
Other service activities	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.5
Activities of households as employers	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.2
GVA in basic prices	87.4	87.0	87.0	87.5	87.1	87.0	85.5	86.3
Plus: Product taxes	12.9	13.3	13.3	12.8	13.2	13.3	14.9	14.1
Less: Subsidies	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4
<b>Employment</b>								
Labour force (persons)	98,286	101,608	104,625	102,364	102,005	100,976	95,790	101,553
Unemployment rate	24.4	24.1	21.3	20.2	20.2	16.8	21.7	21.9
Agriculture, forestry and fishing	10.0	11.1	10.2	9.9	10.8	9.7	8.3	10.1
Mining and quarrying	0.3	0.2	0.3	0.4	0.2	0.2	0.3	0.1
Manufacturing	5.5	6.4	5.6	5.5	5.4	5.1	5.3	5.9
Electricity, gas, steam and air conditioning supply	0.7	0.3	0.4	0.3	0.3	0.3	0.2	0.5
Water supply; sewerage, waste management and remediation activities	0.7	0.3	0.7	0.5	0.5	0.6	0.5	0.3
Construction	6.6	8.1	8.7	8.9	8.0	8.0	8.2	8.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	16.1	15.2	16.0	14.4	16.5	16.0	16.4	16.4
Transportation and storage	6.0	5.5	4.9	5.0	4.8	5.0	5.4	6.1
Accommodation and food service activities	13.5	13.8	15.7	16.4	15.0	16.7	15.3	12.8
Information and communication	1.5	1.3	1.5	1.1	1.2	1.2	1.1	1.9
Financial and insurance activities	1.9	1.5	1.5	2.0	2.6	1.9	1.6	2.5
Real estate activities	0.1	0.3	0.2	0.5	0.5	0.3	0.4	0.3
Professional, scientific and technical activities	1.4	1.6	1.4	1.4	1.0	1.5	1.0	2.0
Administrative and support service activities	4.5	4.5	5.3	6.1	5.5	6.4	6.6	6.2
Public administration and defence; social security	9.8	9.2	8.3	7.7	9.8	8.8	9.6	8.7
Education	6.5	6.5	5.5	5.9	5.2	4.6	4.5	6.0
Human health and social work activities	2.5	2.6	3.2	3.1	2.9	3.7	3.6	3.9
Arts, entertainment and recreation	1.3	0.8	1.4	1.2	0.9	1.0	1.0	0.7
Other service activities	2.6	2.0	2.1	2.3	2.3	2.9	2.6	1.7
Activities of households as employers	3.0	3.6	3.7	3.1	2.7	3.1	2.8	3.9
Activities of extraterritorial organizations and bodies	0.4	0.2	0.3	0.1	0.2	0.2	0.3	0.4
Not Stated	5.0	5.0	3.0	4.2	3.9	3.0	5.3	1.7
<b>Prices, money and interest rates</b>								
Inflation (end of period)	3.7	-2.6	-2.8	2.0	2.2	-0.7	-0.4	4.2
Inflation (period average)	3.5	-1.0	-3.1	0.1	2.6	0.5	-1.8	2.4
Money supply (M1) (% growth)	7.6	2.7	11.8	5.8	11.7	3.8	-13.0	39.9
Monetary liabilities (M2) (% growth)	1.2	5.8	2.3	0.2	3.4	3.2	-12.7	14.9
Deposit interest rate	2.6	1.9	1.6	1.5	1.4	1.4	1.4	1.1
Lending interest rate	8.5	8.4	8.2	8.0	8.0	7.6	7.0	6.6



	2014	2015	2016	2017	2018	2019	2020	2021
<i>Memorandum:</i>								
Population (persons) (ECCB)	172,623	174,257	175,819	177,301	178,696	179,995	181,192	..
Population (persons) (CSO)	172,572	172,818	173,966	173,149	173,165	170,914	..	..
Exports of goods and services/GDP (%) (at current market prices)	52.7	54.3	49.3	51.9	54.2	57.7	29.4	52.7
Imports of Goods and services/GDP (%) (at current market prices)	49.0	46.6	49.6	48.0	47.9	46.2	44.4	50.1
Exchange rate (domestic currency per USD)	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Real effective exchange rate (% change)	2.3	3.9	-1.8	-1.7	-0.6	0.6	-3.4	-4.7

.. Not available.

Source: Central Statistical Office of Saint Lucia (CSO); the ECCB; and the IMF, Staff Reports for the Article IV Consultation, various editions.

1.12. The unemployment rate has remained high, at above 20% in every year of the review period, with the exception of 2019, as the labour market continues to suffer from a mismatch of jobseekers' skills and available jobs. Consistent with the general recovery of the domestic economy, there was an increase in the number of persons employed during 2021. However, available estimates show that the overall unemployment rate remains very high, at 21.9% in 2021, while the youth unemployment rate stood at 37%. The authorities note that the COVID-19 pandemic has highlighted the need to address the issue of productivity by focusing on speeding up the process of technological transformation; strengthening entrepreneurial capacities; continuing the promotion of innovation; and strengthening human capital through skills training.<sup>10</sup> The IMF has also observed that a range of indicators including the Doing Business Ranking, labour productivity growth, and unit labour costs suggest Saint Lucia has important competitiveness challenges particularly in the non-tourism sector.<sup>11</sup>

1.13. After a period of subdued inflation and even deflation in certain years, consumer prices started to rise in the second half of 2020, mainly as a result of external developments. On average, consumer prices in the domestic economy rose by 2.4% in 2021 from 2020 as demand for goods and services picked up rapidly, and reflecting higher imported prices, strained global supply chain bottlenecks due to the pandemic, and weather events. The rise in fuel and food prices and persistent disruptions in shipping logistics (including limited availability of containers), pushed up freight costs to new highs and exerted inflationary pressures on domestic prices, particularly for electricity, petroleum products, and construction materials. According to the authorities, the increased cost for housing, utilities, gas and fuels in 2021 was 6.8%; for transport it was 4.8%, and for communication, 2.2%. These three sub-indices accounted for approximately 44.2% of the average consumer basket. Higher prices were also recorded for health (4.7%) and clothing and footwear (4.1%), while prices fell for hotels and restaurants (1.2%), recreation and culture (1.1%) and education (0.6%).<sup>12</sup> Taming inflation amid high commodity prices and transportation costs remains a challenge.

1.14. The ECCB expects a return to moderate growth. It notes, however, that high levels of unemployment are likely to persist over the medium term as the economy recovers from COVID-19, further hampering the pace of recovery. Tourism is expected to be main driver of growth with construction activity accelerating with the implementation of major public and private (hotel) projects. Given the government's lack of fiscal space and the gradual economic recovery, large overall deficits are likely to persist, further driving up the debt level.<sup>13</sup> However, relative to 2020 and 2021, the ratio deficits/GDP is expected to decline, as GDP fully recovers its pre-pandemic level.

<sup>10</sup> Government of Saint Lucia (2021), Saint Lucia Economic Recovery and Resilience Plan. Viewed at: <https://www.govt.lc/media.govt.lc/www/resources/publications/saint-lucia-economic-recovery-and-resilience-plan.pdf>.

<sup>11</sup> IMF (2020), "IMF Executive Board Approves US\$65.6 Million in Disbursements to Dominica, Grenada, and St. Lucia to Address COVID-19 Pandemic", press release No. 20/192, 28 April. Viewed at: <https://www.imf.org/en/News/Articles/2020/04/28/pr20192-dma-grd-lca-imf-executive-board-approves-us-million-disbursements-address-covid-19-pandemic>.

<sup>12</sup> ECCB (2022), *2021 Annual Economic and Financial Review: Saint Lucia*. Viewed at: <https://www.eccb-centralbank.org/documents/19>. Data based on CSO information.

<sup>13</sup> ECCB (2021), *Economic and Financial Review, June 2021: Saint Lucia*. Viewed at: <https://www.eccb-centralbank.org/documents/19>.

The Saint Lucia Department of Finance projects real GDP growth averaging 3.8% in 2023-25, after growth of 14.0% in 2022.

1.15. In the course of the 2022 Article IV consultations, the IMF noted that output is projected to recover to the pre-pandemic level by 2024 as stay-over tourism returns to pre-pandemic levels, but thereafter growth is expected to decline gradually to 1.5% per year. The IMF also noted that specific structural investments are critical to increase growth potential and to reduce output volatility. The key priorities identified include: (i) investing in physical and financial resilience to natural disasters and climate change, to support growth, and improve the fiscal sustainability outlook – the IMF considered the Government's National Adaptation Plan (NAP) an important step in this direction that could, however, benefit from fiscal reforms that integrate climate adaptation objectives in government budget practices, public financial management and public procurement, together with a strong disaster insurance strategy; (ii) tackling labour market skill mismatches, by expanding technical and vocational education and training programmes to improve labour productivity and reduce unemployment; (iii) investing in renewable energy to enhance energy security and reduce energy cost; and (iv) increasing economic diversification to boost lagging productivity growth, particularly promoting sectors with potential for export diversification including business process outsourcing, agro-processing, and health and wellness industries.<sup>14</sup>

### 1.1.2 Fiscal policy

1.16. As was noted in the course of the previous Review, Saint Lucia's fiscal base is narrow and over-dependent on tourism and connected activities. Most revenues come from indirect taxes. The COVID-19 pandemic severely affected revenue as it practically put a stop to tourism receipts. This gap had to be covered by a number of loans and grants from abroad, which led to a substantial increase of the public debt. Budgetary outlays, driven by a strong policy response to the pandemic, were substantially on the rise in 2020 and 2021, whereas revenue streams suffered considerably.

1.17. Saint Lucia embarked on a process of fiscal consolidation and structural reforms during most of the initial years of the review period. Several measures to broaden the tax base and improve tax collection were adopted or fully implemented, including the implementation of the VAT (introduced in October 2012) and amendments to the property tax system, and the increase of certain administrative charges. These charges included increases in: (i) airport service tax rates for non-CARICOM travel; (ii) excise fuel tax rate from mid-2017; (iii) the fuel surcharge levied on every gallon of diesel for electricity generation from XCD 0.20 to XCD 0.50 per gallon in May 2014 and further to XCD 1.00 per gallon in June 2015; and (iv) the Customs Service Charge rate from 5.0% to 6.0% in 2015. These measures were accompanied by initiatives to contain expenditure, such as the reform of a fuel-cost pass-through mechanism, to establish a three-month cycle for retail price adjustments<sup>15</sup>; a reduction in subsidies on essential commodities<sup>16</sup>; a wage freeze (0% increase in salaries to civil servants for the triennium comprising FY2013/14, 2014/15, and 2015/16)<sup>17</sup>; and the introduction of public-private partnerships for new infrastructure developments.

1.18. These initiatives led to an increase in total revenue, from 20.3% of GDP in 2014 to a record of 21.4% in 2018. The results regarding spending were less encouraging, since the share of total expenditure to GDP remained unchanged, at 23.3% in both 2014 and 2018 and stayed at that level in 2019. This reflected in part the rigidity of the non-discretionary component of current spending, which actually increased its share of GDP, from 18.7% in 2018, to 19.7% in 2019 (Table 1.2).

1.19. Despite the rigidity of expenditure, the primary fiscal balance registered surpluses during the 2014-18 period. The current account balance showed a surplus in every year of the 2014-19 period,

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<sup>14</sup> IMF (2022), *Saint Lucia: Staff Concluding Statement of the 2022 Article IV Mission*, 31 May 2022. Viewed at: <https://www.imf.org/en/News/Articles/2022/05/31/st-lucia-staff-concluding-statement-of-the-2022-article-iv-mission>.

<sup>15</sup> The authorities indicate that this revenue-enhancing measure was introduced originally in September 2009 with a monthly price change. It was changed to a quarterly price change during the January 2013 to January 2015 period. After that date, the adjustment was changed to every three weeks.

<sup>16</sup> This includes changes in cost of an LPG subsidy, which is recorded as a net excise tax revenue item.

<sup>17</sup> The authorities note that salaries and wages account for about one third of total expenditure and close to 40% of current expenditure.

while the overall balance deteriorated, from a surplus equivalent to 2.9% of GDP in 2014 to a deficit of 2.2% of GDP in 2019.

1.20. In 2020 the overall budget deficit, financed largely by multilateral and bilateral assistance, widened to 9.2% of GDP due to a collapse in tax revenue and COVID-19-related spending. Total revenue declined considerably, although because this contraction was smaller than that of GDP, its share of GDP increased by 2 percentage points, to 23.6%. The largest declines in revenue as a ratio to GDP were those in import duties and excise taxes, which were only partially offset by an increase in fuel surcharges and the one-off stamp duty from the sale of a bank to foreign investors. Spending, on the other hand, increased substantially, and represented 32.7% of GDP in 2020, up from 23.5% in 2019. This reflected mainly additional public health expenditure to contain the spread of COVID-19 (estimated to cost in excess of XCD 30 million, or 0.6% of GDP) and temporary income support to vulnerable households (see below).

1.21. The overall deficit fell as a share of GDP in 2021 but increased in value terms. The Government recorded an overall deficit of XCD 382 million (8.4% of GDP) in 2021, up from XCD 374.6 million (9.2% of GDP) in 2020, and way above the pre-pandemic six-year average (2014-19) deficit of XCD 93.8 million. This result was influenced by higher current and capital expenditure and was partially offset by greater current revenue inflows.<sup>18</sup> Total revenue grew by some 8% compared to 2020, to XCD 1,047.2 million (21.2% of GDP), but was well below the XCD 1,191 million registered in both 2018 and 2019. Tax flows associated with the main tax categories increased, except for international trade and transactions, which saw a decline of 0.9%. Total expenditure in 2021 was XCD 1,427.1 million, 6.5% above the amount recorded in 2020. Outlays on goods and services and capital expenditure increased, the latter by 26.8% to XCD 252.1 million (5.3% of GDP) as the authorities continued to rehabilitate road and water infrastructure, St Jude Hospital, and the Castries Redevelopment project.

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

(% of GDP)

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total revenue</b>	<b>20.3</b>	<b>20.8</b>	<b>20.6</b>	<b>20.5</b>	<b>21.4</b>	<b>21.1</b>	<b>23.6</b>	<b>22.9</b>
Current revenue	19.1	19.7	20.2	19.4	20.8	20.4	22.6	21.6
Tax revenue	18.1	18.7	19.2	18.2	18.7	18.8	20.9	19.5
Taxes on goods and services	8.1	8.5	8.4	7.2	7.4	7.6	8.0	7.7
Of which: Accommodation tax	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Licences	0.5	0.5	0.6	0.5	0.5	0.5	0.4	0.0
VAT	6.8	7.1	6.9	5.8	5.9	6.0	6.4	6.4
Taxes on income and profits	4.6	4.7	5.0	4.7	4.8	4.9	5.4	5.1
Of which: Corporation tax	1.3	1.4	1.8	1.8	1.7	2.0	2.3	1.9
Personal income tax	2.1	2.1	2.1	1.9	2.0	2.3	2.9	2.8
Taxes on property	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2
Taxes on international trade and transactions	5.2	5.3	5.5	6.1	6.3	6.3	7.4	6.5
Of which: Consumption tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customs Service Charge	1.3	1.4	1.4	1.4	1.4	1.4	1.7	1.7
Import duty	2.1	2.1	2.2	2.2	2.2	2.1	2.4	2.5
Excise tax	1.4	1.5	1.6	1.9	1.9	2.0	2.6	1.9
Non-tax revenue	1.0	1.0	1.0	1.2	2.1	1.5	1.7	2.1
Of which: Citizenship by Investment	0.0	0.0	0.1	0.3	1.3	0.2	0.0	0.0
Capital revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	1.3	1.1	0.4	1.1	0.6	0.7	1.0	1.3
<b>Total expenditure</b>	<b>23.3</b>	<b>22.7</b>	<b>21.1</b>	<b>21.6</b>	<b>23.3</b>	<b>23.3</b>	<b>32.7</b>	<b>31.3</b>
Current expenditure	18.7	18.2	18.2	17.6	19.0	19.7	27.9	25.7
Goods and services	3.6	3.5	3.3	3.4	4.3	4.0	6.6	6.7
Interest payments	3.1	3.0	3.0	2.8	2.9	3.0	4.0	3.7
Domestic interest payments	2.0	2.0	2.0	1.5	1.6	1.8	2.3	2.3
External interest payments	1.1	1.1	1.0	1.2	1.3	1.2	1.7	1.4
Personal emoluments	8.0	7.7	8.0	7.1	7.0	7.7	10.5	9.3
Transfers and subsidies	4.0	4.0	4.0	4.2	4.9	5.1	6.8	6.1
Capital expenditure and net lending	4.6	4.5	2.9	4.0	4.2	3.6	4.9	5.5
Current account balance	0.4	1.5	2.0	1.9	1.7	0.6	-5.3	-4.1
Primary balance (after grants)	0.2	1.1	2.5	1.7	1.0	0.8	-5.2	-4.7

<sup>18</sup> ECCB (2022), *2021 Annual Economic and Financial Review: Saint Lucia*. Viewed at: <https://www.eccb-centralbank.org/documents/19>.

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Overall balance (after grants)</b>	<b>-2.9</b>	<b>-1.9</b>	<b>-0.5</b>	<b>-1.1</b>	<b>-1.8</b>	<b>-2.2</b>	<b>-9.2</b>	<b>-8.4</b>
Total financing	2.9	1.9	0.5	1.1	1.8	2.2	9.2	8.4
Domestic financing	0.8	-0.3	-0.9	-1.7	2.8	-1.4	2.9	3.4
Commercial banks	-0.4	-0.1	-0.2	-1.3	0.8	0.7	-2.0	-0.8
ECCB	-0.7	-0.5	-0.2	1.1	-0.4	0.0	3.1	0.0
Other	1.9	0.3	-0.5	-1.5	2.4	-2.1	1.8	4.1
External financing	2.1	2.2	1.4	2.8	-0.9	3.6	6.2	5.0
Amortization	1.4	1.6	1.5	1.4	4.5	1.4	1.6	1.3
Disbursements	3.6	2.5	2.9	4.2	3.5	5.0	7.8	6.2
Government foreign assets	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0
Arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: ECCB.

1.22. The resulting overall deficit in 2021 contributed to an 11.3% (XCD 444.4 million) increase in Saint Lucia's total public sector debt to XCD 4.4 billion as at December 2021. Saint Lucia's debt to GDP ratio rose to 92.2% in December 2020, but declined somewhat, to 90.6% in December 2021.<sup>19</sup> The 2021 deficit was financed with external financing (5% of GDP), mostly maturing government securities held by external creditors, and domestic financing (3.4% of GDP). In general terms, the overall balance is financed by a combination of disbursements from official sources, ECCB liquidity support to the Government (mostly through overdraft facility and exceptionally in 2020 with a bond purchase), and IMF disbursements under the Rapid Credit Facility (RCF) subscribed in 2020 (SDR 21.4 million).

1.23. A first response by the Government to COVID-19 was the Social Stabilization Programme (Phase 1), put in place in April 2020 (Box 1.1). The programme was focused on providing support to persons who had completely lost their income, and to the more vulnerable persons in society, such as the elderly and persons living in poverty.<sup>20</sup> The Government also worked closely with financial institutions such as the Saint Lucia Bankers Association, the ECCB, the Caribbean Development Bank, the World Bank, the IMF, and other international development partners to seek financial relief, including a moratorium on debt payments, grant funding, policy-based loans, and budgetary support. The Government also engaged with utility companies with a view to getting some relief for those who have suffered job loss.<sup>21</sup> A large portion of this programme was expected to be funded by regional and international development partners, namely: the Caribbean Development Bank, the World Bank, the IMF, and the European Union. Supplementary support would come from the ECCB and the National Insurance Corporation (NIC).

### Box 1.1 Government's response to COVID-19 impact: Social Stabilization Programme

#### Phase 1

Some of the main measures adopted included:

- Health care interventions taken so far and those that are planned are estimated to cost in excess of XCD 30 million.
- For NIC contributors becoming unemployed as a result of the COVID-19 pandemic, a monthly payment relative to salary of between XCD 500 and XCD 1,500, for a period of three months in the first instance, starting in April 2020. The NIC allowance was estimated to cost between XCD 33 million and XCD 80 million, over a three-month period.
- A subsistence allowance of XCD 500 for three months to persons displaced (through loss of employment or income) as a result of COVID-19. This was expected to be in excess of XCD 16.8 million, based on the number of eligible persons.
- An extension of time for Corporate Income Tax instalment payments due on 31 March, 30 June, and 30 September 2020. The extension of time is for one month in each instance.
- An extension of time for the filing of income tax returns by one month for all tax types administered by the Inland Revenue Department.

<sup>19</sup> Government of Saint Lucia, Department of Finance, *Economic and Social Review 2021*, Appendix Table 38. Viewed at: <https://www.finance.gov.lc/resources/download/2166>.

<sup>20</sup> Government of Saint Lucia, *COVID-19 Social Stabilization Plan, April-June 2020*. Viewed at: <https://www.govt.lc/media.govt.lc/www/pressroom/news/attachments/social-stabilization-plan-april---june0.pdf>.

<sup>21</sup> Government of Saint Lucia (2022), "Empowering Our People – Transforming Our Economy", Budget Policy Statement, by Hon. Philip J. Pierre, 26 April 2022. Viewed at: <https://www.govt.lc/media.govt.lc/www/pressroom/news/attachments/prime-minister-final-budget-document---last-copy-ml0.pdf>.

- A waiver of interest and penalties on all tax types administered by the Inland Revenue Department due in March 2020. Extension by one month of all payment due dates from April to September 2020.
- A tax credit of 30% of the employee's full salary, in order to encourage companies to maintain their staff.
- Support to commercial banks for a moratorium on bank mortgage repayments (principal and interest) for both individuals and entities for a period of six months (April to September 2020).
- Suspension of all rent payments for six months for vendors and operators of hospitality operations, including restaurants, which are accommodated in units owned by the Government.
- Direct support to local indigenous farmers to support increased productivity and inputs to supply the local and regional markets.
- Relief to minibus operators through the payment of XCD 1.1 million in fuel rebates.
- Targeted support to farmers and fishers adversely affected through the purchase of products from farmers and fishers.

Source: Government of Saint Lucia.

1.24. This first programme was followed in July 2020 by a more comprehensive one: the Saint Lucia National COVID-19 Economic Recovery and Resilience Plan, which primarily sought to achieve the following six objectives: (i) curtail the impact of both global and domestic economic contraction on the economy, by providing fiscal policy interventions to enable private sector business continuity and afford an environment for economic growth and expansion; (ii) drive economic activity by putting in place and continuing public sector capital investment projects; (iii) protect the poor and most vulnerable segments of the Saint Lucian population; (iv) accelerate reforms to build private and public sector resilience, by promoting Information and Communications Technology within the productive sectors; (v) strengthen the health system to respond to viral outbreaks, and improve the health resilience of the population; and (vi) build resilience to natural disasters and hazards. Across those 6 pillars, 32 interventions were developed. Table 1.3 presents a summary of Saint Lucia's Economic Recovery and Resilience Plan, its strategies, and projected cost.

**Table 1.3 Saint Lucia's Economic Recovery and Resilience Plan**

(XCD million)

Strategy description	Projected cost
<b>1 – Stimulating the Economy</b>	34.3
01 Incentivizing the commercial banking sector to lend to MSMEs	3.5
02 Provide blended (loan/grant) support to MSMEs with a focus on food security and adoption of digital technologies	8.4
03 Waiver of commercial property tax for landlords who extend moratorium or rent reductions to their tenants	2.5
04 Relief for residential rental accommodation	3.6
05 Electricity Assistance Program for persons adversely affected by COVID-19	5.1
06 Waiver of duties on personal hygiene products	5.0
07 Increase in the subsidy on flour purchased by bakers	0.3
08 Working Capital Injection Program	5.0
09 Waiver of route-permit licence renewal fees for Minibus Operators and Permit Holders	0.9
10 Waiver of duties for the purchase of vehicles for Taxi Operators	To be determined
11 Waiver of duties for the purchase of vehicles for Minibus Operators	To be determined
<b>2 – Fast Track Shovel-Ready Projects</b>	400.2
12 Unrolling of an ambitious portfolio of public sector capital projects and private sector shovel ready projects	396
13 Public Sector Procurement will prioritize local goods and services as a vehicle to stimulate domestic demand with government expenditures	0.5
14 Accelerate reforms at the Development Control Authority to unlock both public and private sector investment projects pending and improve service delivery	1.2
15 Waiver of import duties to developers who construct five houses or more	To be determined
<b>3 – Strengthen Social Protection Systems in Saint Lucia</b>	16.4
16 Expand Saint Lucia's Public Assistance Programme by 1,000 households (2,600 to 3,600)	1.7
17 The provision of COVID-19 cash top-up to households with marginalized persons and persons living with disability cash transfers	0.3
18 Provision of COVID-19 Hygiene Care Packages to indigent, poor and vulnerable households	0.3
19 Micro-finance loans to households to diversify into Small and Micro Enterprise and cottage industries	0.5
20 Rural Community Small Projects Economic Stimulation Initiative	4.0
21 Duty-free concessions on vehicles to essential service staff	9.6

Strategy description	Projected cost
Resilience Strategy 1: Resilience Building of the Productive Sector	64.6
22 Increase local output, stimulate domestic demand and strengthening food security	7.96
23 Building competitiveness through Digital Transformation and adoption	54.2
24 Supporting the business environment by fast tracking legislation for increasing access to finance by MSMEs	1.08
25 Supporting business continuity in firms	0.07
26 Labour market enhancement	1.3
Resilience Strategy 2: Strengthen Health Resilience	31.8
27 Building capacity of primary care health facilities	19.9
28 Mainstreaming care for long-term management of COVID-19	7.3
29 Managing and coordinating efforts to limit the impact of COVID-19 on the population	2.0
30 Manage symptoms of diabetic and hypertensive patients and reduce the risk of contracting COVID-19	2.6
31 Increase population access to healthcare – National Health Insurance Scheme	To be determined
Resilience Strategy 3: Disaster Risk/Climate Change	1.12
32 Provision of water tanks to vulnerable groups	1.12
Total	548.43

Source: Saint Lucia Economic Recovery and Resilience Plan. Viewed at: <https://www.govt.lc/media.govt.lc/www/resources/publications/saint-lucia-economic-recovery-and-resilience-plan.pdf>.

1.25. Other measures to support the economy in the wake of the pandemic included a reduction in the VAT rate for tourism (accommodation) from 10% to 7% effective December 2020.<sup>22</sup> The VAT (Rate of Tax) (Tourism Sector Goods and Services) Order, SI No. 188 of 2020, Section 10(2) of the VAT Act, Cap 15.42 was amended as follows: a rate of 7% tax applies with regard to a supply of a tourism accommodation service; a rate of 10% tax applies with regard to a supply of food and beverages, including alcoholic beverages, by a restaurant; water sports; tourism conducted by land, air, or sea within Saint Lucia; and admission to heritage sites and other touristic attractions.

1.26. An Article IV consultation with the IMF took place in May 2022.<sup>23</sup> The IMF statement notes that fostering a sustainable and inclusive recovery requires simultaneously addressing fiscal and financial sector constraints on public and private investment.<sup>24</sup> The IMF made a number of recommendations regarding fiscal policy, including:

- in the near term, pursuing fiscal policies to relieve the social hardship from the rise in inflation, such as social support and health spending, and lifting of the road fuel price cap to preserve revenue from excise taxes on fuel;
- in the medium term, a comprehensive package of fiscal and financial sector reforms, including a credible fiscal consolidation plan, to start once the recovery is entrenched;
- a debt target of 60% of GDP by 2035, which would require fiscal saving measures of about 2.5% of GDP, including expansion of the indirect tax base by streamlining concessions and exemptions that benefit high-income households, increasing the VAT rates, maintaining restraint in public sector compensation, reinstating value-based property taxation, and reviewing the tax incentives to the tourism sector;

<sup>22</sup> The authorities note that this reduction was intended to eliminate the annual subvention (some XCD 40 million) from the Central Government to the Saint Lucia Tourism Authority so that this statutory body becomes fully self-financing with the introduction of a two-tier tourism levy of USD 3 and USD 6 per person per night at registered accommodation providers. In lieu of this new charge on tourists, the VAT rate on accommodation was reduced due to competitiveness considerations.

<sup>23</sup> Although the report of the consultations was not made public, a Concluding Statement describing the preliminary findings of IMF staff at the end of an official staff visit was published with the consent of the Saint Lucia authorities. IMF (2022), *Saint Lucia: Staff Concluding Statement of the 2022 Article IV Mission*, 31 May. Viewed at: <https://www.imf.org/en/News/Articles/2022/05/31/st-lucia-staff-concluding-statement-of-the-2022-article-iv-mission>.

<sup>24</sup> IMF (2022), *Saint Lucia: Staff Concluding Statement of the 2022 Article IV Mission*, 31 May. Viewed at: <https://www.imf.org/en/News/Articles/2022/05/31/st-lucia-staff-concluding-statement-of-the-2022-article-iv-mission>.

- complementary institutional fiscal reforms, including a debt management strategy, increasing average bond maturity and relying more on concessional official and bilateral financing;
- adoption of a medium-term fiscal responsibility framework with a credible debt reduction path and a fiscal rule anchored on debt targets linked to operational fiscal balance targets; and
- ensuring pension sustainability by adopting reforms in line with an actuarial review.<sup>25</sup>

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

1.27. During the review period, Saint Lucia's current account of the balance of payments showed a deficit in most years, with the exception of 2018 and 2019, when there was a surplus. The value of merchandise imports of goods is traditionally at least five or six times the value of exports. The considerable surplus in services covers this gap to a large extent but is not always enough to fully make up for the difference. Current account deficits, although large (except in 2018 and 2019 when a surplus was posted), fluctuated widely during the review period; they have ranged between 0.7% in 2016 and 15.7% in 2020 (Table 1.3). The increase in the deficit in 2020 reflects the sharp drop in tourism receipts due to the pandemic. The contraction in imports and consequent improvement in the merchandise trade balance were not sufficient to counter this decline.

1.28. Preliminary figures for 2021 showed a much smaller current account deficit, of 0.1% of GDP. As a consequence of the rebound of tourism, which is merchandise import-intensive, imports increased by 19.2% over the previous year, and the merchandise trade deficit widened by 21.5% to USD 464 million, following a contraction of 12%, one year earlier. The main areas where imports increased were manufactured goods, fuel, machinery and transport equipment, and food and live animals.<sup>26</sup> Banana exports declined by some 45%, owing to the passage of Hurricane Elsa and quality issues. The services balance was again widely positive, due to resumed income from tourism (Table 1.4). Gross travel receipts more than doubled in the year to USD 780 million, compared to USD 340 million the previous year. The current account deficits were mainly financed by foreign investment in the 2014-17 period, and by loans in 2020 and 2021, particularly by a combination of multilateral and bilateral support and liquidity support from the ECCB.

**Table 1.4 Balance of payments, 2014-21**

(USD million)

	2014	2015	2016	2017	2018	2019 <sup>a</sup>	2020 <sup>a</sup>	2021
1. Current account	-43.0	-12.4	-121.8	-39.6	28.9	119.6	-237.6	-2.3
1.A Goods and services	63.2	138.2	-6.1	78.4	128.1	240.8	-226.8	44.2
1.A.a Goods	-457.6	-388.2	-485.8	-482.8	-509.4	-435.0	-383.1	-464.2
1.A.a.cr. Credit	94.4	113.6	90.1	93.6	70.4	91.6	60.8	65.1
1.A.a.dr. Debit	552.0	501.8	575.9	576.4	579.7	526.5	444.0	529.3
1.A.b Services	520.9	526.4	479.7	561.2	637.4	675.8	156.3	508.4
1.A.b.cr. Credit	826.8	867.3	829.3	942.6	1,043.7	1,117.4	385.1	825.7
1.A.b.dr. Debit	305.9	340.8	349.6	381.4	406.3	441.6	228.8	317.2
1.B Primary income	-106.9	-152.9	-114.0	-118.7	-104.0	-124.0	-27.1	-61.6
1.B.1 Compensation of employees	-0.1	-0.2	-0.8	0.2	0.0	0.1	-0.4	-0.4
1.B.2 Investment income	-106.4	-152.0	-112.9	-118.9	-104.0	-123.8	-26.6	-61.1
1.B.2.1 Direct investment	-98.3	-134.4	-92.9	-97.1	-94.0	-114.9	-19.4	-52.3
1.B.2.2 Portfolio investment	-5.1	-6.5	-5.5	-6.5	-2.2	1.2	0.8	0.0
1.B.2.3 Other investment	-3.0	-11.1	-14.6	-15.3	-7.8	-10.1	-8.0	-8.8
1.B.3 Other primary income	-0.5	-0.8	-0.3	0.0	0.0	-0.2	0.0	0.0
1.C Secondary income	0.7	2.3	-1.6	0.7	4.9	2.8	16.3	15.0
1.C.1 General government	-2.0	0.9	0.7	-5.3	-1.8	-1.2	-2.7	-2.9
1.C.2 Financial corporations, nonfinancial corporations, households, and NPISHs	2.4	1.7	-2.0	6.4	7.2	4.4	19.3	18.4
1.C.3 Adjustment for change in pension entitlements	0.3	-0.3	-0.4	-0.4	-0.4	-0.5	-0.4	-0.5

<sup>25</sup> IMF (2022), *Saint Lucia: Staff Concluding Statement of the 2022 Article IV Mission*, 31 May. Viewed at: <https://www.imf.org/en/News/Articles/2022/05/31/st-lucia-staff-concluding-statement-of-the-2022-article-iv-mission>.

<sup>26</sup> ECCB (2022), *2021 Annual Economic and Financial Review: Saint Lucia*. Viewed at: <https://www.eccb-centralbank.org/documents/19>. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>; and the information provided by the authorities.

	2014	2015	2016	2017	2018	2019 <sup>a</sup>	2020 <sup>a</sup>	2021
2. Capital account	21.5	14.0	13.9	12.5	12.8	34.3	24.0	21.4
2.2 Capital transfers	21.5	14.0	13.9	12.5	12.8	34.3	24.0	21.4
2.2.1 General government	21.5	14.0	13.9	12.5	12.8	34.3	24.0	21.4
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	-21.5	1.6	-107.9	-27.1	41.7	153.9	-213.6	19.1
3. Financial account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net lending (+) / net borrowing (-) (balance from financial account)	-0.7	64.6	-78.5	-40.0	62.5	18.8	-139.0	4.6
3.1 Direct investment	-97.9	-129.0	-149.2	-95.7	-54.8	-32.1	-74.2	-21.0
3.2 Portfolio investment	20.3	-0.7	28.2	-62.1	73.5	52.8	138.3	65.8
3.3 Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	-0.2	-0.7	-0.5
3.4 Other investment	11.2	133.6	53.9	102.4	79.4	23.3	-172.6	-194.3
3.4.2 Currency and deposits	25.0	124.9	48.0	87.4	70.5	48.9	-75.8	-72.0
3.4.3 Loans	-13.2	0.4	10.3	6.0	8.5	-28.8	-104.1	-120.6
3.4.4 Insurance, pension, and standardized guarantee schemes	-3.0	0.2	-4.9	-5.6	1.6	4.2	2.3	4.9
3.4.5 Trade credit and advances	0.1	1.3	-4.2	2.2	0.1	2.5	-4.0	-4.1
3.4.6 Other accounts receivable/payable	2.3	6.8	4.8	12.4	-1.3	-3.5	9.1	26.2
3.4.7 Special drawing rights (Net incurrence of liabilities)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.7
3.5 Reserve assets	65.6	60.8	-11.4	15.5	-35.6	-25.1	-29.8	154.5
3.5.2 Special drawing rights	-1.4	-2.0	-4.4	-2.9	-3.1	-3.1	-1.1	28.2
3.5.3 Reserve position in the IMF	0.0	0.0	2.1	0.0	0.0	0.0	0.0	0.0
3.5.4 Other reserve assets	67.0	62.8	-9.1	18.4	-32.6	-22.0	-28.7	126.4
Net errors and omissions	20.8	63.0	29.4	-12.9	20.8	-135.2	74.6	-14.5
<i>Memorandum:</i>								
Current account as a share of GDP (%)	-2.5	-0.7	-6.5	-2.0	1.4	5.7	-15.7	-0.1

a Preliminary data.

Source: ECCB.

1.29. Saint Lucia does not have an independent monetary policy. Saint Lucia is a member of the Eastern Caribbean Currency Union (ECCU). The Monetary Council of the ECCB is responsible for monetary policy for the whole OECS, including two territories that are not WTO Members (Anguilla and Montserrat). The exchange rate followed by the ECCB is a peg to the US dollar, at a rate of XCD 2.70 per USD 1.

1.30. After declining by 12.7% in 2020, broad money liabilities (M2) rose by 14.9% at the end of 2021. This reflects an increase in deposits in national currency, foreign currency deposits, and currency in circulation. Despite the rebound in economic activity, domestic claims (credit) fell by 2.9%, in contrast to growth of 4.3% in 2020. This was caused by an 11.9% contraction of credit to the public sector, after expanding by 34.6% in 2020. Private sector credit also declined by 0.1%, led by flows to households, which contracted by 1.1%, while business credit increased by 1.5%.<sup>27</sup>

1.31. The Executive Board of the IMF approved disbursements to Saint Lucia following requests under the RCF mechanism to help cover balance of payment needs stemming from the outbreak of the COVID-19 pandemic. Disbursements were set at the maximum available access under the RCF instrument of 100% of quota (SDR 21.4 million or USD 29.2 million).<sup>28</sup>

## 1.2 Trends and patterns in merchandise and services trade

1.32. Saint Lucia's total merchandise trade declined by some 16% between 2014 and 2021, reflecting the effect of the COVID-19 pandemic. Beverages and tobacco, other manufactures, and food and live animals represent the bulk of Saint Lucia's exports, which totalled just under

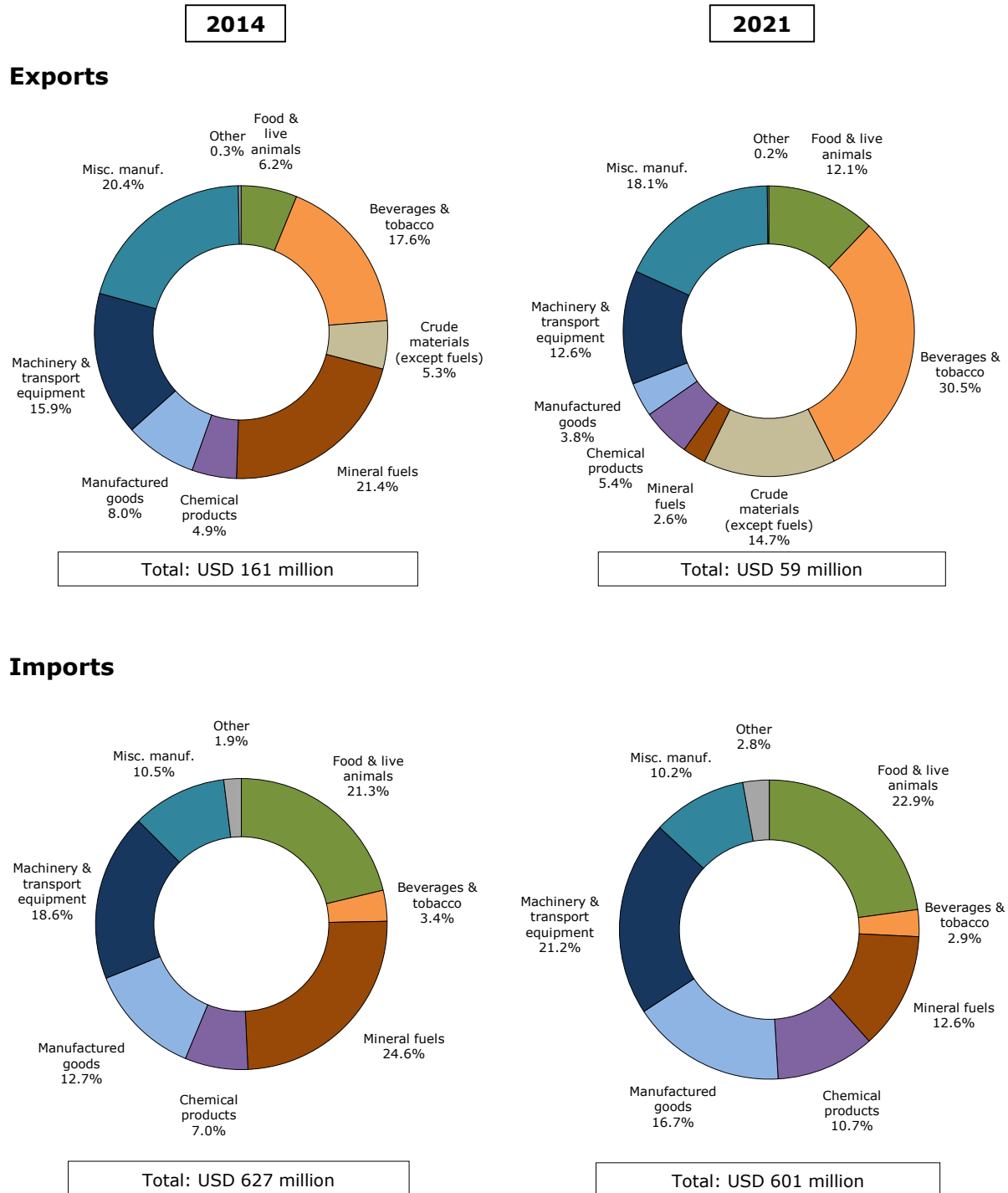
<sup>27</sup> ECCB (2022), *2021 Annual Economic and Financial Review: Saint Lucia*. Viewed at: <https://www.eccb-centralbank.org/documents/19#>.

<sup>28</sup> IMF (2020), "IMF Executive Board Approves US\$65.6 Million in Disbursements to Dominica, Grenada, and St. Lucia to Address COVID-19 Pandemic", press release No. 20/192, 28 April. Viewed at: <https://www.imf.org/en/News/Articles/2020/04/28/pr20192-dma-grd-lca-imf-executive-board-approves-us-million-disbursements-address-covid-19-pandemic>.



USD 60 million in 2021; their combined share in total exports increased during the review period. The composition of imports highlights the predominance of machinery and equipment, chemicals, other manufactured goods, and fuels (Chart 1.1 and Table A1.1).

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



Source: WTO Secretariat calculations, based on ECCB statistics.

1.33. The United States and Trinidad and Tobago are Saint Lucia's main trading partners. Jointly they account for a substantial share of imports and are important exports markets, together with the United Kingdom, Barbados, and other OECS and CARICOM countries (Table 1.5).



	2014	2015	2016	2017	2018	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>b</sup>
Other government services	0.0	0.0	0.0	10.3	24.8	3.3	0.0	0.0
<b>Import of services</b>	<b>305.9</b>	<b>340.8</b>	<b>349.6</b>	<b>381.4</b>	<b>406.3</b>	<b>441.6</b>	<b>228.8</b>	<b>317.2</b>
Maintenance and repair services (n.i.e.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transportation	84.5	87.1	91.4	97.0	98.2	96.6	60.2	73.6
Sea transport	63.0	57.0	63.1	65.5	65.9	59.8	50.5	60.1
Passenger	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Freight	63.0	57.0	63.1	65.5	65.9	59.8	50.5	60.1
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Air transport	21.5	29.6	28.0	31.1	32.0	36.4	9.6	13.3
Passenger	20.8	29.5	27.2	30.3	30.4	34.4	8.5	12.1
Freight	0.3	0.0	0.7	0.8	0.8	1.2	0.6	0.6
Other	0.4	0.1	0.1	0.1	0.8	0.8	0.6	0.6
Other transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Postal and courier services	0.1	0.4	0.3	0.3	0.4	0.4	0.2	0.2
Travel	45.2	46.5	50.6	54.4	56.0	57.5	19.2	21.0
Construction services	7.0	4.5	6.3	3.9	6.0	6.7	4.5	5.1
Construction abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction in the compiling economy	7.0	4.5	6.3	3.9	6.0	6.7	4.5	5.1
Insurance services	21.9	24.1	28.4	29.1	26.7	28.9	25.8	29.2
Direct insurance	14.7	17.5	22.4	22.4	19.3	21.6	19.3	22.1
Reinsurance	3.9	3.3	3.9	3.6	3.7	4.2	3.7	4.1
Auxiliary insurance services	3.1	3.1	2.0	3.0	3.4	2.9	2.7	2.9
Pension and standardized guarantee services	0.2	0.2	0.1	0.1	0.1	0.2	0.1	0.2
Financial services	5.5	3.4	4.3	5.1	7.5	7.5	5.2	5.7
Charges for use of intellectual property	8.3	7.8	8.5	8.9	9.7	11.0	8.7	9.5
Telecommunications, computer, and information services (combined)	5.1	6.2	6.8	8.7	10.9	12.3	11.1	12.1
Other business services	127.9	160.7	153.1	174.0	190.9	220.6	93.9	160.8
Professional and management consulting services	33.4	34.6	35.5	38.4	38.2	42.2	27.5	30.0
Technical, trade-related, and other business services	94.5	126.1	117.6	135.6	152.7	178.5	66.4	130.8
Personal, cultural, and recreational services	0.0	0.0	0.3	0.3	0.4	0.3	0.1	0.1
Government services, n.i.e.	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Embassies and consulates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other government services	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0

a Preliminary data.

b Estimates.

Source: ECCB.

## 2 TRADE AND INVESTMENT REGIMES

### 2.1 General framework

2.1. Saint Lucia is a parliamentary democracy, and its Head of State is the British monarch, represented locally by a Governor General who must be a Saint Lucian citizen. In accordance with the Constitution, the executive authority of Saint Lucia is vested in the British monarch but may be exercised on his or her behalf by the Governor General either directly, or through officers who are subordinate to him or her. The Governor General appoints the Prime Minister, the Leader of the Opposition, the Cabinet of Ministers, and members of the Senate, and performs and exercises, on the Sovereign's behalf, the following duties and responsibilities, as in the Constitution: (i) ceremonial duties; (ii) signing of State documents, which includes giving Royal Assent to Acts or Bills passed by the House of Assembly and the Senate into law; and (iii) holding weekly meetings with the Prime Minister on matters of state and governance. The Governor General may also: (i) exercise emergency powers (Section 14 of the Constitution); (ii) declare a State of Emergency (Section 17); (iii) summon, prorogue, and dissolve Parliament (Sections 54-55); and (iv) exercise the prerogative of mercy (Section 74).

2.2. The Governor General's executive authority also includes the power under the Constitution to make or revoke appointments to government or public offices and to Commissions and Boards after consultation or advice has been given in accordance with the relevant sections of the Constitution.<sup>29</sup>

2.3. Apart from the powers listed above that may be exercised by the Governor General, executive power is vested in the Prime Minister and his or her Cabinet. The Cabinet of Ministers is exclusively responsible for concluding trade agreements and treaties. Appointments to the office of Minister, other than the office of Prime Minister, shall be made by the Governor General, acting in accordance with the advice of the Prime Minister, from among the Senators and the members of the House.<sup>30</sup> The Minister exercises general direction and control over every department of government that is under the direct supervision of a permanent secretary. There is also a Secretary to the Cabinet, in charge of the Cabinet Office, who under the instructions of the Prime Minister is responsible for conveying the decisions of the Cabinet to the appropriate person or authority.

2.4. Legislative power is vested in the bicameral parliament, comprising a Senate and a House of Assembly. The Senate consists of 11 Senators and such other Senators as may be temporarily appointed under section 24 of the Constitution.<sup>31</sup> A Senator shall vacate his or her seat in the Senate at the next dissolution of Parliament after his or her appointment. The House of Assembly comprises a number of members as corresponds with the number of constituencies established in accordance with the provisions of section 58 of the Constitution; currently the number is 17. House members are directly elected in accordance with the provisions of section 33. They must elect a Speaker from among the members of the House who are not members of the Cabinet or Parliamentary Secretaries or from among persons who are not members of the House. 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 in July 2021.

2.5. The Constitution is Saint Lucia's supreme law and all laws that do not conform to it are void to the extent of their inconsistency. Parliament may alter any of the provisions of this Constitution or of the Supreme Court Order; however, a bill to alter this section must be supported by at least two thirds of the votes of the House and the Senate in most instances, and by a three-quarter majority in both houses for anything dealing with fundamental rights and freedoms, and with financial issues, among others. The hierarchy of legislation, after the Constitution, is as follows: acts of parliament, including ordinances and international agreements given effect through parliamentary

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<sup>29</sup> Government of Saint Lucia, Office of the Governor General. Viewed at: <http://governorgeneral.govt.lc/roles-and-responsibilities>.

<sup>30</sup> Constitution of Saint Lucia.

<sup>31</sup> In accordance with Article 24 of the Constitution, of the 11 Senators appointed by the Governor General, 6 shall be appointed acting in accordance with the advice of the Prime Minister; 3 acting in accordance with the advice of the Leader of the Opposition; and 2 after consulting with religious, economic, or social bodies or associations.

approval; and subsidiary legislation, which may be in the form of regulations, statutory rules, or orders.

2.6. The drafting of bills is generally carried by the Legislative Drafting Unit of the Attorney General Chambers, which received drafting instructions from the Ministry or Department responsible for the particular subject area.<sup>32</sup> The Legislative Drafting Unit is accountable to the Attorney General for this drafting of legislation as well as for the approval of laws prepared by other Government Ministries or Departments and regional bodies including the Organisation of Eastern Caribbean States, CARICOM, and the ECCB. It also has responsibility for the periodic revision of the Revised Edition of the Laws of Saint Lucia as the Attorney General is the Law Revision Commissioner under the Revised Edition of the Laws Act, Cap 1.07, and for the interpretation of laws.<sup>33</sup> A draft bill can be introduced in either chamber but, regardless of this, it must be passed in both the House and the Senate before it is presented to the Governor General for royal assent, with the exception of draft bills concerning taxation and budgetary matters, which must be introduced and debated in the House and only pass formally through the Senate, without discussion. Upon assent by both chambers, the bill becomes an Act of Parliament. In general terms, an Act enters into force once it has been published in the Official Gazette; however, Parliament may decide that a bill should enter into operation with retroactive effect. This procedure applies to all laws, including trade and trade-related laws.

2.7. Saint Lucia's legal system is a mix of French-inspired civil law and English common law. International agreements must be enacted through domestic legislation and may be invoked before national courts only if they become domestic law through such enactment. This has implications for parts of the WTO Agreements that have not been explicitly incorporated into domestic law, such as the patent provisions of the TRIPS Agreement.

2.8. In Saint Lucia's judicial system, minor civil and criminal matters are heard by magistrate courts, while more serious civil and criminal cases, and cases that involve discretionary decisions of public officers are referred to the High Court. Cases that require interpretation and enforcement of the Constitution, as well as of finance and trade-related laws must be dealt at least at the level of the High Court.

2.9. Judicial sentences may be appealed at the Court of Appeal of the Eastern Caribbean Supreme Court (ECSC).<sup>34</sup> The ECSC consists of two divisions, a Court of Appeal and a High Court of Justice. The Court of Appeal is itinerant, travelling to each Member State and Territory, where it sits at various specified dates during the year to hear appeals from the decisions of the High Court and Magistrates Courts in member States in both civil and criminal matters. The Court of Appeal hears appeals from all subordinate courts; in the case of Magistrates Courts appeals might be heard from any judgment, decree, sentence, or order in all proceedings. With respect of the High Court, subject to certain exceptions, the Court of Appeal is empowered to hear and determine the appeal from any judgment or Order of the High Court in all civil proceedings. The Court of Appeal judges are based at the Court's Headquarters in Castries, Saint Lucia, where administrative and legal support is provided under the supervision of the Court Administrator and Chief Registrar, respectively. CARICOM matters can be brought before the Caribbean Court of Justice (CCJ). The Judicial Committee of the Privy Council in London remains the final Court of Appeal for Saint Lucia.

2.10. In 2015, the authorities established a Commercial Division for Saint Lucia in the ECSC's High Court of Justice (Commercial Court), to hear and adjudicate on all commercial, financial, and intellectual property related disputes. Saint Lucia Statutory Instrument, 2015, No. 97 Arrangement of Rules, 2 November 2015 regulates claims and procedures in the commercial division of the Supreme Court sitting in the member State of Saint Lucia. To this end, a "commercial claim" is understood to mean any claim, application, or petition arising out of the transaction of trade and commerce and includes any claim relating to: (a) a commercial contract; (b) a provision of the law

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<sup>32</sup> Attorney General's Chambers, *Process for Making Legislation*. Viewed at: <https://attorneygeneralchambers.com/document-categories/process-for-making-legislation>.

<sup>33</sup> Attorney General's Chambers, *Overview of Legislative Drafting Unit*. Viewed at: <https://attorneygeneralchambers.com/p/legislative-drafting>.

<sup>34</sup> The ECSC is composed of the Chief Justice, who is the Head of the Judiciary, five Justices of Appeal, High Court Judges, and High Court Masters, who are primarily responsible for procedural and interlocutory matters. The High Court Judges are each assigned to, and reside in, the various member States. The High Court Registry is headed by a legally trained Registrar who coordinates the provision of the necessary administrative and legal support for the functioning of the High Court. ECSC, *Court Overview*. Viewed at: <https://www.eccourts.org/court-overview/>.

governing: (i) a company, (ii) an international business company, (iii) a domestic and international banking and financial service, (iv) a domestic insurance, reinsurance and international insurance, (v) a domestic and international mutual fund, (vi) a domestic and international trust, (vii) a registered agent and trustee licensing, and (viii) the registration of business names; (c) a partnership; (d) an insolvency; (e) carriage of goods by sea, air or pipeline; (f) exploitation of natural resources; (g) operation of markets and exchanges including securities markets and exchanges; (h) mercantile agency and usages; (i) intellectual property rights; (j) unfair competition; and (k) arbitration. In order for a claim to qualify as a commercial claim, the claim or value of the subject matter to which the claim relates must be XCD 200,000 or above; this amount may be varied by the Chief Justice and two other judges by notice in the Gazette. A certificate stating that the value of the claim meets or exceeds the required amount must be included in the claim form.<sup>35</sup> The authorities note that, while the Commercial Court is operational, no matters had been brought before it as of December 2022.

## 2.2 Trade policy formulation and objectives

2.11. The Ministry of External Affairs, International Trade, Civil Aviation and Diaspora Affairs (METC) continues to be the body responsible for the macroeconomic and strategic aspects of trade policy formulation, including WTO issues. METC's International Trade Division in particular, is responsible for assisting with the implementation of international trade agreements; engaging in the negotiation of bilateral, regional, and multilateral agreements; implementing and coordinating trade-related projects; and representing Saint Lucia at regional and international meetings and conferences on trade issues.<sup>36</sup> The METC represents Saint Lucia at regional and international trade fora, such as the WTO, the CARICOM Secretariat, and the African, Caribbean and Pacific (ACP) group of countries.

2.12. The Ministry of Commerce, Manufacturing, Business Development, Cooperatives and Consumer Affairs deals with internal commerce and with some aspects of international trade and trade-related measures. Its mission is to promote and facilitate, in collaboration with the private sector, the establishment of a dynamic investment and trading environment, while at the same time strengthening and enhancing the productive capacities and competitiveness of industry and commerce, encouraging good business practices, and promoting consumer interest.<sup>37</sup> The Import Monitoring Department is responsible for administering import licences, as provided by law. In this respect, the External Trade Act No. 13 of 2011 of the Revised Laws of Saint Lucia, which provides for the importation of certain classes of goods into Saint Lucia by obtaining an Import Licence through the Permanent Secretary of the Ministry.<sup>38</sup> The list of goods that requires an import licence can be obtained from the External Trade (Restricted Imports) (No. 118) Order of 2012 (Section 3). The Department of Commerce and Industry is in charge of export promotion and of implementing the "Buy Local Campaign", geared at efforts to redirect domestically earnings by the hotel industry that are going overseas, while maintaining a solid tourism industry. The Ministry heads a Trade Facilitation Committee, created by Cabinet Decision in 2017, comprising representatives of both the public and private sectors. The Committee met on a regular basis until 2019, but now meets on a need's basis.

2.13. The Ministry of Finance, Economic Development and the Youth Economy is responsible for overseeing and coordinating the planning and management of financial and economic resources, including those from external sources, and for contributing to the formulation of policies to accelerate social and economic development.<sup>39</sup> Given the strong interconnection of financial issues with trade and the high financial reliance on taxes on imports, including tariffs, the Customs Service Charge (CSC), and the VAT, the Ministry of Finance plays an important role in decisions regarding trade policy measures. The Customs and Excise Department within the Ministry is in charge of enforcing

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<sup>35</sup> Part 69C: Commercial Court Rules (Saint Lucia). Inserted by Saint Lucia Statutory Instrument, 2015, No. 97. Arrangement of Rules, 2 November 2015. Viewed at: <https://www.eccourts.org/civil-procedure-rules/part-69-c-commercial-court-rules-saint-lucia/>.

<sup>36</sup> Ministry of External Affairs, International Trade, Civil Aviation and Diaspora Affairs. Viewed at: <http://externalaffairs.govt.lc/ministries/external-affairs-international-trade-and-civil-aviation/international-trade-division>.

<sup>37</sup> Ministry of Commerce, Manufacturing, Business Development, Cooperatives and Consumer Affairs. Viewed at: <https://www.commerce.gov.lc/>.

<sup>38</sup> Ministry of Commerce, Manufacturing, Business Development, Cooperatives and Consumer Affairs. Viewed at: <https://www.commerce.gov.lc/departments/view/56>.

<sup>39</sup> Ministry of Finance, Economic Development and the Youth Economy. Viewed at: <http://finance.govt.lc/>.

the law relating to import and export prohibitions, restrictions, and trading practices.<sup>40</sup> It is also responsible for the administration and collection of the tariff, the CSC, as well as excise taxes and the VAT on imports. Customs' stated goal is to maximize the payment and collection of revenue while facilitating legitimate trade and travellers.

2.14. The Ministry of Agriculture, Fisheries, Food Security and Rural Development (Ministry of Agriculture) is in charge of designing and implementing agricultural and fisheries policies. Its goals include facilitating the development and promotion of sustainable agriculture and food chain systems to provide affordable supplies of safe, high-quality, nutritious food and efficient services, through stakeholder consultations, rural empowerment, and resource management.<sup>41</sup> One of the main objectives of Saint Lucia's agricultural policy is to increase agricultural productivity, thereby facilitating the generation and transfer of appropriate technology. The policy also seeks to guarantee the security of food supplies: (i) by promoting the effective management of crop and livestock enterprises, forestry and water resources, and fisheries; (ii) by promoting and supporting the conservation of the country's natural resource base; (iii) by assisting in the establishment and maintenance of proper marketing and distribution channels for agricultural produce; (iv) by advocating and promoting the optimal utilization of the factors of production; and (v) by assisting in the development of the human capacity for efficient development of agricultural production enterprise.<sup>42</sup>

2.15. The Chief Veterinary Officer of the Ministry of Agriculture is the Veterinary Authority, responsible for safeguarding the health of both the animal and human populations, through the control of animal diseases and by preventing the introduction of exotic diseases.<sup>43</sup> It is the duty of the Veterinary Authority to enforce and administer the Animal (Disease and Importation) Act, 2005 and any sanitary and phytosanitary control linked to animal health. Anyone who wishes to import animals or animal products into Saint Lucia must apply to the Veterinary Authority for an import permit upon arrival; all animals and animal products must be inspected by the Authority.

2.16. Saint Lucia develops its trade policy in close consultation with other OECS and CARICOM member countries. This leads to the adoption of common trade policy positions. Coordination helps partly overcome the resource constraints that Saint Lucia and other OECS countries have, as the corresponding OECS and CARICOM Secretariats are instrumental in helping design trade and investment policy positions including in bilateral and multilateral trade negotiations. The OECS technical mission in Geneva continues to facilitate Saint Lucia's participation in the WTO.

2.17. During the review period, Saint Lucia has developed the National Export Strategy (NES) 2020-2024, with the support of the International Trade Center (ITC).<sup>44</sup> The NES has developed a Strategic Trade Development Roadmap (STDR), which seeks to orient Saint Lucia's trade development, to deal with constraints and to promote export opportunities. The STDR elaborates three strategic objectives:

- Strengthening the competitiveness of the business ecosystem to boost the creation of firms' and SMEs' growth. This is to be done by establishing sound policies and regulations to allow enterprises to be competitive and efficient, and having effective institutions to support them. This strategic objective focuses on developing business and trade support services that improve the firms' competitiveness, in particular SMEs and in areas where there is more need such as trade finance, certification, transport, cargo handling, trade promotion, and branding;
- Expanding the national productive capacity and diversifying the export basket, which is currently highly concentrated on a few relatively low value-added products (such as primary agricultural products, beverages, and food condiments with high import content) and services (tourism). Expanding the national productive capacity requires strengthening SMEs to produce and sell their goods and services profitably. The STDR proposes a combination of domestic capacity enhancements with selective,

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<sup>40</sup> Customs and Excise Department. Viewed at: <http://www.customs.gov.lc/index.php>.

<sup>41</sup> Ministry of Agriculture, Fisheries, Food Security and Rural Development.

<sup>42</sup> Ministry of Agriculture, Fisheries, Food Security and Rural Development.

<sup>43</sup> Customs and Excise Department, *Plant & Animal Products*. Viewed at: <http://www.customs.gov.lc/plant-animal-products.php>.

<sup>44</sup> Government of Saint Lucia, *Saint Lucia National Export Strategy 2020-2024*.

knowledge-enhancing, foreign investments, to try to overcome the internal factors that affect the competitiveness of the firms, namely, their capacity to compete in international markets, to connect with customers and other businesses, and to change and adapt to new situations. This strategic objective aims at supporting firm managers and entrepreneurs with learning opportunities and by connecting them with firms that are more competitive; and

- Ensuring that increased trade is environmentally friendly and its benefits widely shared.

2.18. The roadmap includes a national plan of action for export development, which details a series of activities to implement in the short to medium term. To implement it, five sector strategies and four cross-sector support functions have been devised. To achieve its aim of developing Saint Lucia's productive capacities and the business ecosystem, a number of existing and potential sectors have been identified as priority areas as they are seen as potential drivers of innovation and high value addition, and SME and entrepreneurship development. These sectors are the following:

- **Renewable energy.** Saint Lucia has a large potential for wind, geothermal, and solar renewable energy generation due to the natural resources available, but currently power generation mainly relies on imported diesel, with renewable source providing well below 1% of total generation. To deal with this situation, the sector strategy sets out to achieve three strategic objectives: (i) strengthening the business environment and ecosystem to increase value added in the renewable energy sector, by improving local energy policies and regulations, a process already started with the introduction of the Electricity Supply Services Bill, and by strengthening the National Utilities Regulatory Commission (NURC); (ii) expanding the national productive capacity in photovoltaics and diversifying the energy mix; and (iii) raising awareness on renewable energy's contribution to sustainable development;
- **Information & Communication Technology (ICT).** The strategy sets out three strategic objectives: (i) improve awareness of the sector at the national and regional levels, stimulating entrepreneurial initiative and improving access to finance; (ii) increase the national productive capacity and improving the supply of skilled professionals; and (iii) expand industry growth through improved efficient support and better sector coordination;
- **Creative industries.** The sector supports some 1.5% of total employment, and generates positive spillovers to other sectors, in particular, international tourism and export of media and digital products. The Government has launched a number of programmes to support its development, but challenges remain, including the small size of the domestic market, insufficient institutional and financial support, and outdated infrastructure. The sector strategy is structured around three strategic objectives: (i) promoting a better understanding of the contribution and importance of the sector through actions to improve data collection and analysis, map its resources and professionals, develop a communication strategy, support the formalization of the sector and reinforcing sectoral associations; (ii) expanding regional and international presence through strengthened support to the sector, mainly through training and skills development; (iii) strengthening the business ecosystem for long-term growth, including through measures to enhance the protection of intellectual property, enhancing infrastructure and implementation of labour market reforms to support capacity development;
- **Tourism.** Travel and tourism are key for Saint Lucia's economy, contributing directly to 13.7% of total GDP and to some 40% indirectly, and directly supporting 17,500 jobs, or some 25% of jobs (close to one fourth of total employment) and accounting for over 80% of services exports. Despite the sector's importance, however, there are challenges constraining growth, including the high concentration of origin markets, a deficit of trained professionals and managers, a need for tourism-related infrastructure updates, a need for regulations to catch up with the innovations in the sector, and a speedier implementation of quality standards. The tourism strategy is based on three strategic objectives: (i) strengthening the competitiveness of the business ecosystem to boost the creation of firms and SME growth; (ii) diversifying the tourism offer to create more opportunities for SMEs, as currently tourism is highly concentrated on leisure tourism,



which is dominated by highly vertically integrated large players that leave few opportunities for SMEs; and (iii) ensuring environmental sustainability through targeted policies and enhanced business and public participation;

- **Food and beverages industry.** The strategy identifies four main challenges that Saint Lucia needs to overcome to be competitive and profitable in export markets: (i) high transaction costs; (ii) low and unreliable output in terms of quantity, quality, and timing; (iii) insufficient match between products offered and demanded in export markets; and (iv) low reputation of Saint Lucia's products. According to the Strategy, there is a large diversification potential for higher value-added products. In the short term, sales could be increased by supplying products to restaurants, hotels, and supermarkets at the national and regional levels. Three interrelated strategic objectives have been set for this sector: (i) strengthening trust and cooperation among the value chain actors to reduce transaction costs by improving local agricultural policies and regulations to help local farmers and firms enhance their competitiveness and efficiency, and by strengthening the organization of the sector and the exchange of information between producers, processors, and exporters; (ii) expanding the national productive capacity in agroprocessing by enhancing knowledge of good technical, management, and marketing practices, and by improved cooperation among the value chain actors; and (iii) improving trade support services to SMEs and enhancing the reputation of their products in export markets.

2.19. In addition to the selected priority sectors, the Strategy aims to support the three strategic objectives by strengthening the business ecosystem for enterprises in any economic sector through four cross-sector support functions: (i) skills development and education; (ii) trade facilitation and logistics (Section 3.1.1); (iii) innovation; and (iv) access to finance (Section 4.4.1).

## 2.3 Trade agreements and arrangements

### 2.3.1 WTO

2.20. Saint Lucia, like other OECs-WTO Members, applied GATT *de facto* as part of the metropolitan territory of the United Kingdom before its independence on 22 February 1979. After that date, Saint Lucia became a GATT contracting party under Article XXVI:5(c) with its rights and obligations under GATT retroactive to the date of independence. Saint Lucia is an original Member of the WTO, which it joined on 1 January 1995.

2.21. During the review period, Saint Lucia continued displaying efforts towards implementing legislation amendments to allow it to fully implement the WTO Agreements. However, further efforts are required in order to comply with obligations regarding agriculture, anti-dumping, and patents (Table 2.1).

**Table 2.1 Main areas where legal or regulatory amendments are needed in Saint Lucia to comply with WTO provisions, 2021**

Agreement	Current situation
Anti-Dumping	No enacting legislation
Patents	Legislation has not been implemented. Current legislative void
SCM	No legislation
SCM, Article 27	None
GATT 1994, Article II	<i>Ad valorem</i> Customs Service Charge (increased from 5% to 6% during review period)
Schedule of Tariff concessions	Not listed

Source: WTO Secretariat.

2.22. Compliance with notification obligations has remained an issue for Saint Lucia during the review period, and a significant effort must be made to bring notifications up to date. Although efforts have been made to provide notifications on certain issues, such as import licensing, technical regulations, and subsidies and countervailing measures, there is a lack of notifications on others, such as agriculture and SPS (Table 2.2). As was already noted in the previous Review, the authorities consider that these lags are mainly due to resource constraints.

**Table 2.2 Saint Lucia: notifications to the WTO, January 2014 to December 2022**

Agreement	Notification/Action
<b>Agreement on Implementation of Article VI of the GATT 1994 (Anti-Dumping Agreement)</b>	
Article 16.4	G/ADP/N/193/LCA, 25/03/2015
Article 16.5	G/ADP/N/193/LCA, 25/03/2015
Article 7.3	G/LIC/N/3/LCA/7, 03/03/2017
<b>Agreement on Subsidies and Countervailing Measures</b>	
Article XVI.1 GATT 1994	Yes, G/SCM/N/299/LCA; G/SCM/N/315/LCA; G/SCM/N/343/LCA, 03/10/2019 G/SCM/N/284/LCA; G/SCM/N/290/LCA, 01/11/2016
Article 25.11	G/SCM/N/202/LCA, 25/03/2015
Article 25.12	G/SCM/N/202/LCA, 25/03/2015
Article 27.4	G/SCM/N/275/LCA, 26/06/2014
<b>Agreement on Technical Barriers to Trade</b>	
Article 10.6	G/TBT/N/LCA/55, 23/09/2019; G/TBT/LCA/54, 01/08/2018; G/TBT/LCA/53, 28/11/2017; G/TBT/LCA/52, 28/11/2017; G/TBT/LCA/51, 18/05/2017; G/TBT/LCA/50, 18/05/2017.
GATS Article V:7(a)	Yes, S/C/N/1025; WT/REG420/N/1, 07/01/2021
<b>Agreement on Trade Facilitation</b>	
Category A notification	WT/PCTF/N/LCA/1, 16/09/2015
Categories B and C notification	G/TFA/N/LCA/1, 04/09/2018
Notification articles 1.4 and 10.6.2	G/TFA/N/LCA/2, 04/09/2018
Category C notification – Addendum	G/TFA/N/LCA/1/Add.1, 02/12/2018
Extension of definitive dates	G/TFA/N/LCA/1/Add.2, 23/08/2021
Extension of definitive dates	G/TFA/N/LCA/1/Add.3, 02/09/2022
<b>Committee on Trade and Development</b>	
Notification of changes affecting the implementation of a regional trade agreement – CARICOM and Colombia – Supplement	WT/COMTD/RTA15/N/1/Add.148/Suppl.1, 14/02/2022

Source: WTO Secretariat, based on notification documents.

2.23. Saint Lucia is not a participant in the Information Technology Agreement (ITA). It did not participate or present offers in the WTO extended negotiations on telecommunications, nor in the extended negotiations on financial services.

2.24. Saint Lucia accepted the 2005 Protocol Amending the TRIPS Agreement on 2 May 2016, and the 2014 Protocol concerning the Agreement on Trade Facilitation (TFA) on 8 December 2015. On 30 June 2015, Saint Lucia submitted its Notification of Category A Commitments under the Agreement on Trade Facilitation.<sup>45</sup> By December 2022, Saint Lucia had accepted all 12 Category A measures, accounting for 49.2% of all measures. In September 2018, Saint Lucia submitted its Categories B and C commitments.<sup>46</sup> Saint Lucia has requested technical assistance with respect to 10 measures.<sup>47</sup> In August 2022, Saint Lucia notified the WTO that it was submitting a request for an extension of the definitive dates for the implementation of Article 3 of the TFA on Advance Rulings from 31 December 2022 to 30 June 2024, as the technical assistance notified as a requirement for implementation support had not been secured. It also requested the extension of the period for implementation of Article 7.4 on Risk Management from 31 December 2022 to 30 June 2024 to implement the CARICOM coordinated, regional approach to implement risk management. Additionally, Saint Lucia requested the same extension for the implementation of Article 10.2 on Acceptance of Copies since attempts to secure the required technical assistance and support to

<sup>45</sup> Detention; Penalty Disciplines; Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges; Expedited Shipments; Movement of Goods Intended for Import under Customs Control; Use of International Standards; Preshipment Inspection; Use of Customs Brokers; Common Border Procedures and Uniform Documentation Requirements; Temporary Admission of Goods and Inward and Outward Processing Freedom of Transit; and Customs Cooperation. WTO document WT/PCTF/N/LCA/1, 16 September 2015.

<sup>46</sup> Notification of Category Commitments under the Agreement on Trade Facilitation. WTO document G/TFA/N/LCA/1, 4 September 2018.

<sup>47</sup> Enquiry Points; Advance Rulings; Notifications for Enhanced Controls or Inspections; General Disciplines on Fees and Charges; Specific Disciplines on Fees and Charges; Risk Management; Average Release Times; Perishable Goods; Acceptance of Copies; and Single Window. WTO Trade Facilitation Database. Viewed at: <https://tfadatabase.org/members/saint-lucia/category-c-analysis>.

undertake the diagnostic assessment and prepare the legislative framework for the implementation of this provision continued to be unsuccessful.<sup>48</sup>

2.25. At MC12 in Geneva, Saint Lucia reminded Members that small, vulnerable economies (SVEs) are exposed to a high degree of economic openness, often with a heavy reliance on imports, especially to meet their food and energy needs.<sup>49</sup> The vulnerabilities facing small island developing states (SIDS) were stressed; it was noted that, like many SIDS, the OECS-WTO Members relied on climate-sensitive sectors for trade and livelihoods such as tourism, agriculture, and fisheries, and in this regard, their very existence was on the line due to climate change. It was noted that, when the WTO was created, Saint Lucia's trade and economic development were buttressed by access to trade preferences and development support from the international community, but currently much of that support had been withheld. Areas of economic activity such as banana production and export, and offshore financial services, had either collapsed or terminated. Saint Lucia called for fairness, equity, and justice in the workings of the WTO. As a small open economy with a heavy reliance on international trade and broader participation in the global economy to meet its development objectives, Saint Lucia needed a WTO and a multilateral trading system responsive to its economic development needs as enshrined in the Marrakesh Agreement. Saint Lucia called on WTO Members to allow for sufficient policy space for developing and least-developed Members to achieve their development objectives. Saint Lucia also recognized that the WTO needs reform and modernizing; this reform must be open, transparent, inclusive, and comprehensive.<sup>50</sup>

2.26. Saint Lucia has not been a complainant or defendant in any case before the WTO Dispute Settlement Body (DSB). However, it has reserved a right as a third party in three cases, although all of them before the review period.<sup>51</sup> Saint Lucia belongs to the following negotiating groups: ACP, G-90, SVEs-NAMA, G-33, "W52" sponsors, and SVEs-rules (Dominica, Saint Lucia, and Saint Vincent and the Grenadines).

### 2.3.2 Regional and preferential agreements

#### 2.3.2.1 OECS

2.27. The OECS was established in 1981 through the Treaty of Basseterre, with Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines as members, and Anguilla and the British Virgin Islands as associate members. The OECS reinforced its integration process through the signature of the Revised Treaty of Basseterre Establishing the OECS Economic Union (RTB) in June 2010, which established new institutional arrangements, and created a single financial and economic space within which goods, services, people, and capital move freely, and monetary and fiscal policies are harmonized. The RTB entered into force on 21 January 2011. The main organs of the Economic Union organs are: (i) the OECS Authority of Heads of Government of the member States; (ii) the Council of Ministers; (iii) the OECS Assembly; (iv) the Economic Affairs Council; and (v) the OECS Commission.

2.28. Apart from the above-mentioned organs, there are three OECS institutions: the Eastern Caribbean Supreme Court, the Eastern Caribbean Central Bank, and the Eastern Caribbean Civil Aviation Authority. For some years now, discussions have been ongoing for the establishment of a fourth OECS institution, the Eastern Caribbean Energy Regulatory Authority.

#### 2.3.2.2 CARICOM

2.29. Saint Lucia, together with the other five OECS-WTO Members are founding members of the Caribbean Community and Common Market, established in 1973 through the Treaty of Chaguaramas. The Treaty was revised in 1989 to allow for the creation of the CARICOM Single Market and Economy (CSME), a single economic space with free movement of goods, services,

<sup>48</sup> WTO document WT/TFA/N/LCA/1/Add.3, 2 September 2022.

<sup>49</sup> WTO document WT/MIN(22)/ST/41, 12 June 2022.

<sup>50</sup> WTO document WT/MIN(22)/ST/113, 12 June 2022.

<sup>51</sup> *European Communities – Regime for the Importation, Sale and Distribution of Bananas (DS27)*; *United States – Sections 301-310 of the Trade Act 1974 (DS152)*; and *United States – Import Measures on Certain Products from the European Communities (DS165)*.

capital, and CARICOM nationals between member States; the revision was completed in 2000.<sup>52</sup> CARICOM has a total of 15 participants: Antigua and Barbuda; the Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Haiti; Jamaica; Montserrat; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Suriname; and Trinidad and Tobago. The Bahamas is a full member of the Community but not of the CSME; Turks and Caicos Islands, the British Virgin Islands, and Bermuda are associate members. The more developed countries (MDCs) of the Community are the Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago. All OECS member States together with Belize and Haiti make up the less developed countries (LDCs).<sup>53</sup>

2.30. The highest-level decision-making body and final authority in CARICOM is the Conference of Heads of Government. Below that level, several ministerial councils deal with policy issues in different areas. The Council for Trade and Economic Development (COTED), composed of the trade and development ministers from all member States participating in the CSME, is in charge of promoting trade and economic development in CARICOM, and is one of CARICOM's most influential institutions. Any change in tariffs by a CARICOM member must first be approved by COTED. The Council for Foreign and Community Relations (COFCOR) is responsible for relations between CARICOM, international organizations, and third countries, while the Council for Finance and Planning (COFAP) is responsible for monetary policy coordination.

2.31. CARICOM member States in principle implement a common external tariff (CET), which has been put in place through a phased process, with lists of exceptions (List A, List C, and List D) allowing deviations from the CET for certain products. These lists are prepared at a national level. However, as at March 2021 tariff schedules across CARICOM members still differed considerably, mostly due to the exceptions allowed and to the existence of mechanisms permitting the non-application of the CET under certain circumstances. The Revised Treaty of Chaguaramas (RTC) contains safeguard provisions that allow, in the event of serious balance of payments and external financial difficulties, the adoption, on a non-discriminatory basis, and for a maximum of six months, of restrictions on the right to establishment, to provide services and to move capital, as well as the use of quantitative restrictions on imports. Article 164 of the RTC allows for less developed CARICOM members to increase tariffs above CET levels for certain products approved by the COTED (see below). Saint Lucia has made use of this provision since 1 January 2020.

2.32. Saint Lucia also participates in the CARICOM Regional Organization for Standards and Quality (CROSQ) and has enacted the agreement establishing the CROSQ into domestic law. The Caribbean Agricultural Health and Food Safety Agency (CAHFSA), established in Suriname by the Revised Agreement Establishing the Caribbean Agricultural Health and Food Safety Agency of 25 February 2011, is mandated to perform a coordinating and organizing role for the establishment of an effective and efficient regional sanitary and phytosanitary (SPS) regime and to execute on behalf of member States such SPS actions and activities that can be more effectively and efficiently executed through a regional mechanism. CAHFSA's mission is to enhance regional development in agricultural health and food safety through the application of SPS measures.<sup>54</sup> CAHFSA operates in the areas of animal health, plant health, and food safety.

2.33. Saint Lucia, together with the other OECS countries, is a member of the Association of Caribbean States (ACS), a forum for economic and trade policy coordination at the regional level, comprising 25 Caribbean Basin countries.

### 2.3.2.3 CARIFORUM-EU Economic Partnership Agreement (EPA)

2.34. The EPA between the European Union and 15 Caribbean States in the CARIFORUM group, including the OECS members, was signed in 2008. Saint Lucia, as part of CARIFORUM ratified the EPA in September 2012. The EPA is based on the principle of asymmetric reciprocity, which is

<sup>52</sup> With respect to the free movement of goods, the Revised Treaty of Chaguaramas prohibits imposing export or import duties to other CARICOM members, but not "charges commensurate with the cost of services rendered". The OECS members have interpreted this as the right to apply Customs Services Charges, which are *ad valorem*, to all imports, including those of CARICOM origin. The revised treaty also prohibits the application of quantitative restrictions on the importation of goods of CARICOM origin, and of export subsidies or subsidies contingent upon the use of domestic over imported goods.

<sup>53</sup> Saint Lucia, as a CARICOM LDC, may invoke Chapter 7 of the Revised Treaty of Chaguaramas, in particular Article 150 (Safeguard Measures), which allows a country classified as an LDC to limit imports of goods from other CARICOM members, for up to three years.

<sup>54</sup> CAHFSA. Viewed at: <https://www.cahfsa.org>.

reflected in market access, the MFN provisions, trade defence measures, and development cooperation. The European Union committed to the immediate removal of all tariffs and quotas on CARIFORUM exports except for arms and ammunition as well as of sugar and rice, which gained full duty and quota-free access at the end of 2009. CARIFORUM States committed to more gradual reductions in their tariffs over a period of up to 25 years, excluding certain sensitive products. The EPA covers also trade in services, public procurement, intellectual property rights, and environmental protection.

2.35. Under the EPA, the European Union guaranteed Saint Lucia and the CARIFORUM countries MFN treatment with respect to any more favourable concession or improvement or relaxation of rules of origin offered to any third country in trade in goods. CARIFORUM countries must only provide MFN treatment to EU products in cases of FTAs signed with major trading economies.<sup>55</sup> Under Article 17 of the EPA, Saint Lucia and the other OECS members (together with Belize, Guyana, and Haiti) are granted preferential treatment with respect to their tariff commitments in that they are allowed, following a decision in the CARIFORUM-EC Trade and Development Committee, to modify the level of customs duties stipulated in Annex III of the EPA, provided that such modification does not result in incompatibility with Article XXIV of the GATT 1994.

2.36. The EPA encourages deeper integration among CARIFORUM States and introduces a regional preference principle by which any more favourable treatment or advantage offered by any CARIFORUM State to the Economic Community must be granted to each CARIFORUM State.

2.37. Imports from the European Union into the CARIFORUM countries were placed under a gradual liberalization scheme. Most agricultural products were either excluded from liberalization or subject to long transition periods of 20 or 25 years. The main exclusions and lengthier implementation periods apply to sensitive products, including poultry and other meat; dairy products; certain fruits and vegetables; fishery products; sauces; ice cream; syrup; beverages; ethanol; rum; vegetable oils; paints and varnishes; perfumes; cosmetics; soaps; shoe polish; glass or metal polishes; candles; disinfectants; furniture and parts; and some apparel, such as cotton pullovers/jerseys/cardigans. Under the gradual liberalization schedule for imports from the European Union into CARIFORUM countries, it is estimated that over 60% of tariff lines are currently duty-free over 10 years; the rates applied by Saint Lucia are shown in Section 3 (Table 3.5). Implementation of the tariff cuts in Saint Lucia required the adoption of administrative and legislative measures, which included the modification of the Customs Act.

2.38. The EPA provides for a standstill of other duties and charges applied on imports, leading to a phase-out starting 7 years after signature with a complete elimination within 10 years. This has, however, not occurred. To the contrary, Saint Lucia increased its CSC on imports from 5% to 6% after signature of the Agreement.

#### **2.3.2.4 CARIFORUM-UK Economic Partnership Agreement**

2.39. Following the departure of the United Kingdom from the European Union, Saint Lucia and other CARIFORUM countries subscribed a preferential trading relationship agreement with the United Kingdom, which was governed previously by the EPA. This Agreement was notified to the WTO on 31 December 2020 and entered into force on 1 January 2021.<sup>56</sup>

2.40. Saint Lucia signed the Agreement on 22 March 2019, which is based on the CARIFORUM-EU EPA. The CARIFORUM-UK EPA establishes a free trade area for trade in goods, within the meaning of Article XXIV of the GATT 1994, and for trade in services, within the meaning of Article V of the GATS. The Agreement covers trade in goods, including rules of origin, preferential tariffs and quotas as well as investment and trade in services. It also contains provisions on current payments and capital movements, competition, innovation and intellectual property, public procurement, environment and social aspects, development cooperation, dispute settlement, and institutional provisions.

2.41. Since 1 January 2021, Saint Lucia has provisionally applied the CARIFORUM-UK EPA, while it was decided that trade between the United Kingdom with Saint Kitts and Nevis and with Trinidad

<sup>55</sup> Under the EPA, a major trading economy is defined as a country or group of countries with a share of world merchandise trade exceeding 1% or 1.5%, respectively.

<sup>56</sup> WTO document WT/REG420/N/1, 7 January 2021.

and Tobago would continue on preferential terms on the basis of Memoranda of Understanding pending completion of domestic procedures for provisional application or ratification. Access to preferential trade for Haiti and Suriname, parties to the CARIFORUM-UK EPA that had not yet signed it, was postponed until their signature and application of the Agreement.

### **2.3.2.5 Bilateral agreements**

2.42. Through its membership of CARICOM, Saint Lucia has bilateral trade agreements with Canada, Colombia, Cuba, Costa Rica, the Dominican Republic, and the Bolivarian Republic of Venezuela.

2.43. The CARICOM-Colombia Agreement on Trade, Economic and Technical Cooperation, signed in 1994 and renegotiated in 1997 is reciprocal only for CARICOM MDCs. Saint Lucia and the other OECS-WTO Members, as LDCs within CARICOM, benefit from unilateral preferences, and the scope of the Agreement remains limited. The Agreement phased in tariff reductions on a list of selected products; its Annex II contains a list of products on which tariffs were eliminated in mid-1999. Annex III of the Agreement contains a list for possible phased reduction of duties; however, these reductions have not been implemented.

2.44. The CARICOM Free Trade Area agreement with Costa Rica entered into force on 1 March 2004. The Agreement is reciprocal with respect to CARICOM's MDCs, but grants unilateral preferences for Saint Lucia and the other OECS-WTO Members. The Agreement provides for free trade or preferential access for a wide range of products, excluding sensitive goods. Tariffs on 95% of products have been phased out. Duty will continue to apply for CARICOM, on meat, dairy products, fruit, and vegetables, and a few manufactured goods, such as furniture, some paints, bottles, and candles.

2.45. The CARICOM-Cuba Trade and Economic Agreement, which entered into force in 2006, provides for duty-free access for a list of goods agreed by both sides. However, as is the case with other CARICOM agreements, the concessions on the CARICOM side are limited to MDCs. Saint Lucia and the other OECS-WTO Members do not grant preferences to Cuba under this Agreement.

2.46. The CARICOM-Dominican Republic Free Trade Agreement, which entered into force in 1999, has granted bilateral duty-free access for a number of products since 1 January 2004. Tariff concessions under the Agreement are reciprocal between CARICOM MDCs and the Dominican Republic, but Saint Lucia and the other OECS-WTO Members benefit from unilateral preferences, while exports from the Dominican Republic to their markets continue to attract duties.

2.47. The CARICOM-Venezuela Agreement on Trade and Investment, which entered into force on 1 January 1993, is a one-way preferential agreement aimed at promoting CARICOM exports to the Bolivarian Republic of Venezuela through duty-free access for some products or phased reductions in tariffs. Through this Agreement, most CARICOM exports to the Bolivarian Republic of Venezuela are granted preferential or duty-free access. Tariffs were eliminated on 22% of products (mostly fresh produce, confectionery, cosmetics, jams and jellies, medicines, wooden furniture, horticultural products, spices, processed foods, and toilet preparations), while 67% of products benefit from tariff reductions.

### **2.3.2.6 Non-reciprocal agreements**

2.48. Saint Lucia and the other OECS-WTO Members also benefit from the Caribbean Basin Initiative (CBI), and from Canada's CARIBCAN, both of which are non-reciprocal and unilateral.

2.49. Under the CBI, in effect since 1984 as part of the Caribbean Basin Economic Recovery Act (CBERA), all OECS countries are eligible for duty-free access to the US market subject to rules of origin. The CBERA does not have an expiration date. To meet CBI eligibility standards, products must contain at least 35% local value added, of which US materials must comprise 15% of the value of the finished product. Articles assembled from 100% US components, with certain exceptions, are also given duty-free treatment.

2.50. Preferences to the Caribbean region were expanded in 2000 by the United States-Caribbean Basin Trade Partnership Act (CBTPA), which, for a specified period, accorded the same preferential tariff and quota treatment granted to certain textile and apparel articles imported into the

United States from NAFTA countries, subject to conditions. The CBTPA currently expires on 30 September 2030; in September 2020, the U.S. Congress voted to extend it for another 10 years. Saint Lucia is one of eight Caribbean countries, and the only one in the OECS that is a beneficiary of the CBTPA.

2.51. Under CARIBCAN, implemented in 1986, exports originating in the OECS and other CARICOM countries are granted duty-free treatment by Canada: the eligible products exclude textiles, clothing, footwear, luggage and other leather goods, lubricating oils, and methanol. To qualify for duty-free access, 60% of the ex-factory price of eligible products must originate in a beneficiary country or in Canada. Canada and CARICOM negotiated for seven years, between 2007 and 2014, a reciprocal Canada-CARICOM Trade Agreement to replace the unilateral preferences granted under CARIBCAN. However, after seven rounds of negotiations, the parties did not reach an agreement and no further negotiations are planned.

2.52. Saint Lucia and the other OECS-WTO Members are also eligible for the Generalized System of Preferences (GSP) schemes of Armenia (since 2016), Australia, Japan, Kazakhstan (since 2016), New Zealand, Norway, the Russian Federation, Switzerland, and the United States (which is, however, awaiting authorization from Congress for its renewal).

#### 2.4 Investment regime

2.53. During the review period, Saint Lucia modified and updated its investment legislation to reinforce its goal of attracting further investment. In May 2014, the Government passed the Invest Saint Lucia Act, Act No. 14 of 2014, to "preserve and continue the National Development Corporation as Invest Saint Lucia and to facilitate, stimulate and promote investment opportunities for investors in Saint Lucia, to promote economic development".

2.54. In accordance with the Act, Invest Saint Lucia (ISL) has the function to stimulate, facilitate and promote investment opportunities for foreign or local investors in Saint Lucia in the following key niche economic sectors: (i) tourism; (ii) hotel development; (iii) manufacturing; (iv) information technology; (v) infrastructure; (vi) agri-business; (vii) entertainment; or (viii) any other economic activity conducive to economic development.

2.55. The Act unifies and simplifies procedures and incentives, by granting the Minister in charge of investment, notwithstanding any other law in force in Saint Lucia, in relation to any key niche economic sector mentioned above, the same power and authority, as those of the relevant Minister to process an application made by an investor for: (i) fiscal incentives under the Fiscal Incentives Act, Cap 15.16 and to submit the recommendations to Cabinet; (ii) trade licences under the Trade Licences Act, Cap 13.04 and to grant such licences; (iii) work permits under the Labour Act, No. 37 of 2007 and to grant such work permits; (iv) tourism incentives under the Tourism Incentives Act, Cap 15.30 and to submit the recommendations to Cabinet. Applications for any of those benefits can now be made through ISL.

2.56. Saint Lucia's investment policy is geared at encouraging both foreign and domestic investment, particularly in the sectors and industries identified above. To this end, ISL is the government body in charge of promoting investment and offering guidance with respect to investment opportunities in the country. The new Act has reinforced ISL's role as a "one-stop shop" for the provision of services to both domestic and foreign investors. ISL's focus is to build and promote Saint Lucia's image as a preferred location for investors; actively seek out and generate new investments in strategic sectors with high value-added and employment generating potential; facilitate domestic and foreign direct investment by functioning as a true one-stop shop for investors; and identify major issues and measures geared towards assisting the Government in the development of a National Investment Policy.<sup>57</sup>

2.57. The services offered include providing general and sector-specific information; facilitating investor site visits and providing customized information packages; matching investors with sector-specific opportunities and projects; introducing potential investors to local industry suppliers and potential purchasers; partnering with relevant businesses in investment-related promotional efforts; identifying sites for business development; facilitating business start-ups; and aftercare

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<sup>57</sup> Invest Saint Lucia, *About Us*. Viewed at: <https://investstlucia.com/about-invest-saint-lucia/about-us/>.

client support. Additionally, ISL currently manages 7 industrial estates, which house 26 factory shells in industrial parks. The authorities note that this allows ISL to provide the best rates for leasing property and factory spaces thus making business set-up easier.<sup>58</sup> ISL also owns real estate for tourism, industrial, and agricultural development.

2.58. Companies must incorporate and register in the Registrar of Companies and Intellectual Property (ROCIP). In accordance with the Companies Act of Saint Lucia, an investor seeking to start a business in the country must: (i) obtain approval by the Registrar for the name of the business and pay the relevant fees; (ii) prepare the incorporation documents (Articles of Incorporation, Notice of Directors, Notice of Address of Registered Office); and (iii) register with the Commercial Registry. Apart from registering in the Registrar of Companies, foreign companies must register with the Inland Revenue Department and obtain a Taxpayer Identification Number (TIN). The registration form must be accompanied by a certificate of incorporation with a list of employees, their National Insurance numbers, and dates of employment with the company. A foreign individual or company, where at least one person is employed either part-time or full-time, must also register with the National Insurance Corporation (NIC) within seven days of starting the business. Every employer and associated employees must be registered with the NIC. Contributions to the NIC total 10% of wages up to a maximum of USD 1,111.11 per year, half of which must be paid by the employee and the other half by the employer. In the event of absence from work due to illness, maternity, and/or accident, the NIC pays 65% of the employee's wages for three months.

2.59. Foreign investment projects require prior government approval. Non-CARICOM companies intending to conduct business in Saint Lucia with an ownership stake greater than 49% are required to obtain a Trade License from the Ministry of Commerce, Manufacturing, Business Development, Cooperatives and Consumer Affairs, or from ISL. This application is considered by the Trade License Advisory Board, which makes a recommendation to the Minister, who then grants the final approval. According to the authorities, the application takes approximately 21 working days from date of submission to process.<sup>59</sup> The licence is issued annually and expires on 31 December of the year in which it is granted; it is renewable. Non-CARICOM nationals are also required to obtain a trade licence in order to conduct business in Saint Lucia. The annual licence fee is XCD 1,000 (USD 370.37) or half that amount where company average stock capital does not exceed XCD 10,000 (USD 3,703.70).

2.60. Investment proposals are reviewed by ISL 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. Although, in principle, some 21 areas of investment activity, including importation for the purposes of trading, remain reserved for nationals of Saint Lucia, the authorities have noted that this restriction is not always applied, for instance in the case of large investments or when local investors have no business interest or lack the appropriate technology. Foreign nationals receive national treatment with regards to legal protection.

2.61. Saint Lucia has legislation that allows for the development of specific areas. The Special Development Areas Act, aimed at promoting balanced spatial and economic development, provides incentives to approved investors/developers for the establishment of certain types of businesses in specially designated areas that are endowed with the necessary infrastructure and amenities for business development. The special development areas are Vieux Fort, Anse La Raye, Soufriere, Canaries, Micoud, Cul de Sac Valley, and Choc Estate. Businesses that qualify for the incentives include conference centres; residential complexes; commercial or industrial buildings, including office complexes; other facilities directed towards the improvement or expansion of services to the tourism sector; water-based activities; tourism projects highlighting the heritage and natural environment of Saint Lucia; arts and cultural investments; agricultural-based activities; and fisheries-based activities

2.62. Companies located in the Saint Lucia Freezone, an enclosed area treated for Customs purposes as outside the Customs territory of the island, may enjoy benefits. These include holding without payment of customs duties goods of foreign origin pending eventual transshipment, re-exportation and, in some cases, importation into the local market. The Saint Lucia Freezone is located in Vieux Fort within 200 metres of the Hewanorra International Airport and very close to the

<sup>58</sup> ISL (2019), *Doing Business Guide*. Viewed at: <https://www.investstlucia.com/p/doing-business>.

<sup>59</sup> ISL (2019), *Doing Business Guide*. Viewed at: <https://www.investstlucia.com/p/doing-business>.



container handling Vieux Fort Sea Port. Additionally, in accordance with the Free Zone Act No. 10 of 1999, the Government may designate any geographical area to be a free zone and grant a free zone licence to an investor to be a free zone developer. The free zone developer (i.e. ISL) may lease or sell land to private parties that have been issued a licence by the Freezone Management Authority to operate within the free zone, conducting trade or business in manufacturing, or commercial, office, warehousing, professional, and other activities.<sup>60</sup>

2.63. All non-national individuals or companies with more than 50% non-CARICOM ownership participation are required to obtain an Alien Landholding License (ALHL) in order to purchase property in Saint Lucia or lease it for a period of two years or more. The licence is obtained from the Ministry responsible for physical planning. 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 Saint Lucia. The ALHL is granted for a specific property; it is permanent and does not require renewal. Attorney fees are some 3% to 5% of the cost of the property; there is also a registration fee and an application fee, which vary based on the quantity of land being purchased. In the case of land acquisition, the licence fee ranges from XCD 5,000 for plots of less than 1 acre to XCD 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 XCD 50,000; 2.5% on the next XCD 25,000; 3.5% on the next XCD 75,000; and 5% on the any remaining balance.

2.64. Foreign investors in Saint Lucia can repatriate all profits and dividends and import capital. Compensation is paid in case of expropriation in the public interest, although there have been no cases in recent years. Under the Foreign National and Commonwealth Citizens (Employment) Regulation, anyone outside of the OECS wishing to conduct business or be gainfully employed in Saint Lucia must apply for a work permit from the Labour Department, which is currently under the auspices of the Ministry of Education, Innovation, Gender Relations and Sustainable Development. A fee of XCD 400 (USD 148.15) is payable for short-term work permits (up to one month validity), regardless of the applicant's nationality. For a one-year permit, an application fee of XCD 100 (USD 37.04) must be paid and a fee of XCD 2,000 (USD 740.07) for CARICOM nationals and XCD 7,500 (USD 2,777.78) for all other nationalities. All work permits are renewable, and the procedure must be repeated every year. CARICOM nationals are eligible to work in 10 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 XCD 200; skills certificates issued by other CARICOM countries are not automatically recognized.

2.65. Apart from the free-zone regime and the Special Development Areas Act, investment incentives are offered through tax concessions (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 Trade License Act, the Aliens (Licensing) Act, the Tourism Incentives Act, and the Tourism Stimulus and Investment Act.

2.66. There were important changes with respect to the legislation regulating offshore companies during the review period, whereby these companies are no longer exempted from paying income tax at regular rates for their activities in Saint Lucia. As reported in previous Reviews, the International Business Companies Act of 1999 regulates the activities of offshore companies known as International Business Companies (IBCs). In accordance with the Act, an IBC may not carry on business with residents in Saint Lucia, nor own an interest in real property situated in Saint Lucia, otherwise than by holding a lease of property for the purposes of its operations. IBCs may not conduct banking, trust, insurance, or reinsurance business without a specific licence or provide a registered office for companies. No audit is required unless the IBC is a licensed entity. An IBC may hold shares, debt obligations, or other securities in companies incorporated in Saint Lucia, and residents of Saint Lucia may hold its shares. There is no fixed minimum authorized capital requirement nor is there a maximum limit on the amount of authorized capital. The 1999 IBC Act provides for confidentiality of shareholders, directors, and officers; only the identities of the registered agent and the registered office are known, and the Articles of Memorandum and Association become public records. Until 2019, an IBC could elect to be exempted from paying income tax or to be liable to income tax on the chargeable income of the company at the rate of

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<sup>60</sup> ISL (2019), *Doing Business Guide*. Viewed at: <https://www.investstlucia.com/p/doing-business>.

1%.<sup>61</sup> Under the 1999 Act, an IBC is not subject to stamp duties, withholding tax, or capital gains tax. Income Tax concessions are available for qualified persons working for the IBC in Saint Lucia.

2.67. An IBC can be used for numerous purposes such as for general commercial trading; financial management; holding investment securities offshore; managing ship ownership or real estate ownership; managing share ownership in other companies; and leasing of assets. They are precluded, however, from providing banking or insurance service. Their business must not be carried out with persons resident in Saint Lucia. IBCs must operate through a registered local agent and may take the form of holding companies; personal investment companies; import/export companies; professional services companies; intellectual property holding companies (IPRs are sold to the offshore company, which will in turn license onshore companies to distribute the licences and receive the royalties from the onshore companies directly); and finance companies.

2.68. An IBC may issue different kinds of shares or fractions thereof, in various classes. An IBC can purchase, redeem, or otherwise acquire and hold its own shares; the company is obliged to fulfil some obligations with respect to keeping records.<sup>62</sup> An existing company, whether incorporated in a local or a foreign jurisdiction may continue as an IBC or may merge with other companies, provided the resulting company is an IBC. The Board of Directors is not obliged to hold directors meetings with any specified frequency; meetings do not require physical presence in Saint Lucia.

2.69. In 2018, and partly as a result of OECD recommendations with regard to harmful taxation, Saint Lucia introduced legislation to abolish some of the privileges granted to IBCs. As a result of the enactment of the International Business Companies (Amendment) Act No. 13 of 2018, the following changes to the regime were introduced: (i) IBCs incorporated after 1 December 2018 are deemed as resident under the Income Tax Act and required to file annual tax returns on their income accrued in Saint Lucia; (ii) IBCs incorporated after 1 December 2018 can no longer elect to be exempt from tax or to pay tax at 1%; (iii) IBCs incorporated after 1 December 2018 are not restricted from doing business with residents and may own immovable property; (iv) IBCs incorporated before 1 December 2018 are provided a temporary "grandfather" clause and to maintain the previous regime until 30 June 2021; (v) IBCs are now subject to the Aliens (Licensing) Act, and after 30 June 2021 all IBCs incorporated prior to 1 December 2018 with majority foreign shareholders or directors and that hold majority shares in companies owning immovable property in Saint Lucia must obtain a licence or exemption under the Alien Landholding (Licensing) Act.<sup>63</sup>

2.70. In parallel, an amendment to the Income Tax Act Cap 15.02 through the Income Tax Act (Amendment) Act No. 12 of 2018 was introduced that provided that IBCs incorporated before 1 December 2018 that chose to maintain the previous tax regime until 30 June 2021 do not benefit from a tax exemption on their worldwide income ("income deemed to have accrued from a source outside Saint Lucia"), that is, are not subject to the territorial taxation regime that is applied to companies with a residence in Saint Lucia. The Income Tax Amendment (2) Act No. 16 of 2019 further amended the Income Tax Act Cap 15.02 by providing a definition of "income deemed to have accrued from a source outside Saint Lucia". The International Business Companies Amendment (2) Act No. 17 of 2019 sought to offer a possibility for a grandfathered company to change its status, and opt to no longer be a grandfathered company, and thus be deemed as a resident and taxed on its domestically generated income.<sup>64</sup>

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<sup>61</sup> IBCs would elect to pay the 1% tax election if they were expecting to utilize the CARICOM Double Tax Agreement, as once tax is paid in Saint Lucia or any other member jurisdiction, then transactions and payments to any other CARICOM member country are made tax-free. See Council of the European Union (2019), *Saint Lucia's International Business Companies – IBC Regime (LC001) – Final Description and Assessment*. Viewed at: <https://data.consilium.europa.eu/doc/document/ST-7525-2019-INIT/en/pdf>.

<sup>62</sup> An IBC must keep a share register; minutes of all directors, members, and committee meetings; copies of all resolutions; a register of directors and officers; and such accounts and records as the directors feel necessary to reflect the financial position of the company. These documents are required to be kept at the company's registered office, which must be situated in Saint Lucia. It is also necessary that there is an imprint of the company seal kept at the company's registered office. Financial and Corporate Services Ltd, *International Business Companies (IBCs)*. Viewed at: <https://www.stluciafinance.com/services/international-business-companies-at-st-lucia-finance.html#types-of-ibcs>.

<sup>63</sup> The Alien Landholding (Licensing) Act, No. 1 of 2020 and the Alien Landholding (Licensing) Regulations SI No. 70 of 2020 are currently in force. Alien licensing applications are now processed by the Citizenship by Investment Unit. Viewed at: [www.cipsaintlucia.com](http://www.cipsaintlucia.com).

<sup>64</sup> Former Prime Minister Allen Chastanet noted that the amendment seeks to comply with the OECD's recommendations regarding harmful taxation. Mr Chastanet noted that the Act introduces a territorial tax

2.71. The legal figure of International Partnership was eliminated from Saint Lucia's legislation, as the International Partnership (Repeal) Act, 2018 was passed and the International Partnership Act, 2006, Cap. 12:21 (and its regulations) was repealed from 30 June 2021.

2.72. Following the amendments introduced to its legislation, Saint Lucia was removed on 15 February 2021 from the European Union's list of non-cooperative jurisdictions for tax purposes. Saint Lucia first appeared in Annex I (the blacklist) in December 2017 but was subsequently placed in Annex II (the grey list) in March 2018, after committing to address the deficiencies related to IBCs and highlighted by the European Union Code of Conduct Group.

2.73. The Alien Landholding (Licensing) Act No. 1 of 2020 and the Alien Landholding (Licensing) Regulations No. 70 of 2020 provide for an alien to purchase, acquire, lease, and hold land in Saint Lucia. A licence must be obtained from the Alien Landholding Licensing Department.

2.74. An alien shall make an application to the Board for a certificate to be eligible to apply for an Alien Landholding License (ALHL) to purchase, acquire, or lease land, or continue to hold land in Saint Lucia. The certificate may be issued for the duration of 1 year or 10 years.

2.75. In 2015, Saint Lucia introduced a Citizenship by Investment Programme (CIP), similar to those in place in other OECs countries. The programme is regulated by the Citizenship by Investment Act No. 14, of 2015, Cap 1.20, and the Citizenship by Investment Saint Lucia Regulations No. 89, of 2015, with their respective amendments.<sup>65</sup> It allows an eligible person to acquire Saint Lucia citizenship pursuant to a successful application and upon the payment of a qualifying investment.<sup>66</sup> The Citizenship by Investment Board, which is responsible for approving applications, is also responsible for coordinating the administration and operation of the CIP.<sup>67</sup> Applications must be made through a licensed authorized agent (licensed by the CIP Board) who acts on behalf of the applicant. As of December 2022, there were 15 authorized agents.<sup>68</sup> The Act initially created the Saint Lucia National Economic Fund to receive the cash donation qualifying investments from the CIP; however, this Fund is now fully managed by the Saint Lucia National Economic Fund as per Act No. 18 of 2019. The Ministry of Finance must decide annually how to use these proceeds and inform Parliament accordingly.

2.76. Investment options include the Saint Lucia National Economic Fund; approved real estate projects; approved enterprise projects; non-interest-bearing Government Bonds; and, since 2020 and for a limited time (until 31 December 2022), the COVID-19 Relief Bond. The main requirements for each type of investment are:

- Saint Lucia National Economic Fund.<sup>69</sup> An applicant must invest USD 100,000 in applying alone, USD 140,000 if applying with spouse, and USD 150,000 if applying with

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structure "by eventually merging ... IBCs with local companies". He noted that, the territorial tax structure, "which is in essence the source of taxation defined by the CARICOM agreement..., does not charge taxes on foreign earned income by those companies. What we are doing is putting a provision in, so that the companies who were under the old IBC Act for the two-year period of the grandfathering can continue to benefit from the one percent tax". Government of Saint Lucia, *Income Tax Act Amendment*, press release, 21 June 2019.

Viewed at: <http://www.govt.lc/news/income-tax-act-amendment>.

<sup>65</sup> Citizenship by Investment Amendment Saint Lucia Regulations SI No. 3 of 2016; Citizenship by Investment Amendment Regulation SI, 2017, No. 1; Citizenship by Investment (Amendment) Act No. 12 of 2019; Citizenship by Investment (Amendment) Regulations SI No 48 of 2019, Saint Lucia National Economic Fund Act No. 18 of 2019; Citizenship by Investment (Amendment) Act No. 4 of 2020; Citizenship by Investment (Amendment) Regulations No. 73 of 2020; and Citizenship by Investment (Amendment) (No. 2) Regulations, 2020.

<sup>66</sup> Citizenship by Investment Saint Lucia, *FAQs*. Viewed at: <https://www.cipsaintlucia.com/faqs>.

<sup>67</sup> Citizenship by Investment Act, Cap 1.20, Section 7.

<sup>68</sup> The following agents have been licensed by the CIP: Apex Ltd; Arton Capital (Saint Lucia) Ltd; Blue Marble Citizens Inc.; Century Capital Inc.; Citizenship & Corporate Services Ltd (CCS); Corporate Solutions Ltd; Foster Citizenship Corporation; Global Citizenship Services Ltd; Global Citizens Caribbean Inc.; Henley & Partners Saint Lucia Inc.; McNamara Citizenship Services Inc.; Polaris Citizenship & Investment Consultancy Services Ltd; TM Antoine Partners Advisory Inc.; Waren Montgomery trading as Global Footsteps; and Zevio Inc. Citizenship by Investment Saint Lucia, *Authorised Agents*. Viewed at: <https://www.cipsaintlucia.com/authorised-agents>.

<sup>69</sup> The governing body of the Saint Lucia National Economic Fund is the Saint Lucia National Economic Fund Board, which manages the monies and business of the Fund. In accordance with the Saint Lucia National Economic Fund Act No. 18 of 2019 the Board consists of no less than five members and no more than seven

spouse and up to two qualifying dependents. An additional investment of USD 15,000 must be made for each additional dependent of an applicant with spouse and up to two qualifying dependents, and of USD 25,000 for each additional qualifying dependent, of any age. In the case of persons who are already citizens, an investment of USD 35,000 must be made for a non-citizen spouse, and of USD 25,000 for each other qualifying dependent;

- Five-year holding government bond. Applications for citizenship of Saint Lucia can be made through an investment in government bonds. The bonds are non-interest bearing and must be registered and remain in the name of the applicant for a five-year holding period from the date of first issue. Once an application for Saint Lucia citizenship has been approved, the following minimum investment in government bonds is required: USD 500,000 for the applicant applying alone; USD 535,000 for the applicant applying with spouse; and USD 550,000 for the applicant applying with spouse and up to two other qualifying dependents. An investment of USD 25,000 is required for each additional qualifying dependent; and there is a non-refundable administration fee of USD 50,000;
- Purchase of real estate. The minimum amount is USD 300,000 for the applicant. Each additional qualifying dependent of any age is required to pay the processing and administration fee of USD 30,000 (applicant applying alone); USD 45,000 (applicant applying with spouse); and USD 10,000 for each qualifying dependent 18 years of age and older, and USD 5,000 for each qualifying dependent under 18 years of age. In the case of an applicant applying with spouse and more than four qualifying dependents, the fees are USD 10,000 per person;
- Approved enterprise projects. Saint Lucia's CIP maintains a set of qualifying projects, in the following categories: speciality restaurants; cruise ports and marinas; agro-processing plants; pharmaceutical products; ports, bridges, roads and highways; research institutions and facilities; and offshore universities. Applicants must request an evaluation of the project by the CIP Unit for inclusion in CIP's Approved Projects following the guidelines of the Citizenship by Investment Act and the Citizenship by Investment Regulations. To be included on the list of approved projects for the CIP, projects must comply with government policies, standards, and regulations pertaining to businesses operating in the sector; they must adhere to monitoring and reporting requirements of the Government of Saint Lucia and the Unit. The requirements are, in the case of an individual developer (sole investor), to make a minimum qualifying investment of USD 3.5 million, and create a minimum of three permanent jobs. In the case of more than one developer (joint venture), the minimum qualifying investment is of USD 6 million, with each investor making a minimum contribution of USD 1 million, and create a minimum of six permanent jobs. The Enterprise Project should:
  - serve to enhance "Brand Saint Lucia", while promoting the best attributes of the island;
  - support Saint Lucia's sustainable development objectives, through overall wealth creation, social equity, and environmental sustainability;
  - be based on clearly viable commercial, operational, and financial proposals, particularly where government incentives and public sector facilitation are required;
  - result in sustainable, efficient, and significant job creation;

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members to be appointed by Cabinet as follows: (i) the Director of Finance who is the Chairperson; (ii) the Budget Director; (iii) the Chief Economist; (iv) a representative from Invest Saint Lucia; (v) a representative from the Ministry responsible for commerce; (vi) a representative from the Attorney General's Chambers; and (vii) a representative from the private sector. Cabinet shall appoint one member of the Board to be the Deputy Chairperson.

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- enhance economic, technological, environmental, and social transformation as a way of improving human well-being and the quality of life of Saint Lucians;
  - not require inequitable public sector involvement and disproportionate risk bearing;
  - have planning approval in principle and location secured via lease or purchase;
  - be based on partnerships (investment/operational/marketing) that enhance the enterprise project's marketability and potential for success;
  - not result in net transfer of resources from Saint Lucia nor compromise social equity/stability or cause irreversible damage to the natural environment;
  - be realistic, implementable, and sustainable;
  - be transparent and able to withstand full legal, financial, economic, and ethical scrutiny;
  - assist in furthering Saint Lucia's economic and social development goals;
  - have a clearly determined source of funds and not be reliant on speculation;
  - have estimated profitability of the venture that does not require financial support from the Government or public sector; and
  - have a full and acceptable project feasibility study as part of the application/proposal.
- In assessing enterprise projects for inclusion on the Approved Projects list, the CIP collaborates and may share information as necessary with ISL. The CIP conducts a due diligence background check on the developers, and provides an update to them within three weeks of receiving the proposal;
  - COVID-19 Relief Bonds. In May 2020, responding to the financial needs created by the COVID-19 pandemic, the authorities of Saint Lucia introduced a new and temporary instrument through which obtaining citizenship was possible, the COVID-19 Relief Bond. This special non-interest-bearing government bond to which no processing fee is payable by the applicant bond was introduced through Citizenship by Investment (Amendment) Regulations No. 73 of 2020 and has a lower minimum limit than the regular bonds. It also allows in case of an investor with a larger family the choice between subscribing a bond for a certain amount for a longer number of years or subscribing a bond for a higher amount for a shorter period, but in any case not shorter than five years. The COVID-19 Relief Bond must be registered and remain in the name of the applicant from the date of first issue. This bond option is available for a limited time, initially up to 31 December 2020. However, the Cabinet of Ministers approved the extension of the offering of the COVID-19 Relief until 31 December 2021, and then finally until 31 December 2022. On approval of an application the following minimum investment is required: (i) applicant applying alone: USD 250,000 for a bond holding period of five years; (ii) applicant applying with one qualifying dependent: USD 250,000 for a bond holding period of six years; (iii) applicant applying with up to four qualifying dependents: USD 250,000 for a bond holding period of seven years; (iv) applicant applying with up to four qualifying dependents: USD 300,000 for a bond holding period of five years; and (v) each additional qualifying dependents: USD 15,000.

2.77. Due diligence fees and background check fees must also be paid, of USD 7,500 for an applicant alone, and USD 5,000 for each qualifying dependent over 16 years of age, and non-refundable processing fees (except for the COVID-19 bond) of USD 2,000 (applicant alone) and

USD 1,000 (for each qualifying dependent). In the case of approved real estate project, the due diligence fee is USD 5,000.<sup>70</sup>

2.78. Linked to the launching of the CPI, reforms were introduced to legislation dealing with land property. As stated above, the Alien Landholding (Licensing) Act No. 1 of 2020 and the Alien Landholding (Licensing) Regulations No. 70 of 2020 provide for an alien to purchase, acquire, lease, and hold land in Saint Lucia. Aliens must apply to the CPI Board for a certificate to be eligible to apply for an ALHL. The certificate may be issued for the duration of 1 year or 10 years. Aliens with a valid certificate or an attorney-at-law on behalf of an alien with a valid certificate may then make an application to the Board for an ALHL to purchase, acquire, lease, or subdivide land, or continue to hold land in Saint Lucia. Aliens in possession of a valid certificate and an ALHL may be granted an Alien Investor Entrance Permit (AIEP). An alien may not hold an AIEP without an ALHL or a valid licence issued under the former Alien Landholding Act. The AIEP grants the alien the right to enter and remain in Saint Lucia for the duration of the valid ALHL.

2.79. Saint Lucia has bilateral investment treaties with the United Kingdom and with Germany. Saint Lucia has concluded tax information exchange agreements (TIEs) with Aruba, Australia, Belgium, Canada, Denmark, Faroe Islands, Finland, France, Germany, Greenland, Iceland, Ireland, Mexico, Netherlands, Netherlands Antilles, Norway, Portugal, Sweden, the United Kingdom, and the United States.<sup>71</sup>

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<sup>70</sup> As of February 2021, seven firms have been appointed to undertake due diligence in Saint Lucia for the CIP: BDO Consulting; Exiger; Globe Detective Agency Private Ltd; NFC Worldwide Solutions; Refinitive; S-RM; and Tianchao Business Investigation Co., Ltd. CIP, *Due Diligence Firms*. Viewed at: <https://www.cipsaintlucia.com/due-diligence-firms>.

<sup>71</sup> OECD, *Saint Lucia*. Viewed at: <http://www.oecd.org/countries/saintlucia/>.

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures directly affecting imports

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

3.1. Saint Lucia Customs & Excise Department is the entity in charge of implementing customs procedures and regulations. The main law regulating customs procedures is the Customs Control and Management Act, Cap 15.05.<sup>72</sup> Other laws dealing with customs procedures and similar issues include the Customs Duties Act, Cap 15.04<sup>73</sup>; the Customs Service Charge Act, Cap 15.06<sup>74</sup>; the Excise Tax Act, Cap 15.07<sup>75</sup>; the External Trade Act, Cap 13.11<sup>76</sup>; the Liquor License Act, Cap 13.17<sup>77</sup>; the Tourist Duty Free Shopping Systems Act, Cap 15.30<sup>78</sup>; the Value Added Tax Act, No. 7 of 2012<sup>79</sup>; and the Value Added Tax (Amendment) Act.<sup>80</sup>

3.2. In accordance with Saint Lucia's Customs law, all imported goods except passenger's accompanied baggage, and fresh fish (including shellfish) caught by Saint Lucia fishers and imported by them in their vessel, require a declaration (Entry) to be made by the importer or an authorized agent of the importer. The declaration must be presented electronically through the Customs Department website using the ASYCUDA World system. Access to the system is limited to registered authorized users who have been trained to use it. Customs brokers are required to pay an XCD 5,000 customs bond.

3.3. After the importer makes a declaration electronically, and registers and pays duties where applicable, the declaration is submitted for selectivity, to be placed in one of the four existing lanes: red, yellow, green, or blue. Declarations placed in the red lane are subject to a full control that also includes a physical examination; the importer or his/her agent must present themselves to Customs at the station where the goods are located for examination. Declarations placed in the yellow lane require examination of the supporting documents by Customs and also require the presence of the importer or her/his agent. Declarations placed in the green lane are cleared immediately without further ado; an exit note is prepared for clearance of the consignment. Declarations placed in the blue lane are cleared immediately but are subject to a post-clearance inspection of documents. If the goods are granted duty exemptions, the declaration goes through the Customs officer for verification prior to clearance of the goods.<sup>81</sup> The authorities note that the main selectivity criteria to place a declaration in one lane or another are the importer's profile, the country of origin, and the type of good being imported. The Customs & Excise Department reserves the right to examine consignments, even if they have been assigned to the green lane.

3.4. The Customs Entry must be accompanied by the following documents: invoice(s); airway bill or bill of lading; certificate of origin (where exemption of duty is granted); a value declaration (Form 61/62 for items valued above XCD 2,500); and import licences/import permits (where applicable). Where applicable, the supporting documentation must also include a veterinary or health certificate. Commercial goods below the threshold of XCD 600 and goods for personal use valued up

<sup>72</sup> Customs (Control and Management) Act. Viewed at: <http://www.customs.gov.lc/legislation/customs-core-legislation/customs-control-and-management-act-cap.15.05.pdf>.

<sup>73</sup> Customs Duties Act. Viewed at: <http://www.customs.gov.lc/legislation/customs-core-legislation/customs-duties-act-chap-15.04.pdf>.

<sup>74</sup> Customs (Service Charge) Act. Viewed at: <http://www.customs.gov.lc/legislation/customs-core-legislation/customs-service-charge-act-cap.15.06.pdf>.

<sup>75</sup> Excise Tax Act. Viewed at: <http://www.customs.gov.lc/legislation/customs-core-legislation/excise-tax-act-cap.15.07.pdf>.

<sup>76</sup> External Trade Act. Viewed at: <http://www.customs.gov.lc/legislation/customs-core-legislation/external-trade-act-cap.13.11.pdf>.

<sup>77</sup> Liquor Licence Act. Viewed at: <http://www.customs.gov.lc/legislation/customs-core-legislation/liquor-licence-act-cap.13.17.pdf>.

<sup>78</sup> Tourist (Duty-Free Shopping System) Act. Viewed at: <http://www.customs.gov.lc/legislation/customs-core-legislation/tourist-duty-dree-shopping-system-act-cap.15.31.pdf>.

<sup>79</sup> Value Added Tax Act. Viewed at: <http://www.customs.gov.lc/legislation/customs-core-legislation/vat-act-7-2012.pdf>.

<sup>80</sup> Value Added Tax (Amendment) Act. Viewed at: <http://www.customs.gov.lc/legislation/customs-core-legislation/vat-act-amendment-10-2012.pdf>.

<sup>81</sup> Customs & Excise Department Saint Lucia. Viewed at: <http://www.customs.gov.lc/index.php>.

to XCD 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.

3.5. The use of customs brokers continues to be optional in Saint Lucia. Although legislation governing the licensing and operations of customs brokers has been passed, it has not been enforced, as the Customs Brokers and Customs Clerks Commission stipulated in the legislation is yet to be operationalized.<sup>82</sup> The legally prescribed fees and charges for a customs broker's regular services, some of which are expressed as a percentage of the customs value, also await proper enforcement. In the absence of enforcement, customs brokers may compete freely for clients, creating a situation of uncertainty with respect to costs. The authorities have identified this as an issue that needs to be dealt with in its Trade Facilitation Strategy (see below). As of December 2022, there were 45 customs brokers registered with Customs.<sup>83</sup>

3.6. Saint Lucia adopted in 2014 an Authorized Economic Operator (AEO) programme, in accordance with relevant WCO guidelines. The programme is geared towards promoting the movement of goods through secure regional and international trade supply lines by adopting more risk management systems to detect high-risk consignments.<sup>84</sup> The authorities state that the programme is currently on hold. Saint Lucia committed under the Agreement on Trade Facilitation (TFA) to implement it by 29 December 2023.

3.7. Customs duties, the Customs Service Charge (CSC), excise duties (if applicable), and the VAT for imports must be paid when deemed to come into Saint Lucia's customs boundaries, prior to Customs clearance. The clearance of goods under the general bond for delivery of goods prior to the payment of duty (C46 Bond) is open to all imports, except for vehicles and items sent to bonded warehouses.

3.8. The 2020 World Bank Doing Business survey estimates the average time for customs clearance and technical control for imports at 27 hours.<sup>85</sup> The average time for border compliance is 14 hours, and the average cost to import is USD 842 (border compliance) and USD 98 (documentary compliance).<sup>86</sup> In all of these indicators, Saint Lucia fares better than the average for Latin America and the Caribbean. More recent estimates by the Customs Department point to a timeframe of 22 hours for customs clearance.

3.9. As noted above, Saint Lucia accepted the Protocol concerning the Agreement on Trade Facilitation on 8 December 2015. On 30 June 2015, Saint Lucia submitted its Notification of Category A Commitments under the TFA.<sup>87</sup> By February 2021, Saint Lucia had accepted all 12 Category A measures, accounting for 49.2% of all measures. In September 2018, Saint Lucia submitted its Category B and C commitments.<sup>88</sup> Saint Lucia has requested technical assistance with

<sup>82</sup> Customs Brokers and Customs Clerks Act No. 3 of 2001 and SI No. 4/2006 (Customs Brokers and Customs Clerks Regulations) of 23 January 2006.

<sup>83</sup> Customs & Excise Department, *Customs Brokers Directory*. Viewed at: <http://www.customs.gov.lc/customs-brokers-directory.php>.

<sup>84</sup> Customs & Excise Department, Notice No. 3 of 2014. Viewed at: <http://www.customs.gov.lc/notices/notice-2014-03.pdf>.

<sup>85</sup> World Bank, *Doing Business 2020: Saint Lucia*. Viewed at: <https://openknowledge.worldbank.org/bitstream/handle/10986/32886/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies-Economy-Profile-of-St-Lucia.pdf?sequence=1>.

<sup>86</sup> Costs involved in documentary compliance include those linked to: (i) obtaining, preparing, and submitting documents (i) during transport, clearance, inspections, and port or border handling in the origin economy; and (ii) required by the destination economy and any transit economies. Costs involved in border compliance include those linked to: (i) customs clearance and inspections; (ii) inspections by other agencies (if applied to more than 20% of shipments); and (iii) handling and inspections that take place at the economy's port or border. World Bank, *Doing Business 2020: Saint Lucia*. Viewed at: <https://openknowledge.worldbank.org/bitstream/handle/10986/32886/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies-Economy-Profile-of-St-Lucia.pdf?sequence=1>.

<sup>87</sup> Detention; Penalty Disciplines; Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges; Expedited Shipments; Movement of Goods Intended for Import under Customs Control; Use of International Standards; Preshipment Inspection; Use of Customs Brokers; Common Border Procedures and Uniform Documentation Requirements; Temporary Admission of Goods and Inward and Outward Processing Freedom of Transit; and Customs Cooperation. WTO document WT/PCTF/N/LCA/1, 16 September 2015.

<sup>88</sup> Notification of Category Commitments under the Agreement on Trade Facilitation. WTO document G/TFA/N/LCA/1, 4 September 2018.



respect to 10 measures<sup>89</sup>, coinciding to a large extent with those identified in the National Export Strategy (NES) 2020-2024 (see below).

3.10. As part of Saint Lucia's NES, a Trade Facilitation Strategy (TFS) was designed to simplify border processes and address selected trade constraints. The Strategy aims to deal with a number of constraints that contribute to inefficiencies. With respect to infrastructure and logistics, it intends to address the issues of an inadequate road network and poor road conditions; unreliable Internet connections; limited port capacity and ageing port infrastructure and unreliable equipment such as cranes; the lack of cold storage facilities at ports or airports; and the lack of an accredited laboratory. Some of the actions the TFS proposes to undertake include: (i) improvement in the transport and communications infrastructure to reduce costs and minimize delays and disruptions in border processes; (ii) strengthening the port infrastructure and logistics by increasing human resources and technological port capacity and opening hours, improvement, and modernization of the port infrastructure and better scheduling the flow of regional shipping; and (iii) seeking to obtain international accreditation of the local quality testing laboratory to reduce costs and time taken to obtain certification overseas.<sup>90</sup>

3.11. As regards border and customs procedures, some of the challenges to be addressed as identified by the NES include: (i) still most processes at Customs and Saint Lucia Air and Sea Ports Authority (SLASPA) are paper-based; (ii) various duplications and inefficiencies in Customs and border control agencies; (iii) absence of a single window for border procedures and geographically spread out government offices; (iv) uncertainty about the enforcement approach on customs regulations; (v) an unregulated customs brokerage industry and weak standards; (vi) outdated and costly labour practices at ports; and (vii) limited coordination between industry participants and between Customs, public agencies, and the private sector.<sup>91</sup> The TFS aims at expediting the process of further streamlining and automating customs and other border processes, seeking to: (i) further enhance the efficiency of border processes by increasing the pace of automation, and eliminate duplicative and inefficient processes and co-location of border agencies until a single window is implemented; and (ii) increase awareness and comprehension of customs regulations through improved dissemination.

3.12. The TFS also aims at improving working practices and coordination among trade participants to improve competitiveness, by: (i) strengthening capacity and work practices by introducing a licensing regime for customs brokers and updating labour practices at ports; and (ii) improving coordination and collaboration between trade facilitation participants through the establishment of an exporter's association and a forum to raise and address operational issues between Customs and other stakeholders. The authorities indicate that some 52% of the actions identified by the TFS had been implemented by December 2022.

3.13. Saint Lucia has not submitted any notifications on customs valuation to the WTO.<sup>92</sup> Customs valuation principles are contained in Schedule 2 attached to the Customs (Management and Control) Act, Cap 15.05 of the Revised Laws of Saint Lucia. In accordance with the Act, the primary method of valuation is the transaction value of the imported goods, provided that: (i) there must be evidence of a sale, which may be in the form of supplier commercial invoices, sale contracts, purchase orders, etc.; commercial invoices should be in the legally specified format; (ii) there must be no restrictions on the use of the goods by the buyer; (iii) the sale or price is not subject to some conditions or considerations for which a value cannot be determined with respect to the goods being valued; (iv) it must be shown that the transaction value has not been affected by any relationship between the importer and supplier; and (v) no part of the proceeds in case of resale by the buyer accrue to the seller. The authorities indicate that imports of used cars are examined by Customs' Valuation Unit to determine their import value.

3.14. Customs duties are determined on the transaction value plus the cost of shipping (freight) and any insurance premium paid or payable on the goods in question. However, imports are not

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<sup>89</sup> Enquiry Points; Advance Rulings; Notifications for Enhanced Controls or Inspections; General Disciplines on Fees and Charges; Specific Disciplines on Fees and Charges; Risk Management; Average Release Times; Perishable Goods; Acceptance of Copies; and Single Window. WTO Trade Facilitation Database. Viewed at: <https://tfadatabase.org/members/saint-lucia/category-c-analysis>.

<sup>90</sup> Government of Saint Lucia Saint Lucia, *National Trade Strategy 2020-2024*.

<sup>91</sup> Government of Saint Lucia Saint Lucia, *National Trade Strategy 2020-2024*.

<sup>92</sup> WTO document G/VAL/W/232/Rev.16, 24 October 2022.

required to have insurance coverage. The value upon which duties are assessed must also include charges such as commissions, assists (materials supplied by the importer), packing costs, proceeds of resale accruing to the seller, royalties, and licence fees, etc. Saint Lucia does not use minimum or reference prices for customs valuation purposes.

3.15. The authorities estimate that the transaction method is used for some 90% of imports. If it is not possible to determine the transaction value of an import, then Customs may make use of the alternative methods, following the hierarchy set out in the WTO Customs Valuation Agreement. In this case, the following alternative methods will be used for determining the customs value: (i) identical or similar goods value: the transaction value of identical or similar goods sold for export to Saint Lucia; (ii) deductive value: the sale price of the goods in Saint Lucia, adjusted for costs incurred after shipment, (iii) computed value – the value based on cost of production, general expenses, and profits in the country of origin relating to the imported goods; and (iv) residual valuation: whereby the value is determined by Customs, based on a flexible interpretation of all the previous methods.

3.16. Customs may verify and, if necessary, adjust the customs value of imports within one year of entry into Saint Lucia. Import duties are assessed on the transaction value and must pay a deposit, pending the result of the investigation. A false declaration of value is an offense and when detected may result in severe penalties and delayed clearance from Customs. According to Customs, some goods that are commonly undervalued are vehicles; clothing; tyres; and electronics.<sup>93</sup> In particular, second-hand motor vehicles undergo a special valuation check prior to release, due to frequent under-reporting. 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 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.

### 3.1.2 Rules of origin

3.17. Saint Lucia has not submitted to the WTO any notifications on rules of origin.<sup>94</sup> In the process of preparation for the present Review, the authorities confirmed that no rules of origin have been established for non-preferential purposes, as stated in the previous Review. For preferences granted, Saint Lucia applies CARICOM preferential rules of origin (Common Report), although it may invoke safeguard provisions for imports from the more developed CARICOM countries. It is not required that merchandise is shipped directly from another CARICOM member country for conferring originating status to imports, provided that the goods remain under customs control and do not enter the commerce of the transit country. Imports from CARICOM must carry a certificate of origin from the respective authority in the other CARICOM country. The Department of Customs issues certificates of origin for goods exported from Saint Lucia under reciprocal and non-reciprocal preferential regimes; the certificates are free of charge. Saint Lucia also applies preferential rules of origin in the context of the EPAs with the European Union and the United Kingdom.

### 3.1.3 Tariffs

#### 3.1.3.1 Tariff structure

3.18. As for all OECS-WTO Members and considering the high imported component of consumption and investment expenditure, Saint Lucia's government finances rely heavily on taxes on international trade. These taxes accounted for roughly almost half of tax revenue throughout the review period (Table 3.1). Their participation in total tax revenue actually increased during the review period, from 45.8% in 2014 to 50.3% in 2021. Import duties remain a major source of government revenue. In 2021, they represented some 12.7% of total tax revenue, compared to 11.8% in 2014. The CSC represented some 8.7% of total tax revenue in 2021, up from 7.0% in 2014. Overall customs duties and charges represented 21.4% of tax revenue in 2021. The excise tax on imports is another important source of revenue, accounting for 9.9% of tax revenue in 2021, up from 7.6% in 2014. VAT on imports, on the other hand, represented some 16.9% of tax revenue

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<sup>93</sup> Customs & Excise Department, *Customs Valuation*. Viewed at: <http://www.customs.gov.lc/customs-valuation.php>.

<sup>94</sup> WTO document G/RO/96, 3 November 2022.

in 2021, down from 17.3% in 2014, partly reflecting the reduction in the base rate, from 15% to 12.5%, and partly weaker economic activity (see below).

**Table 3.1 Main taxes on international trade, 2014-21**

(% of total tax revenue)

	2014	2015	2016	2017	2018	2019	2020	2021
Total tax revenue (million XCD)	860.8	913.4	965.2	983.4	1,037.1	1,064.2	857.1	893.1
Tax on international trade and transactions	45.8	46.0	45.8	47.4	48.2	47.7	49.9	50.3
Tax on international trade and transactions (excluding VAT)	28.5	28.5	28.8	33.2	33.9	33.3	35.1	33.4
Import duty	11.8	11.4	11.4	12.2	11.9	11.3	11.4	12.7
CSC	7.0	7.3	7.2	7.6	7.6	7.3	7.9	8.7
Excise tax (imports)	7.6	8.0	8.4	10.2	10.0	10.7	12.5	9.9
VAT (net of refunds)	17.3	17.5	17.0	14.2	14.3	14.5	14.8	16.9
Thruput charges (transaction costs)	0.2	0.3	0.4	0.5	0.4	0.4	0.5	0.3
Travel tax	0.4	0.5	0.5	0.5	0.5	0.4	0.2	0.2
Security charge	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0
Airport service charge	1.5	0.9	0.9	2.2	3.4	3.1	2.6	1.7
Fuel surcharge	0.6	1.6	2.1	2.1	2.0	1.9	2.2	2.2
Passenger facility fee	0.5	0.4	0.3	0.3	0.3	0.3	0.2	0.1

Source: Department of Finance.

3.19. Saint Lucia 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). The authorities indicate that there is an ongoing CARICOM revision of the CET. Under the CET, competing capital goods are subject to a 15% tariff, competing intermediate inputs to a tariff of 20%, and non-competing final goods, general manufactured goods, agri-industry products, and garments to customs duties of 25%-30%, and some agricultural products at rates of 40%. National exceptions to the CET are detailed in List A (items in respect of which member States wish to encourage national production), List C (items for which minimum rates have been agreed but may be increased up to bound levels), and List D. Applied tariff rates by each CARICOM member for List A products (e.g. foodstuffs) are often below the CET, while rates for List C products (e.g. spirits, beer, tobacco, firearms, motor vehicles, some electrical appliances, and jewellery and precious stones), which are determined by the different CARICOM member countries, are usually above the CET reference rate. Products contained in List C (Table A3.2) are generally subject to a minimum rate. Saint Lucia has chosen to grant duty-free treatment to a range of imports included in List A (see below). List D contains additional items in respect of which suspension of the CET under Article 83 of the revised Treaty has been granted to Saint Kitts and Nevis, other OECS member States, and Belize. List D has two parts, but only Part II, Products of Tariff Headings ex 30.03 and ex 30.04 (medicaments), for which suspension of the CET under Article 83 of the Revised Treaty has been granted to Saint Kitts and Nevis, other OECS member States and Belize, applies to the OECS-WTO Members.

### 3.1.3.2 MFN applied tariffs

3.20. Saint Lucia's 2022 applied MFN customs tariff is based on the HS12 and comprises 6,555 lines at the 11-digit level. The authorities note that Saint Lucia is scheduled to migrate from HS12 to HS22 in the second quarter of 2023. Apart from four 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 for poultry (8 tariff lines) and pork (6 tariff lines) remain subject to domestic purchase requirements of 25% and 40% of the imported quantity, regardless of the origin of imports, which is equivalent to placing a quantitative restriction (Section 3.1.5).

**Table 3.2 Structure of MFN tariff, 2013 and 2022**

	2013	2022
Total number of tariff lines	6,328	6,555
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)	0.0	0.1
Lines subject to tariff quotas (% of all tariff lines)	0.0	0.0
Duty-free tariff lines (% of all tariff lines)	39.6	38.8
Dutiable lines tariff average rate (%)	16.0	17.5

	2013	2022
Simple average tariff (%)	9.7	10.7
WTO agriculture	17.8	20.1
WTO non-agriculture (incl. petroleum)	8.0	8.7
Domestic tariff "peaks" (% of all tariff lines) <sup>a</sup>	8.4	9.4
International tariff "peaks" (% of all tariff lines) <sup>b</sup>	28.5	30.1
Overall standard deviation	12.0	13.9
Bound tariff lines (% of all tariff lines)	99.5	99.4

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

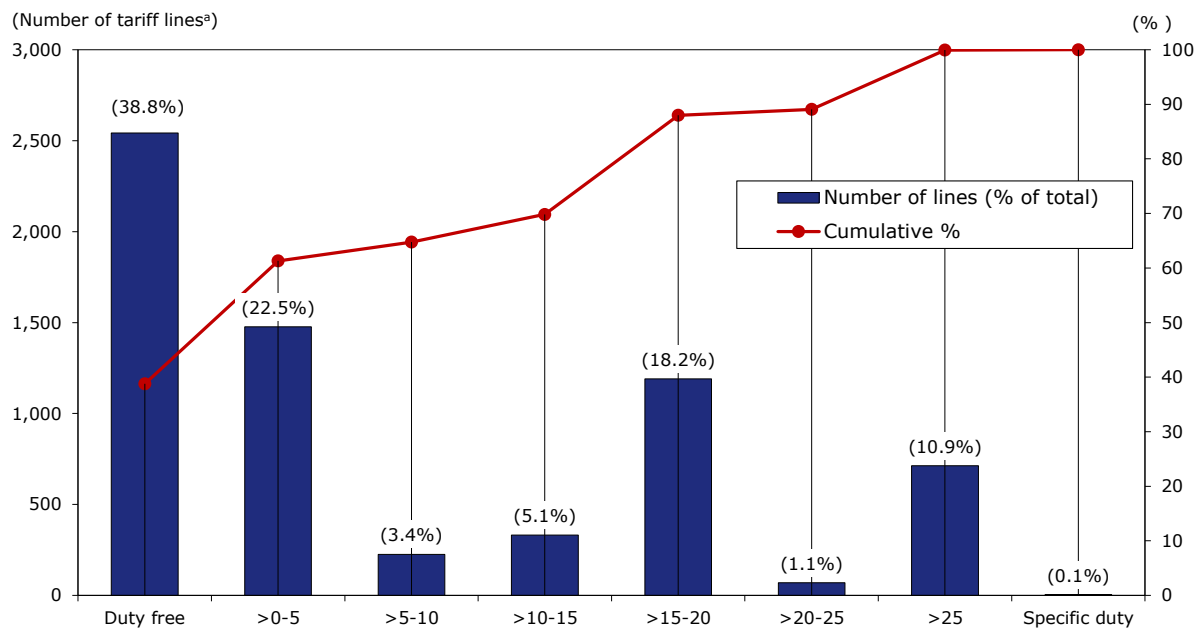
b International tariff peaks are defined as tariff rates exceeding 15%.

Note: Statistics for 2013 include AVEs estimates, while AVEs could not be estimated for 2022.

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

3.21. The simple average applied MFN tariff in 2022 was 10.7%, 1 percentage point higher than the 9.7% observed in 2013 (and 10% in 2006). This reflects particularly an increase in the average rate applied on agricultural products (WTO definition), which rose from 17.8% in 2013 to 20.1% in 2022, on account, to a large extent, of the higher rates on beverages (see below), which faced an average tariff of 34.1% in 2022, compared to 26.4% in 2013, as well as of the increase in the rates applied on sugars and confectionery, which rose from 19.7% in 2013 to 23.9% in 2022. Average rates on imports of animals and products thereof, and on cereal preparations also rose. Although less significant than the increase on agricultural products, there was also an increase in the average tariff rate applied on non-agricultural products, which rose from 8% in 2013 to 8.7% in 2022. This was mainly on account of the higher rates on petroleum and on fish products. The average cost of importing is increased by the 6% CSC (Section 3.1.3).

**Chart 3.1 Frequency distribution of MFN tariff rates, 2022**



a The total number of lines is 6,555.

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

3.22. In 2022, some of 38.8% all tariff lines were duty-free (down from 39.6% in 2013) and 11% of all lines carry rates of 25% or higher (up from 8.5% in 2013) (Chart 3.1); 22.5% of lines were subject to a rate of 5%; 3.5% to a rate of 10%; 5.1% to a rate of 15%; 18.2% to a rate of 20%; 1.1% to a rate of 25%; 1.5% to a rate of 30%; 0.4% to a rate of 35%, 7.6% to a rate of 40% (mostly agricultural products); 0.3% to a rate of 50%; and 0.4% to a rate of 70%. Additionally, 23 tariff lines (0.3% of the total) were subject to a 100% rate and 4 lines were subject to specific rates.

3.23. Over the review period, there was a certain increase in tariff dispersion, with *ad valorem* rates ranging from zero to 100%, compared to rates ranging from zero to 70% in 2013; as a result, the coefficient of variation rose slightly from 1.2% in 2013 to 1.3% in 2022 (Table 3.3). As was noted in the previous Review, the tariff continues to show a situation of mixed escalation: semi-processed products are subject to a considerably lower average applied rate (4.5%) than fully processed products (11.7%), whereas primary products including raw materials attract the highest average rate (18.7% in 2022) (Table 3.3).

3.24. Considering a sectoral analysis of the tariff, based on the ISIC classification, the average tariff rate for agriculture and fisheries was 22.8% in 2022, with rates ranging from zero to 70%. More than half of agricultural tariff lines (ISIC definition) carry rates greater than 25%. In contrast, the average tariff for manufactured goods is 9.8%, but with a wider range, from zero to 100%.

**Table 3.3 Summary analysis of Saint Lucia's MFN tariff, 2022**

	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	Bound tariff range
<b>Total</b>	<b>6,555</b>	<b>10.7</b>	<b>0-100</b>	<b>1.3</b>	<b>50-250</b>
HS 01-24	1,371	22.9	0-100	0.9	50-250
HS 25-97	5,184	7.5	0-70	1.2	50-170
<b>By WTO category</b>					
WTO agriculture	1,172	20.1	0-100	1.0	50-250
- Animals and products thereof	177	16.8	0-40	1.0	100-130
- Dairy products	25	5.6	0-20	1.2	100
- Fruit, vegetables and plants	327	23.5	0-40	0.7	100-250
- Coffee and tea	29	17.4	5-40	0.8	100-130
- Cereals and preparations	148	17.7	0-100	1.2	100-160
- Oil seeds, fats and oils and their Products	109	16.0	0-40	1.1	50-175
- Sugars and confectionery	24	23.9	0-40	0.6	100-130
- Beverages, spirits and tobacco	151	34.1	0-100	0.8	100-182
- Cotton	6	0.0	0	n.a.	100
- Other agricultural products n.e.s.	176	12.4	0-100	1.7	75-182
WTO non-agriculture (incl. petroleum)	5,383	8.7	0-70	1.3	50-170
- WTO non-agriculture (excl. petroleum)	5,351	8.6	0-70	1.3	50-170
- - Fish and fishery products	277	29.4	0-40	0.5	50-130
- - Minerals and metals	1,112	5.5	0-30	1.5	50-153
- - Chemicals and photographic supplies	1,021	6.8	0-50	1.1	50-103.5
- - Wood, pulp, paper and furniture	331	8.9	0-25	0.9	50-170
- - Textiles	629	5.9	0-30	1.2	50-113
- - Clothing	281	19.9	5-20	0.1	50-93
- - Leather, rubber, footwear and travel goods	180	9.5	0-25	0.9	50-103
- - Non-electric machinery	594	2.9	0-50	2.7	50-100
- - Electric machinery	265	7.8	0-30	1.3	50
- - Transport equipment	183	8.6	0-35	1.5	50-143
- - Non-agriculture articles n.e.s.	478	12.1	0-70	1.1	50-123
- Petroleum	32	9.8	0-25	0.8	50-120
<b>By ISIC sector<sup>a</sup></b>					
Agriculture and fisheries	514	22.7	0-70	0.8	50-250
Mining	106	4.8	0-30	1.5	50-97
Manufacturing	5,934	9.8	0-100	1.3	50-182
<b>By HS section</b>					
01 Live animals & prod.	451	23.7	0-40	0.8	100-130
02 Vegetable products	437	20.4	0-100	0.9	100-250
03 Fats & oils	54	26.0	0-40	0.7	50-175
04 Prepared food, etc.	429	24.2	0-100	1.0	50-182
05 Minerals	195	5.6	0-25	1.1	50-120
06 Chemical & prod.	956	6.9	0-50	1.1	50-105
07 Plastics & rubber	244	7.4	0-25	1.0	50-103.5
08 Hides & skins	80	8.3	0-20	1.1	50-100
09 Wood & articles	133	10.6	0-20	0.6	50-87
10 Pulp, paper, etc.	167	5.6	0-25	1.4	50-150
11 Textile & articles	899	9.8	0-20	0.9	50-100
12 Footwear, headgear	59	15.9	0-20	0.4	50-50
13 Articles of stone	185	8.9	0-25	0.9	50-153
14 Precious stones, etc.	62	15.5	0-30	1.0	50-113
15 Base metals & prod.	708	4.4	0-30	1.6	50-93
16 Machinery	873	4.4	0-50	2.0	50-100
17 Transport equipment	194	8.3	0-35	1.6	50-143
18 Precision equipment	226	8.2	0-30	1.2	50-113
19 Arms and ammunition	22	39.1	0-70	0.7	50-123

	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	Bound tariff range
20 Miscellaneous manufactures	173	14.5	0-20	0.5	50-170
21 Works of art, etc.	8	20.0	20	0.0	50
<b>By stage of processing</b>					
First stage of processing	942	18.7	0-70	1.0	50-250
Semi-processed products	1,886	4.5	0-100	1.5	50-130
Fully processed products	3,727	11.8	0-100	1.2	50-182

n.a. Not applicable.

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

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

3.25. As noted above, Saint Lucia grants duty-free treatment to imports of some agricultural products included in List A of the CET. These include a range of bovine, ovine, and swine meat products, for which the reference CET is 40%; some dairy products and fish (CET 30%-35%); and corn (40%). Four tariff lines corresponding to onions, potatoes, and some sugar products are subject to specific rates, compared to a reference CET of 40% (Table A3.1).

3.26. During the review period, Saint Lucia made a few adjustments to its tariff schedule, mostly to increase rates above the CET, differentiating rates applied to CARICOM member States. Adjustments were made in some cases to both MFN and preferential rates.

3.27. In 2015, through SI No. 29, 30 March 2015, also known as the Customs Duties (Amendment of Schedule 4) Order, 2015, Saint Lucia increased the tariff rates on waters, beverages with added sugar, malt; beer; carbon dioxide; and solar heaters from 1 April 2015 to 31 December 2018. The increases were introduced through modifications of the tariff schedule done by enhancing the number of tariff lines by splitting lines at the 10-digit level. The goods affected included waters, beer, HS 22.02 Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading subheading into two schedules 2202.10.90 and four subheadings. The MFN tariff for beer was changed from XCD 2.2/litre to 70% for MDCs and 100% for third countries, while it was left unchanged for CARICOM less developed countries (LDCs). The MFN and CARICOM rates for carbon dioxide (2811.21.20 and 2811.21.10) were increased from 20% to 40%, while those from CARICOM LDCs (other, 2811.21.29) were lowered to 15%. The MFN rates for water solar heaters for domestic use were increased from 20% to 50% (8419.19.12), those from CARICOM MDCs (8419.19.11) to 40%, and the rate for CARICOM LDCs (other, 8419.19.19) was left at 20%.

3.28. In 2020, through SI No. 82, 2 June 2020, also known as the Customs Duties (Amendment of Schedule 4) Order, 2020, Saint Lucia increased the tariff rates on beverages with added sugar from most sources. This was done by splitting HS heading 22.02 Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices, into two schedules 2202.10.90 and four subheadings. The new rates were valid as of 27 March 2020. In Schedule 1, the rates for HS subheading 2202.10.90.20, Other Waters from CARICOM More Developed Countries, was increased to 70% (preferential rate), and HS 2202.10.90.30, Other Waters (Third States) to 100%, while HS 2202.10.90.10 Other Waters (Less Developed Countries) was kept at 0%. In Schedule 2, HS 20.09 2202.10.90 Other Waters was assigned a tariff rate of 20%.

3.29. Saint Lucia, like other CARICOM members, may apply conditional duty exemptions to the CET on a broad group of products, not defined by tariff heading, which are included in CARICOM's List of Conditional Duty Exemptions that contains the goods that member States may exempt from duty under the CARICOM Common External Tariff when such goods are imported by persons, enterprises, or organizations in the circumstances, or for the purposes specified in the List (approved purposes). The List of Conditional Duty Exemptions for industry, agriculture, fisheries, forestry, and mining included machinery and equipment and building materials. CET exemptions for purposes connected with tourism include building materials for first installation of approved hotels; equipment and appliances for initial equipping of approved hotels and for approved extensions and renovations; equipment for use in sports and recreational activities; and motor cars and public transport-type passenger motor vehicles including coaches and minibuses for use as approved by the competent authority. Exemptions are also possible for shipping (boats and navigation equipment, navigation

aids); aircraft (aircraft, component parts, accessories, instruments, grounds and technical equipment; fuel and lubricants for approved aircraft services and operations); educational and cultural purposes (supplies, equipment, instruments and apparatus, tools, books, etc.; construction materials; equipment and supplies for sports); health (equipment and vehicles; drugs, medical, surgical and laboratory supplies for approved hospitals and veterinary institutions; materials for the construction, furnishing, replacement or extension of approved hospitals and veterinary institutions; hearing aids, crutches, manual and motorized wheelchairs; other goods catering to the needs of the mentally or physically handicapped; and ambulances); government (goods including motor vehicles, imported by or for the use of Government, the Head of State or the Prime Minister); military forces; diplomatic missions, international organizations and personnel; for the movement of persons; or for other approved purposes.

3.30. There is also a group of products, defined by HS heading in this case, which are set down in a List of Commodities Ineligible for Conditional Duty Exemptions, and include mainly vegetables and fruits, sugar, some vegetable oils, some flours, animal feed, some chemicals, paints, some fuels, and iron and steel products.<sup>95</sup>

### 3.1.3.3 Tariff bindings

3.31. During the Uruguay Round, Saint Lucia, an original Member of the WTO, bound 99.5% of its tariff lines. In some cases, only part of a line was bound. Table 3.4 shows the lines and sublines that remain unbound. They all refer to seafood.

**Table 3.4 MFN tariff 2022– Unbound lines and parts of lines (resulting in some lines being partially unbound)**

HS code (11 digits)	Subline	Description
<b>Complete lines:</b>		
03062620000		(Fresh chilled prawns) Other, cultured
03062630000		(Fresh chilled prawns) Other, wild
03062720000		(Other shrimp and prawns) Other, cultured
03062730000		(Other shrimp and prawns) Other, wild
03062990000		(Molluscs) Other
03071110000		(Flat oysters) For breeding or rearing
03071190000		(Flat oysters) Other
03072100000		(Scallops) Live, fresh or chilled
03073100000		(Mussels) Live, fresh or chilled
03074100000		(Cuttle fish and squid) Live, fresh or chilled
03075100000		(Octopus) Live, fresh or chilled
03077100000		(Octopus) Live, fresh or chilled
03078100000		(Abalone) Live, fresh or chilled
03079110000		Conch
03079121000		(Conch) For breeding or rearing
03079129000		(Conch) Other
03079990000		Other, including flours, meals and pellets fit for human consumption
03081100000		(Aquatic invertebrates, other than molluscs) Live, fresh or chilled
03082100000		(Aquatic invertebrates, other than molluscs) Live, fresh or chilled
<b>Parts of lines:</b>		
03061100000	02	Rock lobster and other sea crawfish
03061200000	02	Lobsters ( <i>Homarus</i> spp.)
03061400000	02	Crabs
03061500000	02	Norway lobsters ( <i>Nephrops norvegicus</i> )
03061600000	02	Cold-water shrimps and prawns ( <i>Pandalus</i> spp., <i>Crangon crangon</i> )
03061700000	02	Other shrimps and prawns
03061900000	02	Other, including flours, meals and pellets of crustaceans, fit for human consumption
03062400000	02	Crabs
03062500000	02	Norway lobsters ( <i>Nephrops norvegicus</i> )
03071900000	02	(Molluscs) Other
03072900000	02	(Molluscs) Other
03073900000	02	(Molluscs) Other
03074900000	02	(Molluscs) Other
03075900000	02	(Molluscs) Other
03076000000	02	Snails, other than sea snails
03077900000	02	Other
03078900000	02	Other

<sup>95</sup> CARICOM List of Conditional Duty Exemptions. Viewed at: <https://skncustoms.com/pdfs/LIST%20OF%20CONDITIONAL%20DUTY%20EXEMPTIONS.pdf>.

HS code (11 digits)	Subline	Description
03081900000	02	Other
03082900000	02	Other
03083000000	02	Jellyfish ( <i>Rhopilema</i> spp.)
03089000000	02	Other

Source: WTO, based on information provided by the authorities.

3.32. Most tariffs were bound at ceiling levels. Agricultural products (WTO definition), and fats and oils, were bound at a ceiling level of 100%, with some exceptions above that rate. Most non-agricultural products (WTO definition) were bound at a ceiling rate of 50%, again with a number of exceptions, at higher levels. As a result of the higher rates of these exceptions, the average bound rate for agricultural products reached 116.9%, against 55.6% for non-agricultural products. As a result of the tariff analysis carried out for this Review, it emerged that three lines carried in 2020 applied MFN rates (70%) that exceeded bound levels (50%). In the case of tariff lines subject to specific or compound rates, the computed *ad valorem* equivalents of non-*ad valorem* duties were estimated to be below the corresponding bound rates.

### 3.1.4 Tariff preferences

3.33. Saint Lucia grants tariff preferences to other countries in the CARICOM and to the members of the European Union through the CARIFORUM-EU EPA. All imports from CARICOM countries are tariff-free, except those covered by Article 164 of the Revised Treaty of Chaguaramas (RTC) (see below); however, they are subject to the CSC (see below). In 2022, imports from the European Union were granted a preference on some 46.9% of tariff lines. The average tariff for imports from the European Union was 6.1%, compared to an MFN of 10.7%. The average preferential tariff for agricultural products was 14.4%, compared to an MFN rate of 20.1%, while the average tariff for non-agricultural products was 4.4%, well below the 8.7% MFN rate (Table 3.5).

3.34. Duty-free access is granted by OECS-WTO Members to imports from other CARICOM countries, provided these imports meet the CARICOM rules of origin criteria and barring the exceptions provided by Article 164 of the Treaty of Chaguaramas. Under this Article, COTED may, if necessary, as a temporary measure in order to promote the development of an industry in any of the less developed States, which includes all OECS-WTO Members, authorize such States to suspend CARICOM origin treatment to any description of imports eligible on grounds of production in one or more LDCs. The Article 164 regime was introduced in 2006. There have been three "editions" of the Article since then; the latest came into force on 1 January 2020. This third edition of the Article 164 regime covers 14 product groups across 39 tariff lines. These products groups are wheat or meslin flour; aerated waters and beverages; malt; beer; stout; prepared complete animal feed; oxygen and carbon dioxide; acetylene; candles of paraffin wax; solar water heaters for domestic use; paint and varnishes (including enamels and lacquers) based on synthetic polymers or chemically modified natural polymers, dispersed or dissolved in an aqueous medium and furniture; and curry powder and pasta. The regime provides tariff protection to most of the products on the list for 10 years and for 5 years for two products, curry powder and pasta. Saint Lucia chose to apply Article 164 exceptions on 36 tariff lines.

**Table 3.5 Analysis of preferential tariffs (with countries that have negotiated trade agreements), 2022**

	Number of lines with a preference	Share lines with preference (%)	Total		Agricultural products		Non-agricultural products (incl. petroleum)	
			Average (%)	Duty-free lines (%)	Average (%)	Duty-free lines (%)	Average (%)	Duty-free lines (%)
MFN	-	-	10.7	38.8	20.1	25.8	8.7	41.6
CARICOM-EU	3,072	46.9	6.1	63.1	14.4	48.3	4.4	66.4

Note: For this analysis, in cases where the preferential tariff is higher than the MFN tariff, the MFN tariff is used to calculate the averages.

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



### 3.1.5 Other charges affecting imports

3.35. Like other OECS-WTO Members, Saint Lucia applies a CSC on all imports, included goods originating from other OECS/CARICOM countries. The legal basis is the Customs (Service Charge) Act No. 10 of 1989 and its subsequent amendments.<sup>96</sup> The CSC is currently applied at a rate of 6% on the c.i.f. value of imports. The rate was increased from 5% to 6% by Customs (Service Charge) (Amendment of Schedule) Order No. 62 of 29 June 2015.

3.36. The Customs (Service Charge) Act stipulates that the Cabinet may by order made by statutory instrument vary the rate of service charge; the Cabinet may, also, upon application by an importer, vary the rate of the service charge payable by the importer, if it is satisfied that it is just and necessary to do so.

3.37. Exemptions to the CSC are regulated through Statutory Instruments. The exemptions include: (i) newspapers, trade catalogues, and advertising matter and patterns and samples of no commercial value imported through the Parcel Post; (ii) articles imported for the use of the Governor General; (iii) all classes of raw materials and packaging materials imported by local manufacturers, certified as such by the Ministry of Commerce for use in the manufacture of goods; (iv) goods imported by the Government for the public use of the State and by a number of public bodies; and (v) goods to be used exclusively by Government-approved airlines, including aircraft and their component parts, accessories, and instruments necessary for navigation of aircraft, for agricultural purposes or for use in international air services and other air services operating in the West Indies approved by Cabinet; and ground equipment and technical supplies imported for use within the limits of an airport in connection with the establishment and maintenance of the previously specified services. During the review period, exemptions were also granted for the importation of a range of building materials<sup>97</sup> to farmers for the importation of raw materials and packaging materials<sup>98</sup>; and on a shipment of materials for the construction of a hotel.<sup>99</sup>

3.38. In the Uruguay Round, Saint Lucia left blank the column "other duties and charges" in its schedule, which in practice is equivalent to having entered "zero".<sup>100</sup> As was discussed in the context of the previous Review, the authorities consider that the CSC falls into the WTO category of other duties and charges; although they expressed their intent to make best endeavours to eliminate it, the rate applied has been actually increased, from 5% to 6%, due to revenue purposes. Resolving this discrepancy will probably require action at the CARICOM level, to allow more flexibility on applied rates, so as to either incorporate the CSC as part of the tariff, making sure bound levels are not exceeded, or adding it to the VAT, in which case it would stop being in principle discriminatory. The authorities indicate that there may be some reservations about so doing.

3.39. Saint Lucia has been applying a VAT on imports and domestic production and services since October 2012, when it was introduced to replace five indirect taxes: consumption tax, environmental protection levy, motor vehicle rental fee, mobile telephone tax, and hotel accommodation tax. 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.

3.40. All businesses with annual gross sales turnover reaching the XCD 400,000 threshold must obtain a VAT registration from the Inland Revenue Department. VAT is charged at a standard general rate of 12.5% on the supply of services and goods, including imports. A reduced rate of 7% applies since 1 December 2020 to accommodation services supplied by a hotel, and a rate of 10% to food and beverages supplied by a restaurant, water sports, tours, and entrances to heritage sites.<sup>101</sup> There is also a 0% rate charged on certain goods and services, including live animals (other than pets); fresh eggs; uncooked pasta; ventilated boxes for transport of unprocessed agricultural products; fuel, water, electricity; and goods for sale at duty-free shops. Exports are also zero-rated. Other goods and services are exempted from the VAT, including certain basic food items, such as

<sup>96</sup> Laws of Saint Lucia Customs (Service Charge) Act Cap 15.06.

<sup>97</sup> Customs (Service Charge) (Amendment of Schedule) Order 2014, No. 27 (03/03/2014).

<sup>98</sup> Customs (Service Charge) (Amendment of Schedule) Order 2018, No. 86 (22/10/2018).

<sup>99</sup> Customs (Service Charge) (Amendment of Schedule) Order 2019, No. 96 (24/06/2019).

<sup>100</sup> WTO document WT/DS302/R, 26 November 2004.

<sup>101</sup> SI No. 182 of 16 November 2020. Viewed at:

[http://slugovprintery.com/template/files/document\\_for\\_sale/laws/4687/SI%20182%20of%202020.pdf](http://slugovprintery.com/template/files/document_for_sale/laws/4687/SI%20182%20of%202020.pdf).

chicken, rice, milk, flour, and bread; agricultural and fishing inputs; domestic residential rental; and educational, financial, insurance, medical, and local transportation services.<sup>102</sup>

3.41. Excise tax is applied under the Excise Tax Act, Act 29 of 1999 (SI 122/1999), in force since 1 January 2000. Excise taxes are imposed on the following main categories of goods manufactured or imported into Saint Lucia: fuel, liquor, beer, tobacco products, explosives, and motor vehicles and parts. Under section 20 of the Excise Tax Act, Cap 15.07, the Minister responsible for Finance may, by order, amend the rates in the schedule to this Act, including fuel products. These excise tax rates, as determined by the Minister of Finance, are published via a Statutory Instrument in the Gazette in all instances where there are rate changes for any three-week period.<sup>103</sup> Excise taxes on imported goods are generally paid before the goods are entered for use within Saint Lucia; they are assessed on the c.i.f. value of the good without including the tariff or any other duties and charges. However, they can be paid upon sales in the case of fuel and vehicles based on bonded warehouse arrangements. In the case of domestically produced goods, excise taxes are applied on the wholesale price.

3.42. As at November 2022, goods classifiable under 147 HS tariff headings remained subject to excise tax; the main product categories were alcoholic beverages.<sup>104</sup> Most excise taxes are specific or *ad valorem*, depending on the good. Beer and alcoholic beverages are generally subject to specific rates (Table A3.3). Motor vehicles are subject to *ad valorem* rates that range from zero to 56%, depending on the type of vehicle and the size of the engine. To this, a compound rate must be added, with the specific component being linked to the vehicle's age: XCD 1,000 for a new vehicle; XCD 4,000 for a used vehicle up to five years old; or XCD 6,000 for a used vehicle over five years old.<sup>105</sup> This amount is always paid, even when the *ad valorem* rate is zero. A number of products (firearms, and some vehicles, including hybrid and sustainable fuel vehicles) are currently zero-rated.

3.43. An important source of revenue, the excise tax on fuel applies when the fuel is imported by a wholesaler. The rates applicable to some fuels have been amended frequently, currently every three weeks. Tax rates fluctuate based on imported c.i.f. prices (world oil prices) and on the decision regarding domestic retail prices. The tax is included on the price of fuel paid at the gas pump. The tax rate formula is based on the current price provided by the supplier and regulated price at the gas pump. In general terms, excise tax rates on gasoline and diesel have been allowed to move with changes in oil price movements. An excise tax of XCD 4 per gallon of gasoline was used as an implicit target for policy purposes by the former administration in the period from 2017 to mid-2021. The same applies to LPG, which carries a fluctuating subsidy, considered by the authorities to be a negative excise tax rate.

3.44. The COVID-19 pandemic placed enormous fiscal pressure on Saint Lucia, partly due to its narrow tax base, dependent to a large extent, as the whole economy, on tourism. The Government's revenue collection declined with contractions in all major economic sectors, while expenditure rose significantly in response to health care needs. Given these fiscal pressures, the Minister of Finance decided that the excise tax rates on gasoline and diesel would move with changes in oil price movements. This would not be automatic but somewhat discretionary and based on decisions taken per three-week period. This policy decision led to excise tax rates that exceeded the previously targeted XCD 4 per gallon. The excise tax collected in excess of XCD 4 was used for various budgetary purposes including towards the COVID-19 health care response and road maintenance.

### 3.1.6 Import prohibitions, restrictions, and licensing

3.45. Saint Lucia maintains a list of prohibited imports, which is contained in Part I of the Third Schedule of the Customs (Management and Control) Act, Cap 15.05 of the Revised Laws of Saint Lucia. The products listed are not accompanied by a tariff classification because some of them are either broader than a single set of items (e.g. food unfit for human consumption), or are related to items that are more specific than the descriptions in tariff classifications. Prohibited goods include

<sup>102</sup> 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](http://www.vat.gov.lc/resources/legislation/vat_act.php).

<sup>103</sup> Government of Saint Lucia (2020), "Fuel Tax and Price Changes", Press Release, 7 April. Viewed at: <http://www.govt.lc/news/fuel-tax-and-price-changes2>.

<sup>104</sup> Excise Tax (Amendment of Schedule 1) (No. 4), Order No. 55 of 29 July 2013.

<sup>105</sup> Excise Tax (Amendment of Schedule 1) (No. 8), Order of 28 September 2012.

counterfeit coins; food unfit for human consumption; prepared opium; shaving brushes from Japan; some prophylactics from the Republic of Korea; some kinds of knives and pistols; indecent or obscene materials; publications associated with black magic; matches containing white or yellow phosphorus; and goods that are prohibited by any other enactment of the State. A number of import prohibitions on SPS grounds remain in place (Section 3.2.3).

3.46. Restricted imports (subject to special permission or non-automatic licensing) are listed in Part II of the Third Schedule of the Management and Control) Act (Table 3.6). Non-automatic licences are required for the importation of these products regardless of their origin.

**Table 3.6 Import licensing requirements, 2022**

Product
1. Arms and ammunition
2. Explosives
3. Handcuffs
4. Radio and television transmission equipment
5. Cannabis sativa
6. Other drugs and psychotropic substances including controlled drugs
7. Objects bearing an imitation of coins or banknotes in use
8. Vehicles with left-hand side steering wheels
9. Tear gas
10. Solid rubber tyres
11. Spirits, wine and beer unless in glass containers and packed following specific specifications
12. Tobacco, cigars, cigarettes and cigarillos, unless in whole and complete packages each containing not less than 20 lbs net of tobacco
13. Extracts, essences and other concentrations of tobacco, Tobacco stalks
14. Goods bearing the Coat of Arms or flag of Saint Lucia
15. Goods subject to forfeiture under the Trademarks Act of 2001 or carrying a trademark without justification of country of origin or manufacture
16. Endangered species protected by the CITES
17. Chain saws
18. Night scope binoculars
19. Goods with restricted importation under any other Act or Order

Source: Customs (Management and Control) Act, Cap 15.05 of the Revised Laws of Saint Lucia, Part 2, Section 3.

3.47. Imports of pesticides, insecticides, fungicides, herbicides, rodenticides, and wood preservatives (HS 3808); hydro-fluorocarbons blends (HS 3824.90); ozone and non-ozone-depleting substances (HFCs) (HS 2903); and halogen-free refrigerants (HS 2814) are also restricted.<sup>106</sup>

3.48. Saint Lucia's latest notification of import licensing legislation and replies to the relevant questionnaire were submitted to the WTO in 2017.<sup>107</sup> In accordance with its 2017 notification, Saint Lucia's Import Licensing System is regulated by the External Trade Act, Cap 13.11 of the Revised Laws of Saint Lucia, the External Trade (Restricted Imports) (Amendment) Order 2012, and by the Customs (Management and Control) Act, Cap 15.05 of the Revised Laws of Saint Lucia. The authorities note that there has been a streamlining of the list of items for which an import license is required (SI No. 67 of 2019).

3.49. The authorities affirm that non-automatic import licensing is used for national security, public health, public safety, plant and animal health, morals, 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 40% of the imported quantity for chicken and 26% for pork, respectively. These requirements are applied regardless of the origin of imports. Goods listed in the Order's Second Schedule are subject to non-automatic licences when imported from non-CARICOM countries (Table 3.7).

3.50. The import licensing system is regulated by the External Trade Act, Cap 13.11 of the Revised Laws of Saint Lucia, the External Trade (Restricted Imports) (Amendment) Order 2012, and the

<sup>106</sup> Customs & Excise Department, Notice No. 2 of 2014. Viewed at: <http://www.customs.gov.lc/notices/notice-2014-02.pdf>.

<sup>107</sup> WTO document G/LIC/N/3/LCA/7, 3 March 2017. The previous notification was contained in WTO documents G/LIC/N/1/LCA/4/Corr.1, 19 September 2013; and G/LIC/N/3/LCA/6, 17 September 2013.

Customs (Management and Control) Act, Cap 15.05 of the Revised Laws of Saint Lucia. The lists of products subject to import licensing are contained in Schedules 2, 3, and 4 attached to the External Trade (Restricted Imports) (Amendment) Order (SI No. 118 of 2012); and in Part 2 (Restricted Imports) of Schedule 3, attached to the Customs (Management and Control) Act, Cap 15.05 of the Revised Laws of Saint Lucia. The Second Schedule contains the list of goods originating outside of the OECS and/or CARICOM countries; products originating from the OECS and CARICOM are listed on the Third Schedule; and goods originating from any country which is not a member of the OECS are included in the Fourth Schedule (Table 3.7). The Ministry in charge of commerce administers the licensing system in relation to trade in goods (currently the Ministry of Commerce, Manufacturing, Business Development, Cooperatives and Consumer Affairs).

**Table 3.7 Products subject to import licensing under the External Trade (Restricted Imports) (Amendments) Order, SI No. 67 of 2019**

<b>Goods originating outside the OECS or CARICOM/ HS subheading (Second Schedule)</b>
Live poultry (01.05) <sup>a</sup> ; meat and edible meat offal (Chapter 2); fresh, frozen or chilled fish (0301.03.04); smoked fish (Ex0305); crustaceans and molluscs fresh, chilled, frozen or salted, etc. (03.06; 03.07); fresh milk (04.01); birds eggs (04.07; 04.08); natural honey (0409.00.00); fresh or chilled potatoes (07.01); leeks and other alliaceous vegetables (0703.90.00); cauliflowers and headed broccoli 0704.10.00; 0704.10.10); cabbages (0704.90.10); lettuce (07.05); carrots and turnips (07.06); cucumbers 07.07); fresh or chilled vegetables (07.08; 07.09); arrowroot, sweet potatoes and other similar roots and tubers with high starch, fresh or dried, whole or sliced (07.14); coconuts, cashew nuts fresh or dried (08.01); bananas including plantains, fresh or dried (08.03.00); pineapple, avocados, mangoes, guavas, fresh or dried (08.04); citrus fruits, fresh or dried (08.05); melons (08.07); coffee (09.01); pepper, pimento (09.04); vanilla (0905.00.00); cinnamon (0906.11.00 and 0906.20.00); cloves (0907.00.00); nutmeg, mace (09.08); thyme, saffron, bay leaves, ginger, curry and other spices (09.10); rice (10.06); wheat flour (1101.00); edible oil (15.07-15.15); margarine, imitation lard and other prepared edible fats (15.17); sausages and the like of meat, meat offal or animal blood (16.01); other prepared or preserved meat of offal (16.02); chicken patties (1602.32.00); other patties (1602.39.00); beef patties (1602.50.90); prepared or preserved fish (burgers, fingers and patties) (Ex16.04) <sup>a</sup> ; crustaceans and molluscs, prepared or preserved (16.05); cane and beet sugar and chemical pure sucrose in solid form (17.01); pasta products (19.02); cakes (1905.90.90); jams, fruit jellies, marmalades (20.07); mango chutney (2008.99.10); fruit and vegetable juices, except preparations for infants (20.09); coconut milk and coconut cream (Ex2106); prepared baking powder (2102.30.00); tomato ketchup and tomato sauce (2103.20.10); pepper sauce (2103.90.10); browning, Bar B-Q sauce and mixed seasoning (Ex2103.90.90) <sup>a</sup> ; ice cream (2105.00.10); waters, aerated beverages, malt and other non-alcoholic carbonated drinks and orange squash (22.02); beer (2203.00.10); cigarettes (2402.20.00); other tobacco products (2402.90.00); oxygen in cylinder (2804.40.00); carbon dioxide in cylinder (2811.21.00); acetylene in cylinder (2901.29.20); soaps (toilet, medicated, other) (3401.11.00; 3401.11.10; 3401.11.90); bleaches (liquid and other) (3402.20.40; 3402.20.50); candles (Ex34.06.00) <sup>a</sup> ; tyres remould, recapped, rethreaded (Ex40.12) <sup>a</sup> ; wooden mouldings, (Ex44.09) <sup>a</sup> ; wooden doors, except micro fibre doors (4418.20.00); mats and matting of vegetable materials (Ex4601); baskets and waste paper bins of vegetable plaiting materials (Ex46.02) <sup>a</sup> ; toilet paper (4818.10.00); cardboard boxes (48.19.00.00); folding cartons (48.19.20); girls and ladies panties, half-slips and nighties (Ex61.08; 62.08) <sup>a</sup> ; brassieres (6212.10.00); building blocks and sheets (6810.11.00); galvanized sheets (Ex72.08-72.12) <sup>a</sup> ; windows and doors (Ex7610.10.00); aluminium tanks (76.11) <sup>a</sup> ; solar water heaters (8419.19.10; 8419.19.20); liquid meters (9028.20.00); chairs and other seats (94.01); other furniture (94.03); mattresses (Ex94.04) <sup>a</sup> ; and gambling machines (9504.30.00; 9504.90.30).
<b>Goods originating from the OECS or CARICOM (Third Schedule)</b>
Life, fresh, frozen or chilled fish (03.01-03.04); smoked fish (Ex0305.41.00 – 0305.49.90) <sup>a</sup> ; crustaceans and molluscs fresh, chilled, frozen or salted, etc. (03.06-03.07); fresh milk, not including UHT milk (0401.10.00); rice (10.06); wheat flour (1101.00); chicken patties (1602.32.00); beef patties (1602.50.90); fish burgers, fingers and patties (Ex16.04) <sup>a</sup> ; cane and beet sugar (17.01); ice cream (2105.00.10); concrete blocks (6810.11.00); and domestic and commercial meters for measuring volumes of water (9028.20.00).
<b>Goods originating outside the OECS (Fourth Schedule)</b>
Curry powder (0910.99.30); pasta products (19.02); waters, aerated beverages, malt and other non-alcoholic carbonated drinks and orange squash (22.02); malt beverages (2202.90.20); beer (2203.00.10); candles (Ex34.06) <sup>a</sup> ; oxygen in cylinders (2804.40.00); carbon dioxide in cylinders; (2811.21.00); acetylene in cylinders (2901.29.20); candles (Ex34.06); solar water heaters (8419.19.10-8419.19.20); chairs and other seats of wood and upholstered fabric (Ex94.01) <sup>a</sup> ; and other furniture of wood and upholstered fabric (Ex94.03) <sup>a</sup> .

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. 67 of 17 June 2019.

3.51. The authorities have notified the WTO that the import licensing regime was adopted to facilitate the regulation and monitoring of imports. Automatic licences are used for statistical purposes whereas non-automatic licences are used for national security; public health concerns; public safety; plant and animal health concerns; development; financial needs; and moral issues. They have also indicated that, to date, no other regulatory system has been contemplated, and that, as the various goods and products are classified in the schedules to the External Trade (Restricted Imports) (Amendment) Order 2019 Order, administrative discretion is unnecessary. However, goods such as controlled substances, firearms, and ammunition that require non-automatic licences may become subjected to administrative discretion.<sup>108</sup>

3.52. In general, the granting of all licences under the External Trade (Restricted Imports) (Amendment) Order 2012 is administered by the Ministry of Commerce (currently the Ministry of Commerce, Manufacturing, Business Development, Cooperatives and Consumer Affairs); 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 Agriculture, Fisheries, Food Security and Rural Development (Ministry of Agriculture)<sup>109</sup>; pesticides, Pesticides Control Board<sup>110</sup>; controlled drugs, Ministry of Health (Chief Medical Officer)<sup>111</sup>; rubber tyres, Ministry of Transport; and firearms and ammunitions<sup>112</sup>, Ministry of Internal Security (Commissioner of Police). Import licences not covered by under the External Trade Act are processed by other ministries: Ministry of Agriculture: importation of plants and animals; Ministry of Internal Security (Police Commissioner): weapons and ammunition; Ministry of Health: drugs and public health; and Ministry of Transport: motor vehicles. Imports of left-hand drive motor vehicles remain subject to special permits issued by the Cabinet, while imports of radio and television transmitting equipment require type approval by the National Telecommunications Regulatory Commission (Section 4.3.2).

3.53. All persons, firms, and institutions are eligible to apply for import licences. Importers are requested to apply for the relevant licence or permit prior to the arrival of the goods and must present a certificate of origin for non-CARICOM originating items.<sup>113</sup> Applications are examined on receipt and are on most occasions processed within 24 hours of receipt by the Ministry of Commerce. 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. There is no penalty for the non-utilization of a licence or a portion of it. There is no deposit or advance payment requirement associated with the issuance of licences. No licences are issued on condition that goods should be exported and not sold in the domestic market. There are no limitations as to the period of the year during which applications for licence and/or importation may be made. The authorities note that all applications under the External Trade Act are approved automatically except for those that fail to meet the normal criteria. There are no domestic restrictions to obtain foreign exchange to settle invoices for imported goods, whether payable at sight or on other trade terms.

3.54. For restricted products, information regarding quotas and other related formalities is advertised by the Ministry of Commerce in the local press and in the Official Gazette. Quotas (when and where applicable) are determined annually.

3.55. Decisions not to grant an import licence are notified to the applicants, with details on the reason for refusal. Appeals for refusal can be lodged with the Permanent Secretary or directly with the Minister of Commerce. Appeals may also be addressed through the Civil Court, and ultimately through the Caribbean Court of Justice (CCJ) if the infringement is in contravention of the RTC.<sup>114</sup>

### **3.1.7 Anti-dumping, countervailing measures, and safeguards**

3.56. No changes to legislation with respect to anti-dumping and countervailing measures legislation were introduced during the review period. The main piece of legislation on the matter continues to be the pre-independence Customs Duties (Dumping and Subsidies) Ordinance No. 25,

<sup>108</sup> WTO document G/LIC/N/3/LCA/7, 3 March 2017.

<sup>109</sup> Plant Protection Act No. 21 of 1988; Animals (Diseases and Importation) Ordinance, Cap 41. An export permit from the country of origin is a prerequisite for obtaining a licence to import plants or animals into Saint Lucia.

<sup>110</sup> Pesticide Control Act No. 7 of 1975.

<sup>111</sup> Drugs (Prevention and Misuse) Act No. 22 of 1988.

<sup>112</sup> Firearms Act No. 8 of 1995, as amended by the Firearms Act No. 9 of 2003.

<sup>113</sup> According to the authorities, most applications are submitted after the goods' arrival at customs.

<sup>114</sup> WTO document G/LIC/N/3/LCA/7, 3 March 2017.

which entered into force on 19 December 1964, and has not been amended. In 2015, Saint Lucia notified the WTO that it had not established an authority competent to initiate and conduct an investigation within the meaning of Article 16.5 of the Anti-Dumping Agreement and thus had not, to date, taken any anti-dumping actions within the meaning of Article 16.4 of the Agreement and did not anticipate taking any anti-dumping actions for the foreseeable future.<sup>115</sup> The notification also noted that Saint Lucia would promptly notify the Committee on Anti-Dumping Practices of any changes that might take place in this regard.

3.57. No notifications on safeguards legislation or actions taken were made to the WTO Committee on Safeguards during the review period. In 1996, Saint Lucia notified the Committee on Safeguards that its External Trade Act contained no specific provisions for safeguards measures, but as a member of the CARICOM Community, it was bound by the Articles of this Treaty including Article 29, which provides for the application of safeguard measures in the event that a particular domestic industry is threatened, due to an increase in imports of the product or products of the industry. The article notified currently corresponds to Article 150 of the RTC, which provides for the adoption of safeguard measures, under specified circumstances, to restrict imports from other CARICOM countries and third countries.<sup>116</sup> Saint Lucia did not apply any safeguard measures under CARICOM rules during 2014-22.

## **3.2 Measures directly affecting exports**

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

3.58. There are no specific procedures for exporters, who are subject to the same registration and documentation requirements at Customs as importers (Section 3.1.1). Any item being exported from Saint Lucia must be accompanied by a signed export declaration as proof of export. The Customs Entry must be accompanied by invoice(s) and an export declaration.<sup>117</sup> Exports are not normally inspected, except in cases of suspicion regarding drugs or other illegal activity.

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

3.59. Saint Lucia does not levy any export taxes or charges; exports are also exempt from internal taxes and are zero-rated for VAT purposes.

### **3.2.3 Export prohibitions, restrictions, and licensing**

3.60. No new export restrictions or bans have been introduced since 2014. Exports of the following products are restricted: arms and ammunition, except with the written permission of the Commissioner of Police; explosives, except with the written permission of the Commissioner of Police; handcuffs of any type, except with the written permission of the Commissioner of Police; radio and television transmitting equipment, except under licence of the Minister of Communications; Cannabis sativa, including parts of the plant, or any preparation or mixture thereof, except under licence of the Chief Medical Officer; other narcotic drugs and psychotropic substances including controlled drugs, except under licence of the Chief Medical Officer; motor vehicles fitted with left-hand driving control, except under special permit issued by the Cabinet; tear gas and any ingredient which may produce it, except with the written authority of the Minister of Commerce; any goods which bear the Coat of Arms or the Flag of Saint Lucia or any facsimile, imitation or representation thereof, except with Ministerial approval; rare or threatened species of animals or plants, their products and derivatives, whose international trade is regulated by the Convention on International Trade in Endangered Species (CITES) unless such goods are accompanied by the appropriate permits signed by the CITES authorities in the country of exportation or importation; chain saws, except under licence from the Ministry of Agriculture; night vision binoculars and similar night vision instruments or apparatus of a kind generally used by the armed forces, paramilitary and other law enforcement agencies, except with the written permission of the Comptroller of Customs.

<sup>115</sup> WTO document G/ADP/N/193/LCA, 25 March 2015.

<sup>116</sup> WTO document G/SG/N/1/LCA/1, 18 June 1996.

<sup>117</sup> Customs & Excise Department. Viewed at: <http://www.customs.gov.lc/exportation-of-goods.php>.

3.61. All of the above-mentioned products are subject to (non-automatic) export-licensing requirements.<sup>118</sup> Export permits for ginger, dry coconut, and exports requiring a CITES permit are administered by the Ministry of Agriculture. Seasonal export bans on lobster are notified annually by publication in the media; a moratorium on sea eggs fishing (and exportation) remains in place.

### 3.2.4 Export support and promotion

3.62. During the review period, Saint Lucia did not submit to the WTO Committee on Agriculture any notifications regarding export subsidies; the last notification dates from 2004. On the other hand, during the review period, Saint 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.<sup>119</sup> Saint Lucia is still in the process of revising its incentive regime to eliminate any reference to export subsidies (Section 3.3.1); the authorities note, however, that, although the review of legislation has not been completed, no subsidies contingent upon exportation are currently granted. Saint Lucia was expected to revise its export incentives to make them WTO-compatible by 31 December 2015.<sup>120</sup>

3.63. The Free Zone Act No. 10 of 1999 (Free Zone Act, Cap 15.17 of the 2006 Revised Laws of Saint Lucia), last amended by the Free Zone (Amendment) Act No. 11 of 2018, allows an exemption from import duty, taxes, and other charges on all merchandise, articles, or other goods entering a free zone for commercial purposes. Likewise, all fuel and goods including building materials, furniture, equipment, supplies, and parts required for the proper functioning of a free zone business are exempt from all duties and taxes and charges.<sup>121</sup> Imports to the Zone are not subject to quotas or any import restrictions, and import-licensing requirements do not generally apply, with the exception of goods restricted for safety or health reasons. Other benefits include tax credits in accordance with the number of nationals employed on a continuous basis; exemption from income tax during the first five years of operations; possibility to carry forward total net losses over the five-year tax holiday period and deduct them against profits in the three years following the end of the tax holiday; and exemption from income tax for proceeds from the sale of stock or other partial or complete ownership. There are 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. Individual companies operating outside a specific free zone may also be granted free-zone status.

3.64. Any private or public party, or group of parties, may establish a wholesale business on property it occupies within the free zone. 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. In accordance with the Free Zone Act, licences are specific to a business; the licence for a free zone business must state the business activity the free zone business may conduct within the Zone. The free zone business is limited to the business authorized in the licence. Following the amendment introduced in 2018, activities of a free zone business may be conducted entirely within the free zone or between a free zone business and a jurisdiction outside the free zone, including a domestic Saint Lucia business.<sup>122</sup> Activities of a free zone business within the national customs territory must be limited to transportation or business meetings. Goods produced in the free zones may be imported into the national customs territory only upon payment of import duties. 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 from both.

<sup>118</sup> Customs & Excise Department, *Travellers Information*. Viewed at: <http://www.customs.gov.lc/travellers-information.php>.

<sup>119</sup> WTO documents G/SCM/N/260/LCA, 16 July 2013; G/SCM/N/275/LCA, 26 June 2014; G/SCM/N/284/LCA, G/SCM/N/290/LCA, 1 November 2016; and G/SCM/N/299/LCA, G/SCM/N/315/LCA, G/SCM/N/343/LCA, 3 October 2019.

<sup>120</sup> WTO document WT/L/691, 31 July 2007.

<sup>121</sup> However, motor vehicles and fuel for personal use entering a free zone are not exempted from taxes and duties.

<sup>122</sup> Section 11 of the Free Zones Act was amended by section 6 of the Free Zones (Amendment) Act of 2018. Prior to the amendment, activities of a free zone business could be conducted either entirely within the free zone or between the Saint Lucia Freezone and foreign countries.

3.65. Saint Lucia maintains a Free Zone, the Saint Lucia Freezone, which is an enclosed area treated for customs purposes as lying outside the customs territory of the island. The Saint Lucia Freezone has 9,140 square metres of combined showrooms and warehousing space. It consists of 11 warehouses with office and showroom space. An Administration Building houses the FZMA, as well as Customs and other service providers.<sup>123</sup> There are various types of companies operating in the Free Zone, including distributors of appliances, furniture, household, and office supplies/items; manufacturers; duty-free suppliers of liquor, cigarettes, fragrances, wines, souvenirs, animal feed and general merchandise and other items; and pharmaceuticals.<sup>124</sup> All in all, the Free Zone programme had 17 beneficiaries in 2021, down from 24 beneficiaries as at June 2013.

3.66. Under the Fiscal Incentives Act and the Micro and Small-Scale Business Enterprises Act, eligible enterprises continue to qualify in principle for exemptions from income tax on export profits, as well as for export allowances. The authorities have notified to the WTO that, although the legislation is still in the process of being amended, there are currently no export allowance beneficiaries.<sup>125</sup>

3.67. Export Saint Lucia is the Government's National Trade Export and Promotion Agency (TEPA) and is the lead agency mandated to spearhead Saint Lucia's National Export Development Effort. Its overall objective is to increase aggregate volume and value of exports from Saint Lucia. Export Saint Lucia's core functions are to provide information and support to local businesses and international buyers, promote and expand business in export markets, and assist local businesses improve profitability and long-term sustainability.<sup>126</sup> Export Saint Lucia acts as a focal point for exports through advocacy, information dissemination, and public education, and it undertakes policy coordination for export development, while also coordinating the trade/export services network. It has responsibility for coordinating, monitoring, and evaluating the national export development strategy; undertaking future strategic planning for export; and carrying out the function of export promotion/marketing at the national level. The authorities note that, during the period under review, Export Saint Lucia has stepped up efforts to promote exports of goods and services, with an emphasis on promoting creative industries.

3.68. Export Saint Lucia, which is funded by the Government, manages a number of projects and programmes in the areas of trade information, export facilitation, trade promotion, and export support. It has developed a Trade Information Network/system to serve as a repository for the processing and utilization of relevant export and trade-related information. Export Saint Lucia also guides exporters with best practices, advises the Government and exporters on ways to avoid delays, and how to surmount trade barriers impacting exports.<sup>127</sup> Regarding trade promotion/export marketing, Export Saint Lucia advises exporters on approaches to explore and exploit new and

<sup>123</sup> Saint Lucia Freezone. Viewed at: <https://stluciafreezone.com/facilities/index.php>.

<sup>124</sup> In 2021, the companies operating in the Saint Lucia Freezone were Integrated Technologies Security Systems (security surveillance, monitoring station, security response, storage and distribution of security equipment, CCTV, cameras, DVRs, alarms, intruder detector systems, fire alarms, and other accessories for electronic security systems); Duty Free Shoppers Inc. (liquor, wines, cigarettes, perfumes, fragrances, souvenir items); Superior Shipping Services Ltd (importation and exportation of cargo in transit for other countries, including ship spares for oil tankers and other sea and air going vessels/aircraft and any other cargo by any other means of transport into Saint Lucia for transshipment to its final point of destination); A & J Ltd (souvenirs, hotel supplies, furniture, household items, electrical items); Shiva Impex Ltd (souvenirs, electronic items, clothing, household and dry goods); Tradex Ltd (pharmaceuticals, medical supplies, and general merchandise); Health 2000 Plus Free Zone Inc. (generic pharmaceuticals, medical supplies, and other health-related products); RG Investments Inc. (general merchandise, commercial vehicles, spare parts, essential bldg. supplies, electrical and electronic products, household items, and dry goods); Performance Paints Group Ltd (premium high-performance paints, coatings, and related products); Every Day Supplies Ltd (general department store items); Sunny Pharma Ltd (pharmaceuticals); C & L Distribution (pharmaceuticals, medical supplies, lab supplies, dental and general supplies); Tradevin Ltd (pharmaceuticals, medical supplies, herbals, cosmetics, healthcare products, and general merchandise); Jules Pharma Ltd (pharmaceuticals, medical supplies, medical equipment, and household goods); Caribbean Grains Ltd (grains processing); Unique Animal Care Ltd (veterinary pharmaceuticals); and Home Wise Inc. (refurbished furniture, furnishings, and decorative accessories).

<sup>125</sup> WTO document G/SCM/N/299/LCA, G/SCM/N/315/LCA, G/SCM/N/343/LCA, 3 October 2019.

<sup>126</sup> Export Saint Lucia. Viewed at: <https://exportsaintlucia.org/about-export-saint-lucia/>.

<sup>127</sup> Export Saint Lucia, *Projects and Programmes*. Viewed at: <https://exportsaintlucia.org/projects-programmes/>.



existing export markets. It also provides enterprise development assistance to support export development and gives advice on sources of export financing.

3.69. Export Saint Lucia provides support exporters and potential exporters.<sup>128</sup> It works with firms seeking to promote goods and services in overseas markets; expand production, markets, and sales; participate in trade shows and overseas missions; engage in corporate branding; engage in improvements to packaging and labelling; develop new distribution channels; develop joint venture partnerships or licensing opportunities; source raw materials and inputs; obtain market intelligence; and protect intellectual property in new markets. Export Saint Lucia engages in the facilitation of e-commerce and website sales promotion through its national export portal, TASTEOFSAINTLUCIA.com. Most export promotion initiatives to date have been carried out on a cost-sharing basis, with Export Saint Lucia covering between 75% and 85% of the cost.

### 3.2.5 Export finance, insurance, and guarantees

3.70. Saint Lucia does not avail itself of any 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.

## 3.3 Measures affecting production and trade

### 3.3.1 Taxation and incentives

#### 3.3.1.1 Taxation

3.71. Taxation in Saint Lucia is territorial and based on residence. All residents of Saint Lucia, including the self-employed, corporations, and partnerships (regardless of profitability), are required to file an income tax return with the Inland Revenue Department (IRD). Tax returns with the IRD must be filed by every corporation (non-profit or for profit), partnership, and individual even if they have been granted tax exemptions under the incentives' regime. Taxes must be paid before 25 March, 25 June, and 25 September of each income year. The amount to be paid at these respective times should be one third of the estimated tax for the year.

3.72. The corporation tax rate is 30%. Withholding tax is applied on income from royalties and interest and on fees for technical services at a rate of 10% for domestic investors, 15% for CARICOM nationals, and 25% for foreigners who are non-CARICOM nationals. No withholding tax is applied on dividends. A withholding tax of 10% is applied on withdrawals from pension funds or an insurance policy that is less than 10 years old.<sup>129</sup> In the case of personal tax rates, in 2022 there was a personal allowance of XCD 18,000 (USD 6,666.67). The first XCD 10,000 (USD 3,703.70) are taxed at 10%; the next XCD 10,000 at 15%; the following XCD 10,000 at 20%; and the balance at 30%. Effective 1 January 2023, the personal allowance was increased from XCD 18,000 to XCD 25,000. A cap was introduced on other allowances/deductions up to XCD 30,000 excluding medical claims. The number of tax bands was reduced to three as follows for chargeable income: on the first XCD 15,000 of annual income, a tax rate of 15%; on the next XCD 15,000, 20%; and on the remainder, 30%.

3.73. VAT is charged when a taxable good or service is sold or provided regularly whether or not for profit. On imports, it is charged upon importation. As noted above, the standard rate is 12.5% since 1 February 2017. There is a reduced rate on goods and services provided by hotels and other providers in the tourism sector; the rate was 10% until December 2020, when it was lowered to 7%. Electricity and water are zero-rated, and basic products are exempt from VAT. Persons and businesses that perform taxable activities are required to register and charge VAT if they meet the required threshold. Only those businesses that are registered for VAT with the IRD can charge VAT. The threshold for businesses is XCD 400,000 (USD 148,148) of taxable supplies or sales (goods and services) in the previous 12 months or less; or a reasonable expectation to meet or exceed sales of XCD 180,000 (USD 66,666.67) at the beginning of any period of 365 days; or if in the first three

<sup>128</sup> Export Saint Lucia, *Services*. Viewed at: <https://exportsaintlucia.org/tepa-services/>.

<sup>129</sup> Deloitte, *International Tax, Saint Lucia Highlights*, updated February 2020.

months of trading taxable supplies exceed XCD 45,000 (USD 16,666.67) and are expected to exceed XCD 180,000 over the year.

### 3.3.1.2 Incentives

3.74. The Government carries out a policy seeking to attract foreign investment to cover the gap between savings and investment. To this end, it provides tax and non-tax concessions to facilitate the activity of businesses that may add value to the economic development of the country. Approval of an enterprise for these incentives is granted by the Cabinet of Ministers upon application, taking into consideration the type, size, scope, and employment potential of the business.

3.75. To qualify for incentives, an enterprise should meet the following criteria: (i) it must be incorporated and registered in Saint Lucia; (ii) it must contribute to the economic development of Saint Lucia; (iii) it must utilize Saint Lucian human and natural resources; (iv) it must train local personnel and upgrade its plant through technological transfer; (v) it must form linkages with other economic sectors; and (vi) it must contribute to earn foreign exchange.<sup>130</sup> The main incentives schemes are granted under the following acts: the Fiscal Incentives Act, the Tourism Incentives Act, the Tourism Stimulus and Investment Act, the Special Development Areas Act, and the Free Zones Act, among others. The main benefits granted are detailed in Table 3.8.

**Table 3.8 Main incentives provided by the Government, 2021**

Legislation	Incentives available
<b>Tourism Incentives Act</b>	<ul style="list-style-type: none"> <li>• Exemption from Corporate Income Tax for up to 15 years</li> <li>• Exemption from import duty on building materials, articles, furnishings and equipment</li> <li>• Companies established as a Limited Liability Corporation are entitled to distribute profits free of tax for two years after the end of the tax holiday</li> </ul>
<b>Tourism Stimulus &amp; Investment Act</b> (For projects approved until 31 March 2023)	<ul style="list-style-type: none"> <li>• Exemption from corporate income tax for up to 25 years</li> <li>• Exemption on taxes from interest received during the development period</li> <li>• Exemption from custom duties on imports including furniture, fixtures and fittings</li> <li>• Exemption from duty on imports of alternative energy and energy saving equipment</li> <li>• Exemption from VAT on building materials and locally produced art and craft</li> <li>• Exemption from corporate tax during the project's development phase.</li> <li>• No property tax and Alien Landholding License fee payable during development</li> <li>• Exemption from payment of stamp duty and vendors tax on the transfer or sale of immovable property on initial transfer</li> <li>• Tax credit for financial institutions based on the amount invested</li> <li>• Tax credit on approved developments based on the qualifying expenditure incurred during the incentive period</li> </ul>
<b>Fiscal Incentives Act</b> (manufacturing and certain services)	<ul style="list-style-type: none"> <li>• Exemption from Corporate Income Tax for up to 15 years</li> <li>• Waiver of import duty on plant, machinery and equipment</li> <li>• Waiver of import duty on raw and packaging materials</li> <li>• Carry-forward of losses</li> <li>• Unrestricted repatriation of profits and capital</li> <li>• Upon expiration of an exemption period, a beneficiary company may, for a period of up to five years, benefit from a 75% reduction in the corporate income tax rate (22.5% instead of 30%) if it makes an investment of over XCD 5 million or of 50% (15% instead of 30% in the investment is of between XCD 1 million and XCD 5 million)</li> </ul>
<b>Special Development Areas Act</b> (heritage and development inducing tourism products)	<ul style="list-style-type: none"> <li>• Tax exemption on interest received during development period (according to the authorities, this has not been granted in practice)</li> <li>• Exemption from import duty on inputs for the construction of a new building or the renovation or refurbishment of existing buildings</li> <li>• Exemption from stamp duty on construction inputs and initial purchase of property</li> <li>• No land and house tax</li> <li>• No Alien Landholding License fee</li> <li>• Corporation tax at a rate of 20% (instead of 30%)</li> <li>• Industrial building allowance of 20% an annual allowance of 5%</li> <li>• Commercial building allowance of 20% and annual allowance of 2.5%</li> </ul>
<b>Land and House Tax Act</b>	<ul style="list-style-type: none"> <li>• New commercial properties completed after 1 April 2001 are exempt from property tax for the first three years</li> </ul>
<b>Freezone</b>	<ul style="list-style-type: none"> <li>• Exemption from custom duties, taxes and related charges on all classes of goods entering the Freezone for commercial or operating purposes</li> <li>• No restrictions or taxes on foreign exchange transactions</li> <li>• No taxes on dividends for the first 20 years of operation</li> <li>• No work permit fees for management personnel of Freezone businesses</li> <li>• No import or export licences</li> <li>• No price controls</li> </ul>

<sup>130</sup> Invest Saint Lucia, *Doing Business Guide*. Viewed at: <https://investstlucia.com/why-invest-in-saint-lucia/doing-business-in-saint-lucia/>.

Legislation	Incentives available
<b>Conditional incentives for returning nationals related to business purposes</b>	<ul style="list-style-type: none"> <li>• Exemption from Corporate Income Tax for the first five years, thereafter, income tax is paid at rates according to chargeable income:               <ul style="list-style-type: none"> <li>- Up to USD 5,555.56 of chargeable income: 2%;</li> <li>- Above USD 5,555.56 but up to USD 11,111.11: 4%;</li> <li>- Over USD 11,111.11 but up to USD 37,037.04: 6%;</li> <li>- Over USD 37,037.04 of chargeable income: 8%</li> </ul> </li> <li>1. For machinery and equipment and parts thereof use in industry, agriculture, fisheries, forestry and mining, as approved by the respective responsible Ministry.</li> <li>2. For building materials for first installation or extension of industrial enterprises as approved by the Ministry responsible for industry.</li> <li>3. For purposes connected with tourism: (i) building materials for first installation of approved hotels, guest houses and other facilities and attractions and approved renovations and extensions; (ii) equipment and appliances for initial equipping of approved hotels and for approved extensions and renovations; (iii) equipment for use in sports and recreational activities associated with tourism; (iv) motor cars and public transport-type passenger motor vehicles, including coaches and minibuses for use as approved by the Ministry responsible for tourism.</li> <li>4. For shipping: (i) boats, boat and navigation equipment and boat fittings, sail canvas, marine engines, fuel and lubricants for services as approved by the Ministry responsible for transport; (ii) navigation aids.</li> <li>5. For approved aircraft purposes connected with: (i) aircraft, component parts, accessories, instruments, grounds and technical equipment and motor vehicles for aircraft services and operations including air clubs, as are approved by the ministry responsible for civil aviation; (ii) fuel and lubricants for approved aircraft services and operations.</li> <li>6. For educational and cultural purposes: (i) supplies, equipment, instruments and apparatus, tools, books, for approved educational and cultural institutions and purposes; (ii) materials for the construction, renovation and extension of approved educational and cultural institutions as approved by the Ministry responsible for education and culture; (iii) equipment and supplies for sports.</li> </ul>

Source: Invest Saint Lucia, *Doing Business Guide*. Viewed at: <https://investstlucia.com/why-invest-in-saint-lucia/doing-business-in-saint-lucia/>.

3.76. The Fiscal Incentives Act is the primary legislation governing the award of incentives to manufacturing, service, or processing industries. During the review period, the Act was amended twice, by the Fiscal Incentives (Amendment) Act No. 3 of 2013, and the Fiscal Incentives (Amendment) Act No. 30 of 2019. The modifications broadened the time limit to the benefits of the scheme (2013 amendment)<sup>131</sup> and expanded the sectoral scope of the incentives provided by the Act (2019 amendment).

3.77. Under the Fiscal Incentives Act of 1974, as amended in 2013 and 2019, a tax holiday of up to 15 years but expiring no later than 31 December 2028 may be granted for the manufacture of approved products (so declared by order of the Cabinet for manufacture by an approved enterprise) or the provision of approved services by approved enterprises.<sup>132</sup> The criteria for fiscal incentive qualification are that an enterprise must be incorporated and registered in Saint Lucia; contribute to its economic development; utilize domestic human and natural resources; form linkages with other economic sectors; contribute to foreign exchange earnings; train local personnel; and introduce plant upgrades via technological transfers.<sup>133</sup> The Act also grants a waiver of import duties on imported plant machinery and equipment, and a waiver of import duties on imported raw materials and packaging. The Fiscal Incentives (Amendment) Act No. 3 of 2013 stipulated that applications for benefits clearly state the expected construction and beginning of production dates, whereby the construction day shall not be later than 12 months after the date of granting the application, and the production of the approved product(s) and/or delivery of the approved service(s) shall not be later than 18 months from the construction day.

3.78. The length of the tax holiday depends on the local value added generated or on whether the company exports all of 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, which now must expire before 31 December 2028; (ii) Group 2 enterprises, with local

<sup>131</sup> For Group I enterprises, the benefit period was extended to 31 December 2028 by the Fiscal Incentives (Amendment) Act No. 3 of 2013, for Group II enterprises, to 31 December 2025, and for Group III, to 31 December 2023.

<sup>132</sup> The amendment was notified to the WTO. See: WTO document G/SCM/N/284/LCA G/SCM/N/290/LCA, 1 November 2016.

<sup>133</sup> U.S. Department of State (2020), *2020 Investment Climate Statements: Saint Lucia*. Viewed at: <https://www.state.gov/reports/2020-investment-climate-statements/saint-lucia/>.

value of between 25% and 50% of sales, and which are granted concessions for up to 12 years but not after 31 December 2025; (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, maximum up to 31 December 2023; and (iv) enclave enterprises, where production is exclusively for export, and which may enjoy a tax holiday of up to 15 years up to, at the latest, 31 December 2028.

3.79. The Fiscal Incentives (Amendment) Act No. 30 of 2019 broadened the scope of the areas which can enjoy benefits by introducing a new definition of "industry" to include certain services and exclude explicitly tourism and agriculture from the scope of the Act. The benefits of the Fiscal Incentives Act now cover four service subsectors: professional services, creative industries, information and communications technologies, and spa and wellness. These subsectors encompass a number of services each, which have been included in a new Schedule 5 to the (original) Act as a result of the amendments of the 2019 Act, and may now to benefit from fiscal incentives: (i) professional services: accounting services; management consulting services; photographic services; architectural services; engineering services; integrated engineering services; printing and publishing services; veterinary service; and medical and dental services; (ii) creative industries: motion picture projection services; entertainment services; sporting and other recreational services; motion picture projection and video tape production and distribution services; (iii) information and communications technologies: telecommunication services; online information and/or data processing including transaction processing; and (iv) spa and wellness: beauty and spa; physiotherapists and services provided by midwives, and paramedical personnel; medical laboratories.

3.80. Recent amendments did not remove from the Fiscal Incentives Act provisions of Part 2 of Schedule 2 of the 1974 Act that allow for additional benefits in the form of income tax rebates at the termination of the tax holiday period, and which are related to export performance. In fact, 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 they exceed 60% of total profits. However, in the 2019 Amendment a Schedule 4 was added to the Act, whereby a company benefiting from a tax holiday under the Fiscal Incentives Act is now allowed to benefit, upon expiration of its exemption period and for a period of up to five years, from a 75% reduction in the corporate income tax rate (would be taxed at a rate of 22.5% instead of 30%) if it makes an investment of over XCD 5 million, or from a 50% reduction (15% instead of 30%) if the investment is between XCD 1 million and XCD 5 million. This would have seemed to *de facto* replace the export-linked provisions of Schedule 2. In its notification to the SCM Committee in 2019, Saint Lucia stated that it was in the process of reviewing legislation to remove any reference to export-contingent benefits (see below).

3.81. In the most recent (at the moment of drafting this report) notification to the WTO's Committee on Subsidies and Countervailing Measures dated 25 September 2019 and corresponding to the 2015-16 and 2017-18 periods, Saint Lucia included the Fiscal Incentives Act, the Programme under the Micro and Small Scale Business Enterprises Act, and the Programme under the Free Zone Act.<sup>134</sup>

3.82. With respect to the Fiscal Incentives Act, the notification states that the policy objectives of the subsidy are to stimulate export performance, support investment and economic activity, and promote diversification in traditional and non-traditional products.<sup>135</sup> It notes that the Fiscal Incentives Act 15 of 1974 (Cap 15.16 of the 2008 Revised Laws of Saint Lucia) was passed to give effect to an agreement on the harmonization of fiscal incentives to promote industrial development among CARICOM member States. The forms of subsidy provided include income tax exemptions; import duty exemptions on plant, machinery, spare parts, and raw materials; income tax exemptions on export profits; and export allowance. In the notification, the authorities note that local value-added, expressed as a percentage of the unit sales value, was different from local content. Local value-added, as understood in the Fiscal Incentives Act, Cap 15.16, referred to the sum of unit profit (sales price less production costs), depreciation, and costs of labour as a percentage of the

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<sup>134</sup> New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures Final Transparency Notification Pursuant to the Procedures in the General Council Decision in Document WT/L/691 on the Extensions under SCM 27.4 of the Transition Period for the Elimination of Export Subsidies. WTO document G/SCM/N/299/LCA, G/SCM/N/315/LCA, G/SCM/N/343/LCA, 3 October 2019.

<sup>135</sup> WTO document G/SCM/N/299/LCA, G/SCM/N/315/LCA, G/SCM/N/343/LCA, 3 October 2019.

amount generated from sales of an approved good. The authorities state that, this notwithstanding, the laws governing these existing programmes were being reviewed to eliminate all references to export allowance, local content, and all other trade-distorting factors not consistent with the provisions of the SCM Agreement. The authorities also state that, notwithstanding the provision for granting of export allowance in the existing Fiscal Incentives Act, there were no beneficiaries under this programme.<sup>136</sup> They note that, given that the subsidies under the Fiscal Incentives Act were largely in the form of revenue forgone, no *ex ante* allocation was made in the annual budget, and no data regarding revenue forgone were available. The authorities also note that, although the Act allow for benefits to be granted for up to 15 years, they are currently granted for periods of 5 years at a time, after which they are reviewed.

3.83. The authorities have indicated to the SCM Committee that the Government, pursuant to its objective to fulfil its obligations with respect to Article 27.4 of the SCM Agreement, has embarked on a process of reviewing the Fiscal Incentives Act, Cap 15.16 with a view to amending, repealing, and/or replacing all non-conforming provisions within the text of the legislation, such as export allowance and local content. This objective is being implemented through a Business Taxation Simplification and Reform Project being undertaken with technical assistance from the International Financial Corporation (IFC) of the World Bank. The scope of the project includes reform of Saint Lucia's Fiscal Incentives Regime and associated legislation, including the Fiscal Incentives Act, to achieve a number of best practice objectives such as reduced complexity, increased transparency, and compliance with Saint Lucia's international obligations such as with regards to the WTO Agreements and by extension the SCM Agreement.<sup>137</sup> During the course of the current Review, the authorities indicated that the reform project was still in a discussion phase. There is a working draft memo to the Cabinet on this issue, but it still needs to be revised.

3.84. The Programme under the Micro and Small Scale Business Enterprises Act aims at providing developmental support and financial relief with respect to micro and small-scale business enterprises. It is geared specially to encourage and support investment flows in these enterprises, in order to promote economic activity particularly in the area of self-employment and the alleviation of poverty. The authority for the subsidy is the Micro and Small Scale Business Enterprises Act No. 19 of 1998 (Micro and Small Scale Business Enterprises Act, Cap 13.19 of the 2006 Revised Laws of Saint Lucia). The subsidy takes the form of relief under the Fiscal Incentives Act given to enterprises that are designated or declared as a "micro" or "small-scale business enterprise". These companies can also benefit from exemption from import duty and exemptions from income tax on export profits in accordance with section 68 of the Income Tax Act of 1989. Any registered small or micro business in Saint Lucia can make an application to the Small Enterprise Development Unit of the Ministry of Commerce, Manufacturing, Business Development, Cooperatives and Consumer Affairs for a waiver of import duty. Currently a small business is defined as one in which: (i) not more than 50 persons are employed; (ii) annual turnover does not exceed XCD 1 million; (iii) net assets do not exceed XCD 500,000; and (iv) the business is locally owned.<sup>138</sup>

3.85. Access to the benefits provided under the Micro and Small Scale Business Enterprises Act is based on the eligibility criteria detailed in the Act in conjunction with the terms detailed under the Fiscal Incentives, Cap 15.16. The authorities note that Saint Lucia is seeking to amend the Micro and Small Scale Business Enterprises Act to ensure full compliance with the provisions of Article 27.4 of the SCM Agreement with respect to removing any export-contingent subsidies. However, they observed that the word "export" does not appear in any part of the Act, and that due to the scale of operations of micro and small businesses, the majority of them do not export their products.<sup>139</sup>

3.86. The Special Development Areas Act, Cap 15.29 aims at encouraging investment in the areas of Vieux Fort, Anse la Raye, Soufriere, Anse La Raye/Canaries, Micoud, Choc Estate, Choiseul, and Cul de Sac Valley, which have been designated as such. The authorities view the Special Development Areas Act, Cap 15.29 as an Act to rectify the uneven development in Saint Lucia by designating certain areas as special development areas, providing relief to persons carrying out specified activities in these areas and to persons financing such activities. The concessions offered

<sup>136</sup> WTO document G/SCM/N/299/LCA, G/SCM/N/315/LCA, G/SCM/N/343/LCA, 3 October 2019.

<sup>137</sup> WTO document G/SCM/N/299/LCA, G/SCM/N/315/LCA, G/SCM/N/343/LCA, 3 October 2019.

<sup>138</sup> Ministry of Commerce, Manufacturing, Business Development, Cooperatives and Consumer Affairs, *Apply for Duty Free Concessions (Small Businesses)*. Viewed at: <http://commerce.govt.lc/services/apply-for-duty-free-concessions-small-businesses->

<sup>139</sup> WTO document G/SCM/N/299/LCA, G/SCM/N/315/LCA, G/SCM/N/343/LCA, 3 October 2019.

to "approved developers" under the Act include exemption on import duty on inputs for the construction of new buildings and the renovation or refurbishment of existing buildings<sup>140</sup>; 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 the heritage and natural environment of Saint 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. The Special Development Areas Act, Cap 15.29 was last revised in December 2020, to add specified lots to the Schedule of the Act.

3.87. Certain credit facilities for development purposes (i.e. supporting agriculture, fishing, education) are managed by Saint Lucia Development Bank (SLDB), which also provides technical assistance. The authorities note that, although usually running small annual losses, much of the operations of the SLDB is financed from its own lending activities, mostly from interest loan income. The Central Government does not provide the SLDB with any annual subventions from the national budget but, from time to time, it has contributed to increasing the SLDB's share capital and assisted in guaranteeing loans from regional and international financial institutions. The SLDB has a maximum loan limit of XCD 20,000. Saint Lucia may also benefit from concessionary funding and guarantee facilities granted by the Caribbean Development Bank.

3.88. 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. Under this Act, tourism incentives, in the form of exemptions from customs duties, corporate tax, and (for up to 15 years) income taxes, may be granted by the Cabinet for approved tourism products (Section 4.3.4). Further incentives for the tourism sector were granted by the Tourism Stimulus and Investment Act. These include exemption from corporate income tax for up to 25 years, exemption from custom duties on imports including furniture, fixtures, and fittings; alternative energy and energy-saving equipment; and exemption from VAT on building materials and locally produced arts and crafts (Table 3.8).

### 3.3.2 Technical regulations, conformity assessment, and standards

3.89. Between 2013 and 2020, Saint Lucia made six notifications to the Committee on Technical Barriers to Trade with respect to its compulsory national standards (technical regulations) and changes in legislation.<sup>141</sup> The notifications dealt with labelling of individual packages and cartons of tobacco products intended for retail sale in Saint Lucia<sup>142</sup>; labelling of prepackaged goods (revision)<sup>143</sup>; standards for coconut oil<sup>144</sup>; and national standard for the purity, treatment, bacteriological acceptability, packaging, and labelling of all waters that are prepackaged for sale and used as beverages or in foods.<sup>145</sup> The remaining two notifications deal with metrology issues (see below).

3.90. In 2019, a Standard Fees Amendment Act was introduced, which set a new structure fee. SI No. 50 of 2022 established a compulsory standards compliance programme that comprises a compulsory standard pre-entry verification programme (new vehicles) and a preshipment inspection programme (used vehicles). There is an XCD 100 inspection fee per vehicle.

3.91. The Saint Lucia Bureau of Standards (SLBS) is the national standards body and the national metrology institute. The core activities of the SLBS are facilitating the development of national standards; conducting assessment of products, services, processes, and practices against national

<sup>140</sup> The Special Development Areas (Amendment) Act No. 9 of 2014 added import duty and excise tax on construction equipment and vehicles for construction activity and airport services, as specified by the Minister by Order to the scope of the Act. It also added security equipment, energy-saving and alternative energy devices and equipment, building materials, fittings, and fixtures.

<sup>141</sup> WTO documents G/TBT/LCA/50, 18 May 2017; G/TBT/LCA/51, 18 May 2017; G/TBT/LCA/52, 28 November 2017; G/TBT/LCA/53, 28 November 2017; G/TBT/LCA/54, 1 August 2018; and G/TBT/N/LCA/55, 23 September 2019.

<sup>142</sup> WTO document G/TBT/LCA/50, 18 May 2017.

<sup>143</sup> WTO document G/TBT/LCA/52, 28 November 2017.

<sup>144</sup> WTO document G/TBT/LCA/53, 28 November 2017.

<sup>145</sup> WTO document G/TBT/LCA/54, 1 August 2018.

standards; ascertaining quality through inspection, testing, and certification; and verifying and calibrating measuring devices.<sup>146</sup>

3.92. The SLBS is the 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.<sup>147</sup> 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) and has alliances with the International Electrotechnical Commission (IEC), the Inter-American Metrology System (SIM), the American Society for Testing and Materials (ASTM), and the British Standards Institute (BSI).<sup>148</sup>

3.93. Saint Lucia National Standards (SLNS) are drafted by technical committees, upon request from interested parties, which can include government agencies. In most cases and whenever this is possible, national standards replicate or are based on international and regional ones. Draft standards are subject to a 60-day period of public consultations; 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.

3.94. The SLBS Council, comprising members of both the public and private sector, is the body in charge of approving and adopting SLNS. Technical regulations are compulsory standards declared by the Minister of Commerce, usually on recommendation from the Council and with the formal concurrence of any other relevant Minister.<sup>149</sup> SLNS are normally reviewed and updated every five years; the procedure for revisions and amendments is the same as for preparation of standards.

3.95. In November 2022, there were some 108 locally developed SLNS and 30 compulsory standards (technical regulations) in force in Saint Lucia. Including adapted and adopted international standards, there were in 466 standards in force in Saint Lucia on that date.<sup>150</sup> The main categories of products and processes covered by active standards are food and beverages; building materials; chemicals; consumer products; fresh produce; furniture; gaseous fuels; information and documentation; labelling; lighting; quality and quality management; tourism; and tyres. Among standards developed locally in Saint Lucia, there is a prevalence of standards applied to food and beverages. Compulsory standards cover mainly food and beverages, tobacco, pneumatics, fuels, and packaging and labelling (Table 3.9).

**Table 3.9 Compulsory standards of Saint Lucia (technical regulations), November 2022**

Regulation	Specification
SLNS 1-1: 2016 Specification for Labelling of Commodities – Part 1: General Labelling Requirements.	Applicable to all commodities, except those for which more specific requirements have been elsewhere prescribed.
SLNS 1-2: 2018 Specification for Labelling of Commodities – Part 2: Prepackaged Goods.	Sets out requirements for the information to be included on labels of goods prepackaged for retail sale, the method of display, and where necessary, the wording to be used.
SLNS 1-3: 2014 Specification for Labelling of Commodities – Part 3: Labelling of Prepackaged Foods	Applies to the labelling of all prepackaged foods to be offered to the consumer, or for catering purposes.
SLNS 1-4: 2012 Specification for Labelling of Commodities – Part 4: Labelling of Garments and Textiles	Applicable to labels and descriptions to be used on garments classified as: a) diapers; b) gloves, mittens and mitts; c) handkerchiefs; d) headgear; e) hosiery; f) neckwear; g) school uniforms; h) swimwear; i) waterproof rainwear; and j) all other garments. It is also applicable to: a) labels which are to accompany textiles sold at retail or wholesale outlets; and b) all household textile articles and other textile goods used in institutions and households.
SLNS 1-5: 2015 Specification for Labelling of Commodities – Part 5: Specification for Labelling of Footwear	Requirements for labelling of all footwear whether new, used or seconds, that are offered for sale to the public in Saint Lucia.

<sup>146</sup> SLBS. Viewed at: <https://www.slbs.org/>.

<sup>147</sup> WTO document G/TBT/CS/N/135, 6 November 2001.

<sup>148</sup> SLBS, *Strategic Partners*. Viewed at: <https://www.slbs.org/strategic-partners/>.

<sup>149</sup> The declaration is done through the office of the Attorney General, as per the Standards Act, No. 14 of 1990.

<sup>150</sup> The complete list of SLNS, including those adopted and adapted from international standard may be viewed at: <https://www.slbs.org/services/standards-list-3/>.

Regulation	Specification
SLNS 12: 2003 Specification for Rum	Requirements, packaging, labelling, methods of sampling and analysis for rum produced in Saint Lucia and traded in CARICOM and overseas markets.
SLNS 13: 1992 Specification for Margarine & Cooking Margarine	Requirements for margarine and cooking margarine to be sold in Saint Lucia; includes methods of sampling and test.
SLNS 14: 1992 Specification for Shortening	Requirements for shortening; specifications of composition, methods of sampling and analysis, and guidance on the use of food additives.
SLNS 17: 1992 Specification for Biscuits	Requirements for biscuits to be sold in the CARICOM. Does not apply to crackers, covered by a separate standard (in preparation).
SLNS 24: 2015 Specification for Wheat Flour	Applicable to wheat flour, but not to products made from it.
SLNS 25: 2017 Specification for Coconut Oil	Specifies the requirements, methods of sampling and testing for coconut oil intended for domestic and commercial use.
SLNS 27: 2016 Specification for Labelling of Tobacco products	Specifies the information, the method of display of such information, the wording and presentation of health warnings to be included on the labels of retail packages of tobacco products intended to be sold in Saint Lucia.
SLNS 28: 2015 Specification for Labelling of Retail Packages of Pesticide & Other Toxic Chemicals	Specifies the information to be included on labels and in the instructions printed on any leaflets accompanying the packages of pesticide packages intended for retail trade.
SLNS 29: 2006 Specification for Packaged Water	Specifies requirements for the purity, treatment, bacteriological acceptability, packaging and labelling of all packaged waters that are prepackaged for sale and used as beverages or in foods.
SLNS 32: 2015 Specification for Pasta Products	Specifies requirements and methods of test for pasta products made from semolina, durum, wheat flour, farina flour or any suitable wheat flour. Pasta products used in preparing other foods or included in packages of ingredients that are prepared for retail sale are also covered.
SLNS 34: 1995 Standard for Chocolate Confectionery & Cocoa Products	Applies to: a) chocolate confectionery; b) cocoa butter for use in foods, pharmaceuticals or cosmetics; and c) cocoa powder, Creole cocoa for use in beverages or for flavouring.
SLNS 35: 1995 Specification for Spices and Sauces	Prescribes requirements for the identity, composition, purity, hygiene in processing, labelling, sampling and testing of the spices and sauces
SLNS 41: 2001 Specification For Pneumatic Tyres for Passenger Vehicles	Specifies tyre designation, labelling and laboratory test and performance requirements for physical dimensions, strength, endurance, bead unseating resistance and high-speed performance for new and used pneumatic tyres for passenger vehicles with rim code diameters from 254 to 483 mm.
SLNS 42: 2005 Specification for Pneumatic Tyres for Non-Passenger Vehicles	Specifies tyre designation, etc. (see above) ...for non-passenger vehicles with rim code diameters from 254 to 483 mm.
SLNS 51: 2002 Christmas Trees and other Decorative Lighting Outfits	Requirements cover Christmas-Tree and decorative lighting outfits; factory-assembled strings with push-in, midget-base, or miniature based lamp holders connected in series for across-the-line use; or with candelabra; and seasonal decorative outfits such as wreaths, stars, crosses, candle sets, artificial trees, tree stands, and commercial motorized decorative displays or intermediate-base lamp holders connected in parallel (multiple) for direct-connection use.
SLNS 53: 2002 Labelling of Domestic Electrical Appliances	Compulsory labelling requirements for domestic electrical appliances.
SLNS 77: 2003 Standard for Brewery Products	Specifies requirements for brewery products to be sold in Saint Lucia and the CARICOM.
SLNS 79: 2004 Standard for Carbonated Beverages	Requirements and the methods of test for carbonated beverages.
SLNS 81: 2006 Specification for Labelling of Plywood	Minimum requirements for the labelling of plywood panels. Applies to plywood sold for general use in Saint Lucia.
SLNS 69: 2015 Specification for Rice	This standard establishes requirements for grades of paddy, cargo rice, milled rice, cargo parboiled rice and milled parboiled rice for human consumption. It also specifies the general conditions for sampling and the methodologies for assessing the various factors used in the determination of the quality of rice.
SLNS 132: 2000 Specification for Ketchup	Requirements for ketchup made from the juice, paste, puree or any combination of these which have been derived from clean and sound tomato, banana, pumpkin, christophine or other suitable vegetable material.
SLNS 17: 2019 Specification for Biscuits	This standard prescribes basic and general requirements for biscuits to be sold in the Caribbean Common Market. Biscuits may also be subject to regulation under the food laws of some territories, and conformity to this standard should help manufacturers to meet the legal requirements. This standard does not apply to crackers", which are covered by a separate standard (in preparation).
SLNS 77: 2021 Processed foods — Brewed products — Specification (CRS 41: 2016, IDT)	This standard specifies requirements for brewery products to be sold in Saint Lucia and the Caribbean Common Market. It does not cover



Regulation	Specification
SLNS 79: 2021 Specification (CRS 53:2018, IDT) Processed foods — Carbonated beverages	beverages sold under common names including the words "beer" and "ale", that are not derived from cereals. This standard prescribes the requirements and the methods of test for carbonated beverages.
SLNS 132: 2021 Processed foods — ketchup — specification (CRS 42: 2019, IDT)	This standard prescribes the requirements for ketchup made from the juice, paste, puree or any combination of these which have been derived from clean and sound tomato, banana, pumpkin, christophine or other suitable vegetable material.

Source: SLBS, *Compulsory Standards of Saint Lucia*. Viewed at: <https://www.slbs.org/2020/05/13/compulsory-standards-of-saint-lucia/> and <https://www.slbs.org/services/standards-list-3/>.

3.96. Saint Lucia does not have a national laboratory accreditation body. The National Trade Strategy has identified this as a shortcoming and considers that the absence of an effective accreditation system undermines the marketing potential for a number of institutions and bodies (see below).<sup>151</sup> Saint Lucia recognizes accreditations granted by the accreditation bodies of Jamaica and Trinidad and Tobago. Product-testing is the shared responsibility of the Ministry of Agriculture; the Ministry of Health, Wellness and Elderly Affairs; 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 in principle recognized.

3.97. The SLBS is the only institution conducting certification in Saint Lucia. The SLBS operates a product certification scheme providing third-party verification for products and services for which national standards exist, generally following testing, and plant and system assessment. The National Certification Programme is executed under the Standards Act, No. 14 of 1990 and accompanying Regulations, No. 10 of 2000. The scheme is coordinated and managed by the Certification Department of the SLBS and is conducted in accordance with the requirements of ISO Guide 28 – Conformity Assessment – Guidance on a third-party certification system for products and ISO Guide 65 – General requirements for bodies operating product certification systems.<sup>152</sup>

3.98. The SLBS Product Certification Programme provides the foundation for granting a licence to use the national mark of conformity known as the Saint Lucia Standard Mark. The Saint Lucia Standard Mark on a product is a quality seal indication that the product complies with regionally and internationally accepted SLNS, and that the supplier maintains an efficient and appropriate quality management system.<sup>153</sup> The criteria to be met for Certification under the Product Certification – Use of the Standard Mark Programme are as follows: (i) evidence of the conformance of the product to the specifications outlined in by the relevant SLNS; (ii) evidence of a quality management system in place; and (iii) adherence to the terms and conditions for certification and the service agreement.

3.99. According to SLBS information, as of November 2022, use of the SLBS Standard Mark/Quality Seal had been granted to companies in the following areas: purified waters (1, compliance SLNS 29:2017 – Specification for Packaged Water); fruit and bark processing (3, SLCP 1:1995 Code of Practice for General Principles of Food Hygiene Part 1 – Food Production and Processing); vegan ice cream (1, SLCP 1:1995 Code of Practice for General Principles of Food Hygiene Part 1 – Food Production and Processing); and provision of beauty and wellness services (1, SLCP 13:2012 Code of Practice for Beauty and Wellness Platinum (Tier 3) Certification).<sup>154</sup>

3.100. 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.

<sup>151</sup> Government of Saint Lucia, *Saint Lucia National Trade Strategy 2020-2024*.

<sup>152</sup> SLBS information. Viewed at: <https://www.slbs.org/services/product-certification-standard-mark/>.

<sup>153</sup> SLBS information. Viewed at: <https://www.slbs.org/services/product-certification-standard-mark/>.

<sup>154</sup> SLBS information. Viewed at: <https://www.slbs.org/list-of-standard-mark-users/>.

3.101. The need to fortify Saint Lucia's certification capacity has been highlighted as one of the goals of the National Trade Strategy. The following specific goals have been identified: securing international accreditation for testing laboratory; and enhancing quality testing and certification capacity within Saint Lucia so as to address the costs and delays arising from the need to send items overseas for testing and certification. To reach these goals, a number of measures have been proposed, including establishing the nature and extent of certification services currently being carried out overseas and associated costs; commissioning a gap analysis of the SLBS laboratory to assess upgrading of equipment, human resources, and capacity-building required to meet the necessary standards, developing a strategy, budget, and implementation plan for the upgrading of capacity and securing funding to this end; implementing an action plan to secure accreditation; disseminating information through the Saint Lucia Chamber of Commerce, Industry and Agriculture.<sup>155</sup>

3.102. The SLBS also provides Certificates of Free Sale, which give testimony that the sale of a particular product is not in contravention of the Standards Act and Regulations and other national legislation.<sup>156</sup>

3.103. The SLBS runs a Label Assessment Programme, based on requirements of mandatory standards SLNS 1-1: 2016 Specification for Labelling of Commodities – Part 1: General Labelling Requirements, SLNS 1-2: 2018 Specification for Labelling of Commodities – Part 2: Prepackaged Goods, and SLNS 1-3: 2014 Specification for Labelling of Commodities – Part 3: Labelling of Prepackaged Foods. To ensure full compliance with the labelling regulations, the Compliance Department of the SLBS offers an assessment service that examines labels for accuracy and efficiency and seeks to identify non-compliant labels within three working days.<sup>157</sup>

3.104. The SLBS conducts a Hazard Analysis and Critical Control Point (HACCP) System programme that provides third-party assurance that the food processor's food safety system meets the requirements of the HACCP. The programme is open to all food processing establishments; commercial kitchens such as canteens, hotel kitchens, and catering companies; and packaging and distribution entities like supermarkets.

3.105. SLBS staff is in charge of the enforcement of technical regulations. This is carried out both through systematic market surveillance conducted at least twice a year or through presence at ports of entry to check compliance with technical regulations. Goods subject to technical regulations may also be subject to licensing requirements. 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.

3.106. The importation of pesticides, insecticides, fungicides, herbicides, rodenticides, and wood preservatives (HS 3808) is restricted and as such requires import permits or licences from the Pesticides Board prior to their importation into Saint Lucia.<sup>158</sup>

3.107. The Metrology Act, Cap 13.18 regulates metrology activities in Saint Lucia. The SLBS's Metrology Department provides verification or calibration services for the following: fuel dispensers; standard capacity measures; compression testing machines; weights; weighing instruments (analytical balances, counter scales, platform scales, hopper scales, catch-weighing systems and weighbridges); and quantity of product in prepackaged commodities.<sup>159</sup> During the review period, Saint Lucia has continued moving forward with respect to its announced transition to the international system of units. In this respect, in 2017, Saint Lucia notified to the WTO that through SI No. 7 of 2016, Metrology (System of Units) Order, 2016, the British Imperial System of units specified in Part 2 of Schedule 2 of the Metrology Act, Cap 13.18 had ceased to have legal force and validity in the Mapping, Land Surveys & Titles (MSC 1.5 and MSC 3.5) subsectors of Central Government (HS headings 9015.20 Theodolites, and 9015.80 Other instruments and appliances) as

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<sup>155</sup> Government of Saint Lucia, Saint Lucia National Trade Strategy 2020-2024.

<sup>156</sup> SLBS, *Certificate of Free Sale*. Viewed at: <https://www.slbs.org/services/certificate-of-free-sale/>.

<sup>157</sup> SLBS, *Label Assessment*. Viewed at: <https://www.slbs.org/services/label-assessment/>.

<sup>158</sup> Customs & Excise Department, Notice No. 2 of 2014.

<sup>159</sup> SLBS, *Verification and Calibration*. Viewed at: <https://www.slbs.org/services/verification-and-calibration-2/>.

of 31 January 2016.<sup>160</sup> In 2019, Saint Lucia introduced changes to the Metrology Act, through SI No. 98 of 2019, to amend the procedure for the pattern or type approval of measuring instruments and align it with international best practice.<sup>161</sup>

3.108. Saint Lucia introduced some environmental policy measures during the review period, including phasing out of Styrofoam and other single-use plastic food service containers in Saint Lucia (Cabinet Conclusions No. 695 of 2018 and No. 132(a) of 2019); the eventual prohibition on the use of Polystyrene (PS) and Expanded Polystyrene (EPS), along with Polyethylene terephthalate (PET) and High-density Polyethylene (HDPS), containers in the local food service industry; the application of a 0% import duty on all biodegradable and compostable food service containers; and the imposition of new HS codes on the aforementioned products.

### 3.3.3 Sanitary and phytosanitary measures

3.109. The Ministry of Agriculture is the enquiry point on SPS matters. Saint 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 (WOAH, formerly OIE). The SLBS is the national contact point for the Codex Alimentarius Commission; it also grants food-standard certificates for certain foods (Section 3.3.2).

3.110. As of December 2022, Saint Lucia had not made any notifications to the SPS Committee. Identifying and notifying existing SPS measures appears to be a challenge that requires technical assistance and no progress in this respect has been made since the previous Review. The relevant national legislation continues to be the Animals (Diseases and Importation) Act – Cap 7.17, the Animals Act (Cap 3.11), the Pesticides and Toxic Chemical Control Act revised legislation of 31 December 2005, which includes the Pesticides and Toxic Chemical Control Act; the Pesticides Control (Labelling of Pesticides) Regulations; the Pesticides Control (Registration and Licensing) Regulations; the Plant Protection Act (Cap 7.12) revised legislation of 31 December 2005, which includes the Plant Protection Act, the Plant Protection (Banana Aerial Spraying Levy) Order, the Plant Protection Services (Overtime Payment) Order; the Plant Protection Regulations; and Panama Disease of the Banana Plant Protection Order; and the Saint Lucia Fisheries Act (Cap 7.15) (Legislation), revised edition of the law as at 31 December 2001, which contains a consolidation of the Fisheries Act (Act 10 of 1984); Fisheries Regulations; and Fisheries (Snorkelling Licence) Regulations.

3.111. Saint Lucia does not keep records that provide a comprehensive list of SPS measures in force, or those introduced since its previous Review in 2014. There is no mechanism to review measures. The authorities note that the SPS regime responds to situations where pest and disease outbreaks have been identified and, in general, international guidelines are followed. In this respect, Saint Lucia's SPS measures are in general based on relevant IPPC, Codex, or WOA/OIE standards, guidelines, or recommendations. The authorities also note that trading partners affected by an SPS measure are informed by Saint Lucia through peer-to-peer contacts in the absence of a notification to the WTO.

3.112. Due to the lack of domestic facilities, risk assessment is not conducted generally in Saint Lucia. CARICOM's Caribbean Agricultural Health and Food Safety Agency (CAHFSA), established in 2014, is the body that conducts risk assessment for the region.<sup>162</sup> In 2016, CAHFSA issued a Guide for risk analysis for plants, the *CARICOM Model Handbook, Guidelines for Pest Risk Analysis of Imported Plants and Plant Products*. CAHFSA has also prepared a *Surveillance Manual* –

<sup>160</sup> WTO document G/TBT/LCA/52, 28 November 2017.

<sup>161</sup> WTO document G/TBT/N/LCA/55, 23 September 2019. The products affected are fuel dispensers (HS8413, 8413.91); scales (8423.20, 8423.30, 8423.81, 8423.82, 8423.89); weighing machines weights (8423.90); balances (9016.00); other instruments (9017.80); blood pressure monitors (9018.90); other machines and appliances (9024.80); liquid-filled measuring machines (9025.11, 9025.19); machines for measuring or checking pressure (9026.20); breathalyzers (9027.80); gas meters (9028.10); water meters (9028.20); electrical energy meters (9028.30); and other (9031.80).

<sup>162</sup> More information on the activities of CAHFSA may be found at: <https://www.cahfsa.org/>. CAHFSA is mandated to perform a coordinating and organizing role for the establishment of an effective and efficient regional SPS regime and to execute on behalf of member States such SPS actions and activities that can be more effectively and efficiently executed through a regional mechanism. Its legal foundations are the Revised Agreement Establishing the Caribbean Agricultural Health and Food Safety Agency (CAHFSA), 25 February 2011, and the Revised Treaty of Chaguaramas (Articles 57 and 74).

*Plant Pests and Diseases* and a *Pest Management Operators Training Manual*, among other guidelines. CAHFSA guidelines follow international best practices. SPS measures adopted in another CARICOM member country are not automatically implemented in Saint Lucia. However, since the establishment of CAHFSA, Saint Lucia and other CARICOM member States are expected to harmonize national and regional standards with those at the international level in imports and exports of food products and to adopt the WOAHO/OIE approach to improving animal health. CAHFSA calls for "an integrated approach to agricultural health and food safety policies ... with the aim of assuring a high level of animal health and animal welfare within the CARICOM region through coherent 'farm-to-fork' measures and adequate monitoring of these, while ensuring the effective functioning of local and international trading relationships".<sup>163</sup> With respect to plant health, CAHFSA seeks a harmonized regional plant health strategy including contingency planning to ensure that measures are in place to combat disease outbreaks.<sup>164</sup> With respect to food safety, recognizing regional deficiencies, CAHFSA aims at adopting a regional approach, establishing an integrated Agricultural Health and Food Safety Regime to operate in collaboration with implemented national policies aimed at achieving high levels of food safety, enhancing regional agricultural trade competitiveness, and advancing environmental protection while safeguarding public health of member States.<sup>165</sup>

3.113. The Ministry of Agriculture, through its Veterinary Authority, its Chief Plant Research Officer, and its Crop Protection and Quarantine Unit (CPQU), is the main entity responsible for the implementation of SPS measures. Additionally, the Environmental Health Department of the Ministry of Health, Wellness and Elderly Affairs deals with environmental issues, and the Pesticide Control Board maintains a register of pesticides and issues import permits for pesticides.

3.114. Importers of plants, animals, and fish, and of material, products, and by-products thereof, must apply for an import permit from the relevant unit within the Ministry of Agriculture. Obtaining import permits for plants and animals requires the presentation of the corresponding sanitary or phytosanitary certificate from the country of origin. In addition to a valid import permit, importation is conditional on the provision of a phytosanitary or sanitary certificate issued by the competent authority of the exporting country; no systematic testing is carried out at points of entry into Saint Lucia, but imports are inspected to ascertain their integrity and quality.

3.115. The Veterinary Authority of Saint Lucia is responsible for the protection of animal health and for controlling the spread of exotic and zoonotic diseases; it is in charge of enforcing and administering the Animal (Disease and Importation) Act, 2005. Imports of any live animals, animal products, and by-products into Saint Lucia require a Veterinary Import Permit from the Veterinary Authority. Arrangements for applying for an import permit must be made in advance to the travel date. In reviewing an application for a permit, the deciding factor is fundamentally the disease status of the exporting country *vis-a-vis* the disease status of Saint Lucia.<sup>166</sup> An approved application is accompanied by the conditions that must be complied with by the exporting country. The provision of a valid Veterinary Health Certificate issued by the Veterinary Authority of the exporting country is a compulsory condition to be granted an import permit. All animals and animal products upon arrival into Saint Lucia must be inspected by the officials from the Veterinary Authority. Live animals transiting through Saint Lucia must be accompanied by a transfer permit issued by the Veterinary Authority.

3.116. Special conditions apply for the importation of meat, poultry, fish and seafood, and other animal-related products. An import permit from the Agricultural Division of the Ministry of Agriculture must be obtained for the importation of meat and fish for domestic use only, on amounts over 20 pounds but less than 100 pounds. The completed meat/fish permit application form must be submitted to the Veterinary Authority. If approved, the applicant will be notified, and the approval will be emailed to the applicant. The applicant will present the permit at the port of entry and pay the requisite XCD 20 fee. An import licence is needed for the commercial import of meat or

<sup>163</sup> CAHFSA, *Animal Health*. Viewed at: <https://www.cahfsa.org/animal-health>.

<sup>164</sup> CAHFSA, *Plant Health*. Viewed at: <https://www.cahfsa.org/plant-health>.

<sup>165</sup> CAHFSA, *Food Safety*. Viewed at: <https://www.cahfsa.org/food-safety>.

<sup>166</sup> To obtain an import permit, the importer must submit an application form for an import license specifying the type of product to be imported and the country of origin. The country of origin must be approved by the Veterinary Authority (issuance of tentative approval) after which the importer may proceed to import under conditions specified. The application is subsequently approved if all invoices and original health certificates have been submitted and considered satisfactory. Only products from approved countries will be allowed entry. Applications are usually processed within one or two working days.

fish/seafood for amounts over 100 pounds. An Import License Application Form must be submitted to the Ministry of Commerce, Manufacturing, Business Development, Cooperatives and Consumer Affairs, and then processed by the Ministry of Agriculture together with the purchase order. In the case of seafood, the licence will be approved only if the seafood is available locally.

3.117. In the case of import permits for planting material (trees, shrubs, vines, cutting grafts, scions, buds, bulbs, roots, seeds, and any other plant part capable of propagation), the application for the licence must be made a month before importation. The completed import license application form must be submitted to the Crop Protection Unit together with a phytosanitary certificate from the country of origin. Both the import permit and the phytosanitary certificate must be produced at the port of entry of the planting material. In some cases (e.g. in the case of imports of lumber), a Fumigation Certificate is required from the country of origin to indicate that the planting material has been fumigated prior to shipment.

3.118. Saint Lucia prohibits the importation of a number of products on SPS grounds, including 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.<sup>167</sup>

### 3.3.4 Competition policy and price controls

3.119. Saint Lucia does not currently have a national competition policy law. The OECS has agreed to establish a supra-national competition agency to handle competition matters within its single market, which would be the competition authority for Saint Lucia. However, as of November 2022, this authority had not been created and a draft OECS Competition Bill was being reviewed.<sup>168</sup> The current extent of national law remains limited, essentially covering practices that may mislead the public, or that may cause confusion with or discredit other enterprises.

3.120. Competition policy is enforced at the regional level by the CARICOM Competition Commission (CCC), established by Chapter VIII of the RTC, and functioning since January 2008 in Paramaribo, Suriname. The functions of the CCC include applying the rules of competition in respect of anti-competitive cross-border business conduct, promoting and protecting competition in CARICOM, and coordinating the implementation of CARICOM's competition policy. To discharge its functions, the CCC is in charge of monitoring anti-competitive practices of enterprises operating in the CSME and investigating and arbitrating cross-border disputes. The CCC is also responsible for keeping competition policy under review and advising and making recommendations to COTED to enhance its effectiveness, as well as for promoting the establishment of institutions and the development and implementation of harmonized competition laws and practices by the member States to achieve uniformity in the administration of applicable rules.

3.121. The CCC is empowered to, in respect of cross-border transactions or transactions with cross-border effects, monitor, investigate, detect, make determinations, or take action to inhibit and penalize enterprises whose business conduct prejudices trade or prevents, restricts, or distorts competition within the CSME. On the basis of its investigations, the CCC may make determinations regarding the compatibility of business conduct with the rules of competition and other related provisions of the Treaty. To remedy or penalize anti-competitive business conduct the CCC may order the termination or nullification of prohibited agreements, conduct, activities, or decisions; direct the enterprise to cease and desist from anti-competitive business conduct and to take such steps as are necessary to overcome the effects of abuse of its dominant position in the market; order payment of compensation to persons affected; and impose fines for breaches of the rules of competition.<sup>169</sup>

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<sup>167</sup> Plant Protection Act No. 21 of 1988.

<sup>168</sup> CCC, *St Lucia*. Viewed at:

<https://www.caricomcompetitioncommission.com/en/competition/competition-authorities?id=44>.

<sup>169</sup> CCC, *Functions and Powers*. Viewed at: <https://www.caricomcompetitioncommission.com/en/about-us/competition>.

3.122. No cases involving companies with business in Saint Lucia had been brought to the CCC as of December 2022.

3.123. The prices of some products are subject to caps in Saint Lucia. Generally, these are products considered to be basic staples or important inputs. Under the Distribution and Price Controls Act, Cap 13.09, the Ministry of Commerce is granted the authority to fix or change prices and is responsible for the administration of price controls.

3.124. Price Control Order No. 54 of 2 June 2008 and its multiple subsequent amendments regulate most price controls in Saint Lucia.

3.125. Section A of the Schedule to the Order fixes maximum wholesale and retail mark-ups for a range of essential foodstuffs, including milk, cheese, onions, garlic, cereals, potatoes, peas and beans, edible oil, margarine, corned beef, baby food, wheat flour, sardines, tuna, salted biscuits, green tea, and packaged rice and sugar; cement; household and school supplies, including soap and toothpaste; fertilizers and soil ameliorants; and herbicides and insecticides. These goods are subject to a controlled maximum percentage mark-up, which is calculated on the landed cost for imports, which is the c.i.f. value plus import duties and the CSC, plus 1% of the invoice value to cover the cost of remittance to the payments place, plus 10% of the c.i.f. value (20% in the case of cement).

3.126. Pursuant to Section of the Order, and as subsequently modified, maximum producer (ex. factory/farm), wholesale, and retail prices are applied to unpackaged rice (parboiled, sugar (brown and refined)), and flour (wheat and wholewheat); maximum wholesale and retail prices are fixed for fuels (gasoline, diesel, kerosene, and LPG); and maximum retail prices are fixed for certain types of bread.<sup>170</sup> The Government remains the sole importer of rice, sugar, and flour (Section 4.1). Maximum fuel prices are revised every three months to ensure regular pass-through of international price fluctuations to consumers.

### 3.3.5 State trading and state-owned enterprises

3.127. Saint Lucia has not submitted to the WTO any notification regarding state trading enterprises. However, there are a number of government corporations and statutory bodies that engage in trade-related activities, although generally not in an exclusive manner. For instance, the Ministry in charge of commerce (currently the Ministry of Commerce, Manufacturing, Business Development, Cooperatives and Consumer Affairs) retains exclusive rights over bulk imports of rice, sugar, and flour. The Ministry's Central Tenders Board awards importation contracts through competitive tenders. No import restrictions apply to these commodities when packaged. Two statutory bodies, the Saint Lucia Marketing Board and the Saint 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.

3.128. As at end-2022, there were 37 state entities in Saint Lucia, of which 24 were statutory bodies and 13 were government corporations (Table 3.10).

**Table 3.10 Government corporations and statutory bodies in Saint Lucia, 2022**

<b>Government corporations and statutory bodies</b>
<b>Government corporations</b>
1. Government Information Technology Services Ltd (GITS)
2. Invest Saint Lucia (formerly National Development Corporation)
3. National Insurance Corporation
4. National Insurance Property Development Company
5. Saint Jude Hospital Corporation
6. Saint Lucia Bureau of Standards (SLBS)
7. Saint Lucia Development Bank
8. Saint Lucia Fish Marketing Corporation Ltd
9. Saint Lucia Mortgage Finance Company Ltd
10. Soufriere Regional Development Foundation Ltd
11. Southern Tourism Development Corporation

<sup>170</sup> Price Control Order No. 54 of 2 June 2008, as amended by SI No. 92 of 28 September 2009 and SI No. 58 of 9 August 2013.

Government corporations and statutory bodies
12. Water and Sewerage Company Inc. (WASCO)
13. Saint Lucia National Housing Corporation
<b>Statutory bodies</b>
14. Saint Lucia Archaeological & Historical Society
15. Banana Industry Trust
16. Sir Arthur Lewis Community College (SALCC)
17. National Skills Development Centre
18. James Belgrave Micro-Enterprise Development Fund (BELFUND)
19. Castries City Council
20. Cultural Development Foundation
21. Financial Services Regulatory Authority (FSRA)
22. Folk Research Centre
23. Free Zone Management Authority (FZMA)
24. National Archives Authority of Saint Lucia
25. National Community Foundation
26. National Conservation Authority
27. National Lotteries Authority
28. Pitons Management Authority
29. Saint Lucia Air and Seaports Authority
30. Saint Lucia Bureau of Standards
31. Saint Lucia Marketing Board
32. Saint Lucia National Trust
33. Saint Lucia Road Transport Board
34. Saint Lucia Social Development Fund
35. Saint Lucia Solid Waste Management Authority
36. Saint Lucia Tourist Board
37. Soufriere Marine Management Association

Source: Information provided by the authorities.

3.129. 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 if authorized by Parliament.

### 3.3.6 Government procurement

3.130. Saint Lucia is not a party nor an observer to the WTO plurilateral Agreement on Government Procurement.

3.131. During the review period, Saint Lucia introduced new legislation with respect to government procurement. The Public Procurement and Asset Disposal Act, No. 19 of 2015, passed on 4 November 2015, introduced a new, more up-to-date, procurement regime. The Public Procurement and Asset Disposal Act, Cap 15.10 regulates and provides for the procedures to be applied for the public procurement of goods, works, and services; the public procurement of projects under a public-private partnership; the institutions responsible for those matters; asset disposal; and related matters. The Act was commenced in June 2021. As of December 2022, the Act was awaiting full implementation, as regulations had been drafted, but not yet approved. According to the authorities, the Department of Finance of the Ministry of Finance, Economic Development and the Youth Economy is preparing for the implementation of the Procurement and Asset Disposal Act, No. 19 of 2015, which will repeal the Procurement and Stores Regulations (SI No. 37 of 1997).<sup>171</sup>

3.132. An amendment to the Public Procurement and Asset Disposal Act, Cap 15.10 was made in December 2020 (Act No. 13 of 2020). The 2020 Act introduced a series of modifications with new sections added to the original Act related to functions and powers of the Minister, the delegation of powers, the evaluation of works contract by consultant, and a list of suppliers.

3.133. The stated purposes of the Procurement (2015) Act are to: (i) simplify, clarify, and modernize public procurement; (ii) make public procurement procedures transparent; (iii) require competition in public procurement proportionate to the circumstance, value, complexity, nature, or size of the procurement; (iv) foster and encourage broad participation in public procurement procedures; (v) provide for increased public confidence in the public procurement procedures followed by a procuring entity; (vi) ensure fair and equitable treatment of all persons participating

<sup>171</sup> Department of Finance. Viewed at: <https://www.finance.gov.lc/resources/index/33>.

in public procurement; (vii) provide increased economy in public procurement procedures and ensure that the best value is obtained for public funds expended; and (viii) provide safeguards for the maintenance of the quality, integrity, and transparency of public procurement.

3.134. The Public Procurement Act applies to any public procurement effected by a procuring entity, including statutory bodies, and to financial service contracts concluded at the same time as, before, or after a contract of acquisition or rental of immovable property, in whatever form. It does not apply to public procurement undertaken: (i) to protect national security or defence if the Prime Minister so determines, and the public procurement is undertaken by the most competitive method of public procurement available in the circumstances; (ii) for the acquisition or rental, by whatever financial means, of immovable property or concerning rights in such property; (iii) for the acquisition, development, production, or co-production of programme material or commercials intended for broadcasting by broadcasters or publication in the media, and contracts for broadcasting time; (iv) for arbitration and conciliation services; (v) for financial services in connection with the issue, sale, purchase, or transfer of securities or other financial instruments, including transactions to raise money or capital; (vi) for research and development services on a non-discriminatory basis; (vii) for any public procurement made under a cooperative procurement agreement among OECS member States; (viii) for any public procurement funded by a donor organization on the condition if the procuring entity uses the public procurement procedures of the donor organization or procedures approved, or agreed to, by the donor organization; and (ix) for the supply of electricity, telecommunications, water, or other similar services by a contractor, which is regulated by another Act. Public procurement may be undertaken by electronic means.

3.135. In the new regime, each Ministry or agency conducts its own procurement, subject to the dispositions of the Act, following the recommendations of a Tender Evaluation Committee. Procurement deemed to be minor by the 2015 Act (below XCD 100,000) may be approved by an accounting officer; procurement considered intermediate (with a value between XCD 100,000 and XCD 200,000) must be approved by the Public Procurement Committee (see below), while procurement classified as major (above XCD 200,000) must be approved by the Central Public Procurement Board (CPPB), established by the 2015 Act to replace the functions of the Central Tenders Board (CTB). Contracts for computers, furniture, and general-use office supplies are handled by the Central Procurement Unit of the Ministry of Finance.

3.136. Under the new legislation, the CPPB is responsible, in respect of a public procurement of a "major value" (XCD 200,000 and above, as specified in Schedule 1 to the Act), for vetting tendering documents and notices submitted to it by a procuring entity; receiving and publicly opening tenders; selecting persons from a list of qualified evaluators to act as members of a Tender Evaluation Committee and oversee the examination and evaluation of tenders; and reviewing the recommendations of a Tender Evaluation Committee and either approving the award of the public procurement contract, or requiring the Tender Evaluation Committee to make a new or further evaluation on specified grounds. The CPPB is expected to achieve high standards of transparency and equity in the execution of its functions, by taking into account the evaluation criteria and methodology disclosed in the tendering documents. It must provide equality of opportunity and fairness of treatment to all tenderers, and must obtain the best value for money in terms of price, quality, and delivery, having regard to set specifications.

3.137. The 2015 Act mandates the appointment of a Public Procurement Committee to ensure that all public procurement by a procuring entity is conducted in accordance with the Act. The functions of the Public Procurement Committee, in respect of public procurement of an intermediate value, are to: (i) approve public procurement procedures, tendering documents, public procurement contracts, and conditions and addenda to tendering documents; (ii) manage clarifications to tenderers at tendering stage and solicitation of clarifications from tenderers at evaluation stage; (iii) deliberate on the findings of Tender Evaluation Committees and advise on award of public procurement contracts or otherwise; and (iv) review and approve variations, addenda, or amendments to ongoing public procurement contracts in accordance with best public procurement practices and in compliance with the Act.

3.138. The 2015 also contains specifications relating to public procurement procedures. It specifies that these shall only be initiated where: (i) the availability of funding for the public procurement requirement has been confirmed; and (ii) approval to proceed has been given by (a) in the case of a public procurement of a minor value, the accounting officer, (b) in the case of a public procurement of an intermediate value, the Public Procurement Committee, or (c) in the case of a public



procurement of a major value, the Board. In general terms, depending on the value of the procurement, the accounting officer, the Public Procurement Committee, or the Board select the successful proposal on the basis of: (i) the technical quality of the proposal, the experience of the tenderer, the expertise of the key staff of the tenderer, and the proposed work methodology, as well as the price of the proposal; (ii) the quality of the technical proposal submitted within a predetermined fixed budget; (iii) the best financial proposal submitted by the tenderer; or (iv) where the services are of an exceptionally complex nature or likely to have considerable impact on future projects or national economy or may lead to the submission of proposals with prices which are not comparable, exclusively on the technical quality of the proposal.

3.139. The technical evaluation of proposals is conducted on the basis of criteria including (i) experience; (ii) the quality of the methodology proposed; (iii) the qualifications of the staff proposed; (iv) the transfer of knowledge, if required in the request for proposals; and (v) in the case of regional or international competitive tendering, the extent of participation by nationals among key staff in the performance of the public procurement. After passing the technical evaluation, a financial evaluation of the proposals of the remaining tenderers is conducted. The tenderer whose tender attains the highest score, in accordance with the criteria and selection method set out in the request for proposals, or the one with the least cost in the case of the least cost method of selection, must be selected for award, subject to the satisfactory conclusion of negotiations. The procuring entity must award the public procurement contract to the successful tenderer and notify all the other shortlisted tenderers of the decision.

3.140. A procuring entity may request sealed quotations from not less than three tenderers (unless goods are not available from three suppliers) for goods or services of minor value for: (i) readily available goods or technical services that are not specially produced or provided to the particular specifications of the procuring entity; (ii) a procurement made on the basis of price and other price-related factors; (iii) a procurement where it is not necessary to conduct discussions with the tenderer about the tender; or (iv) a procurement where there is a reasonable expectation of receiving more than one quotation. The tender is granted to the highest-ranking quotation.

3.141. The Act, as amended, contemplates cases where direct procurement may take place, and the procuring entity is allowed to request a proposal or a sealed quotation from one supplier. The Minister of Finance may use direct public procurement in cases where: (i) there is only one supplier that has the exclusive right to manufacture the goods, carry out the works, or perform the services to be procured, and no suitable alternative is available; (ii) additional deliveries of goods by the original supplier are intended either as partial replacement or extension for existing goods, services, or installations and a change of supplier would compel the procuring entity to procure equipment or services not meeting requirements of inter-changeability with already existing equipment or service; (iii) additional works, which were not included in the initial public procurement contract, have, through unforeseeable circumstances, become necessary and the separation of the additional works from the initial public procurement contract would be difficult for technical or economic reasons; or (iv) continuity of the procurement requirement is essential to meet the objectives of the public procurement.

3.142. The Act also allows for the use by the Minister of Finance of emergency public procurement in cases of natural disasters or threat thereof; war; threat to national security, life, or the quality of life or environment; or when the condition or quality of goods, equipment, building, or publicly owned capital goods may seriously deteriorate unless action is urgently and necessarily taken to maintain them in their actual value or usefulness, or if an investment project may be seriously delayed for want of an item of a minor value. The scope of the emergency public procurement is, as far as possible, limited to the period of the emergency. The Law also has provisions dealing with minor value public procurement, which allows it to take place without open competitive tendering but maintaining a record of the public procurement contract. Subscribing framework agreements is permitted for public procurement of bulk purchases if procurement is expected to arise on a repeated basis during a given period of time within a procuring entity or for all procuring entities. Bulk purchases are the responsibility of the procurement unit within the Ministry of Finance, Economic Development and the Youth Economy.

3.143. The Act (Schedule 1) classifies as minor procurement below XCD 100,000, as intermediate, procurement between XCD 100,000 and XCD 200,000, and as major procurement above XCD 200,000. Schedule 3 of the Act sets thresholds for the use of international open tendering:

USD 241,000 (SDR 155,000) for goods and for services, and USD 8.975 million (SDR 6.6 million) for works.

3.144. The 2015 Act mandates agencies to use open competitive tendering as their preferred procurement mode of goods, services, and works. The process may include a prequalification procedure or post-qualification procedure, before selection of the winning tender. The Act stipulates that open competitive tendering must provide equal access to all eligible and qualified tenderers without discrimination. However, the procuring entity may use a national competitive tendering where: (i) the public procurement is of a minor value and the works, goods, or services are widely available in Saint Lucia at a competitive price; (ii) the works are labour intensive and most suitable for suppliers in Saint Lucia; or (iii) the works are scattered geographically or spread over time. Regional or international competitive tendering may take place where sufficient competition does not exist in Saint Lucia or in the case of the monetary thresholds specified in Schedule 3 and mentioned above. If national competitive tendering is used, the invitation to tender is published in the Gazette and one newspaper of wide circulation in Saint Lucia. If regional or international competitive tendering is used, the invitation to tender is published in one regional and one international newspaper.

3.145. A procuring entity may use restricted tendering where: (i) it has reason to believe that the procurement requirement is only available from a limited number of tenderers; (ii) the time and cost of considering a large number of tenders is disproportionate to the value of the public procurement; (iii) there is no response following open competitive tendering and a re-tender exercise is not considered practical; or (iv) by limiting the participation in a particular public procurement to suppliers included on the prequalification list drawn up and maintained by the procuring entity so as to ensure that suppliers of specialized goods and services have and maintain the necessary technical and financial capability to provide them. In the first case, all known suppliers capable of supplying the procurement requirement must be directly contacted. If restricted tendering is used because of the large number of suppliers, the procuring entity shall, as far as reasonably possible, directly solicit tenders from a minimum of five tenderers.

3.146. A procuring entity may carry out two-stage tendering if it is not feasible to fully define the technical or contractual aspects of the public procurement to elicit competitive bids; or if due to the complex nature of the goods, services, or works to be procured, the procuring entity wishes to consider various technical or contractual solutions, and to discuss them with tenderers. Before the invitation to tender for the public procurement of large or complex works is issued, the procuring entity is permitted to use prequalification procedures to identify tenderers. In these cases, an invitation to prequalify is to be published in at least two newspapers of wide circulation in Saint Lucia or in a newspaper of wide regional or international circulation.

3.147. The proposed Public Procurement and Asset Disposal Act, 2020, introduced legal amendments to the regime, mainly to comply with international best practices, and deal with issues such as pre-qualifications procedures, publication of a procurement plan, and procedures for two-stage tenders. Additionally, the Act eliminated the references to regional and international tenders, replacing them for international tenders. It also increased the thresholds for intermediate and large purchases, from XCD 100,000 to XCD 500,000 and above XCD 500,000, respectively.

3.148. Currently, in the absence of regulations for the 2015 Act, procurement is still conducted under the 1997 legislation, the Finance (Administration) Act, Act No. 3 of 1997 in force since 1 April 1997 (SI No. 22 of 1997), and its regulations, including the Procurement and Stores Regulations to the Finance Administration Act. Invitation to tender is the principal method of awarding contracts for the procurement of goods, construction work, or services. Although not a statutory requirement under the 1997 legislation, tender notices are generally posted in the Gazette and at least two local papers of wide circulation. All tender notices are currently published on the Department of Finance webpage.<sup>172</sup> The awards of contracts are also published on the webpage.<sup>173</sup> The legislation does not specify any price-related preferences for local suppliers.

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<sup>172</sup> Department of Finance, *Tenders: Tender Opportunities*. Viewed at: <https://www.finance.gov.lc/tenders/index/11>.

<sup>173</sup> Department of Finance, *Tenders: Award of Contracts*. Viewed at: <https://www.finance.gov.lc/tenders/index/3>.

3.149. Procurement amounts increased considerably during the review period in nominal terms, going from XCD 178 million in 2013 to XCD 325 million in 2019. However, the share of GDP represented by procurement has remained relatively stable, at slightly over 6% (Table 3.11). There are no statistics with respect to the modes of procurement used in each case, however, due to the existence of thresholds, it is safe to say that most procurement by number of operations takes place directly, while more than half of the value corresponds to competitive procurement.

**Table 3.11 Procurement contracts, 2013-19**

Fiscal year	Procurement expenditure (XCD)	Share of GDP (%)
2013	178,056,569.86	6.1
2014	330,067,144.57	7.8
2015	278,741,940.86	6.2
2016	318,571,565.47	4.4
2017	271,609,532.40	6.9
2018	327,294,847.79	5.5
2019	325,219,782.11	6.3

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

3.150. Neither the 2015 Act nor other Saint Lucia legislation stipulates a specific appeals mechanism for government procurement. However, in practice appeals may be made to the CTB or to the procuring entity if it is an administrative issue, as well as to the courts.

### 3.3.7 Intellectual property rights

3.151. Saint Lucia has adopted TRIPS-compatible legislation in all areas, with the exception of patents, where although an Act has been passed, it is not in force due to a lack of implementing legislation. In this respect, there have been no changes to the legal and institutional framework for intellectual property protection in Saint Lucia since its previous Review.

3.152. Saint Lucia has been a member of WIPO since 1993. It participates in a number of WIPO treaties (Table 3.12). During the review period, Saint Lucia acceded to the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (VIP), which entered into force on 11 September 2020.

**Table 3.12 Saint Lucia's participation in WIPO treaties, 2022**

Treaty	Accession	In force
Berne Convention	21 May 1993	24 August 1993
Marrakesh VIP Treaty	11 June 2020	11 September 2020
Nice Agreement	18 December 2000	18 March 2001
Paris Convention	9 March 1995	9 June 1995
Patent Cooperation Treaty	30 May 1996	30 August 1996
Phonograms Convention	2 January 2001	2 April 2001
Rome Convention	17 May 1996	17 August 1996
Vienna Agreement	25 September 2001	25 December 2001
WIPO Convention	21 May 1993	21 August 1993
WIPO Copyright Treaty	24 November 1999	6 March 2002
WIPO Performances and Phonograms Treaty	24 November 1999	20 May 2002
Washington Treaty	18 December 2000	Not in force yet

Source: WIPO, *WIPO-Administered Treaties*. Viewed at: <https://www.wipo.int/wipolex/en/treaties/ShowResults?code=LC>.

3.153. All of Saint Lucia's national laws and regulations related to intellectual property have been notified to the WTO; there were no updates submitted during the review period.<sup>174</sup> Saint Lucia's notified contact point for issues related to intellectual property rights (IPRs) is the Registry of Companies and Intellectual Property (ROCIP), in the Attorney General's Office. Saint Lucia is involved in a WIPO initiative seeking to establish a regional framework for the protection of traditional knowledge, traditional cultural expressions, and genetic resources.

<sup>174</sup> The most recent notification is contained in WTO document IP/N/1/LCA/2, 18 August 2004; the review of Saint Lucia's legislation in the TRIPS Council and its responses to the checklist of enforcement-related issues date from 2001.

3.154. Since 2000, the ROCIP has been the competent authority concerned with the administration of laws on IPRs in Saint Lucia. In addition to registering companies, business names, and partnerships, the ROCIP has as its primary function the administration of trademarks, patents, industrial designs, geographical indications, layout-designs, and copyright. The ROCIP is also responsible for making recommendations on matters relating to IPRs and for public education and information dissemination on IPRs. It also uses the Government Information Service to disseminate information on IP laws.<sup>175</sup> The main laws for which the ROCIP is responsible are the Registration of Business Names Act and Rules, Cap 13.03; the Layout-Designs (Topographies) Integrated Circuits Act, Cap 13.16; the Geographical Indications Act and Regulations, Cap 13.14; the Copyright Act Cap 13.07; the Industrial Designs Act and Regulations, Cap 13.29; the Protection against Unfair Competition Act, Cap 13.28; and the Trademarks Act and Regulations, Cap 13.30 (Table 3.13). The Patents Act, No. 16 of 2001, will also fall under the ROCIP's purview once the draft Regulations that are presently being reviewed are implemented.

3.155. The ROCIP's main objectives are to create efficient administration of company and IP matters, ensure easy access to information filed at the Registry, and generate a level of enforcement and awareness of treaties and legislation pertaining to companies and IP.<sup>176</sup>

**Table 3.13 National IPR legislation, 2022**

Legislation (entry into force)	Term of protection	Coverage	Sanctions
<b>Industrial designs</b>			
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 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 XCD 10,000 or imprisonment for up to five years
<b>Layout-designs of integrated circuits</b>			
Layout-Designs (Topographies) of Integrated Circuits Act 2000 (1 May 2003); Layout-Designs (Topographies) of Integrated Circuits Regulations 2003 (1 May 2003)	10 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 interconnections of an integrated circuit; or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture	Fines up to XCD 5,000 or imprisonment for up to two years
<b>Geographical indications</b>			
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 XCD 10,000 and/or imprisonment for up to two years
<b>Trademarks</b>			
Trade Marks Act 2001(1 April 2003); Trade Marks Regulations 2003 (1 April 2003)	10 years from filing, renewable	A mark used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark, whether with or without any indication of the identity of that person.	Fines up to XCD 250,000
<b>Copyright and related rights</b>			
Copyright Act 1995 (6 September 1995); Copyright (Amendment)	Literary, dramatic, musical or artistic works, computer programs, and	Original literary, dramatic, musical or artistic works, computer programs, and data compilations;	Fines up to XCD 50,000 and/or

<sup>175</sup> ROCIP, *Overview of Registry of Companies and Intellectual Property*. Viewed at: <https://attorneygeneralchambers.com/p/registry-of-companies-intellectual-property>.

<sup>176</sup> ROCIP, *Overview of Registry of Companies and Intellectual Property*. Viewed at: <https://attorneygeneralchambers.com/p/registry-of-companies-intellectual-property>.

Legislation (entry into force)	Term of protection	Coverage	Sanctions
Act 2000 (27 March 2000); Copyright (Importation Restriction) Regulations 2000 (27 May 2000); Copyright (International Organizations) Order 2000 (27 May 2000)	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	computer-generated works (no human author), sound recordings, films, broadcasts or cable programmes; typographical arrangements of published editions. No formal registration of copyright is required.	imprisonment for up to five years
<b>Patents</b>			
Patents Act 2001 (27 August 2001) For lack of implementing regulations, the Act is not yet in force <sup>a</sup> .	20 years	New invention, involving an inventive step and capable of industrial application. Compulsory licensing allowed after three years.	Fines up to XCD 10,000 and/or imprisonment for up to three years

- a The situation is the same as in the previous Review. Due to the lack of regulations, the Act is not in force and patents are not currently granted in Saint Lucia. According to the authorities, patents that have been granted in the United Kingdom are re-registered in Saint 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.

3.156. The Patents Act, No. 16 of 2001 grants protection for 20 years to patent holders. It covers new inventions, involving an inventive step and capable of industrial application. Title X of the Commercial Code contains provisions for compulsory licensing of intellectual property but is yet to enter into force. As of December 2022, the draft Regulations were still with the Attorney General's Chambers. In the absence of the relevant implementing regulations, Saint 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. The lack of an up-to-date legislation is reflected in the fact that Saint Lucia did not grant any patents during the review period.

3.157. Saint Lucia is a party to the Paris Convention for the Protection of Industrial Property (1883), as of 29 August 1995, and to the Patent Cooperation Treaty (1970), as of 6 August 2002. The International Bureau of WIPO has been appointed as the receiving office for international applications filed by residents and nationals of Saint Lucia.

3.158. Legislation to implement the TRIPS Agreement regarding copyright and trademarks is in place and has entered into force. Under the Copyright Act 1995 and its amendments, the Registry of Copyright is responsible for the administration of the Act and to generate a level of enforcement and awareness of treaties and legislation pertaining to copyright. To qualify for protection, a work must first be original and fixed in some tangible form. Literary, dramatic, musical or artistic works, computer programmes, typographical arrangements of published editions, and data compilations are protected for 50 years from the date of the author's death. In the case of anonymous or unknown authors, the protection period is 50 years after first public availability. Computer-generated works, sound recordings, and films are protected for 50 years from creation/first public availability. Broadcasts and cable programmes, for 50 years from broadcasting; and typographical arrangements of editions, 25 years from first publication.

3.159. Copyright protection is extended to original literary, dramatic, musical, or artistic works, computer programmes, and data compilations; computer-generated works (no human author), sound recordings, films, broadcasts or cable programmes; and typographical arrangements of published editions. No formal registration of copyright is required for protection. However, registration facilitates the claiming of rights in court. Copyright owned by international organizations is protected for 50 years from the date of creation of the work. The Copyright Act also protects the

moral rights of producers of phonograms and performers. The Copyright Act also provides for copyright protection in audiovisual 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.

3.160. The owner of the copyright has exclusive right to authorize or prohibit the following in relation to their work: reproduction of the work; translation of the work; adaptation, arrangement, or other transformation of the work; the first public distribution of the original and each copy of the work by sale, rental or otherwise; rental or public lending of the original or a copy of an audiovisual work, a work embodied in a sound recording, a computer programme, a database or a musical work in the form of notation, irrespective of the ownership of the original or copy concerned; importation of copies of the work, even where the imported copies were made with the authorization of the owner of copyright; public display of the original or a copy of the work; public performance of the work; broadcasting of the work; and communication to the public of the work. Copyright is transmissible by assignment, testamentary disposition, or operation of law, as personal or moveable property.

3.161. The Trade Marks Act, No. 22 of 2001, supplemented by the Trademarks Regulations, No. 17 of 2003 protect all visible signs capable of distinguishing goods (trademarks) or services (service marks), as well as collective marks and trade names. The Trade Marks Act, Cap 401 defines a trademark as a mark that may include a device, brand, heading, label, ticket, name, signature, word, letter, number, or any other combination thereof. Registration is required to be granted the exclusive right to a trademark. Protection of trademark comes through registration in the Register of Marks, which gives the right to use the mark and the registered TM symbol, as well as the right to infringement lawsuits with the consequent possibility to collect damages and lost profit for infringement and to recover attorney fees after infringement action. Registration of a trademark also grants the right to have Customs block goods that infringe upon the trademark. Registration of a trademark must be done through an attorney-at-law, who is called an agent under the Regulations.

3.162. The Trade Marks Act 2001 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. Trademarks are protected for an initial period of 10 years from the date of filing, renewable. Renovations for further 10-year periods may be requested as early as 6 months before the expiry of the initial 10-year period of protection, on payment of a fee. In this way, protection of a trademark is maintained. A trademark, an intangible asset, can be used as collateral for sourcing loan finance.

3.163. Both Saint Lucia's copyright and trademark laws contain provisions with respect to enforcement of IPRs. Civil and penal penalties may be applied. 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.

3.164. The cost of trademark protection varies according to the number of classes of goods or services on which the mark is to be used; the type of mark; and whether there is a need to defend the application in the event of opposition by a third party. Fees must also be payable to an attorney-at-law for professional services. Fees can be found at Schedule 5 of the Trademark Act.

3.165. In order to qualify for registration, the trademark must: (i) not be a mark prescribed not to be used as a trademark; (ii) must not resemble or likely to be taken to be a sign prescribed not to be used as a trademark; (iii) be represented graphically; and (iv) must distinguish the applicant's goods and services in respect to which the trademark is sought to be registered from the goods and services of other persons. Upon application, each mark is examined to determine whether it conforms with the requirements for registration. The Nice and Vienna classifications are used to examine the mark. Where a mark meets the statutory criteria, it will be accepted for registration and its acceptance advertised on payment of a publication fee. There is a period of three months from the date of advertisement to file notice of opposition to the registration of the mark. If there is no opposition or if opposition proceedings are determined in favour of the applicant, a further fee will be payable for the preparation of a Certificate of Registration.

## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture, livestock, and fisheries

#### 4.1.1 Overview

4.1. Saint Lucia's agricultural sector's overall contribution to GDP remained modest during the review period, at some 1.9% of GDP in 2021 (Section 1). However, it is estimated that it gives employment to some 20% of the workforce. Crops continue to account for most agriculture output, mainly bananas, cocoa, coffee, coconuts, fruits, and vegetables. Saint Lucia has also been seeking to expand fisheries output. Despite efforts to develop the sector, Saint Lucia remains a net food importer; its agricultural trade deficit continued to increase during the review period. The main food imports are meat and meat products, dairy products, cereals, and vegetables and fruits.

4.2. In 2021, the economic recovery seems to have boosted livestock production, but supply-side shortages, caused by Hurricane Elsa, led to a setback in crop production and exports, particularly in the second half of 2021. Banana exports continued on a downward path, declining by 45.4% to 4,583.2 tonnes with a value of XCD 6.2 million. Despite a rebound in purchases by hotels, the combined output of non-banana crops sold to hotels and supermarkets fell by 3.5% to 4,301.9 tonnes at a value of XCD 17.5 million. The output of livestock exceeded pre-COVID-19 levels as the combined output of chicken and pork grew by 21.2% to 2,642.6 tonnes, amounting to XCD 32.4 million, while egg production reached a record high of 1.8 million dozen, valued at XCD 10.9 million in 2021. In fisheries, wild marine capture grew by 8.9% to 1,382.6 tonnes at a value of XCD 22.1 million, due to increased fishing trips and consumer demand. Overall, real value added in the agriculture sector is estimated to have increased by 5.1% in 2021.

4.3. Although its contribution to GDP is modest, agriculture is an important traditional productive sector in Saint Lucia, and remains a top government priority for its impact on employment and on the poorest segment of the population. The Government has used agricultural policy to promote Saint Lucia's growth and socio-economic development objectives. However, and as noted in the previous Review, government efforts to boost output and value added and to develop the sector face a number of difficulties and constraints, such as the small scale of most farms (less than 3 acres) and production units; the slow adoption rate of modern production techniques; and the shortage of qualified farm labour. The agricultural sector has also been increasingly affected by climate variability, extreme weather events, and pests and disease outbreaks. This, together with land use change for urban and tourism development, has led to the abandonment of farming areas and a decline in agricultural production and productivity.<sup>177</sup>

4.4. The Ministry of Agriculture, Fisheries, Food Security and Rural Development (Ministry of Agriculture) is responsible for the development and implementation of agricultural policy. The policy's aim is to sustain a diversified national income database from agriculture and fisheries and enhance the integrity of rural livelihood systems by generating the capacity for efficiency and the competitive production and marketing of respective goods and services.<sup>178</sup> A number of initiatives were put in place during the review period to foster the development of the agricultural and fisheries sector, bearing in mind the need to protect the environment. The Government recognizes the need for urgent actions to reinvigorate the sector and for reducing the net national food import bill and ensuring long-term food security.<sup>179</sup>

4.5. The National Policy for Saint Lucia's Fisheries Sector (NPFSS) 2020-2030 is intended to address current challenges and emerging issues with a focus on the following priorities areas – sustaining fisheries resources; enhancing benefits derived from the fishery; improving climate change and

<sup>177</sup> Government of Saint Lucia, *Saint Lucia's Sectoral Adaptation Strategy and Action Plan for the Agriculture Sector (Agriculture SASAP) 2018-2028 under the National Adaptation Planning Process*. Viewed at: <https://www4.unfccc.int/sites/NAPC/Documents/Parties/Saint%20Lucia%E2%80%99s%20Sectoral%20Strategy%20and%20Action%20Plan%20for%20Agriculture.pdf>.

<sup>178</sup> Ministry of Agriculture. Viewed at: <https://www.govt.lc/ministries/agriculture-food-production-fisheries-and-rural-development>.

<sup>179</sup> Government of Saint Lucia, *Saint Lucia's Sectoral Adaptation Strategy and Action Plan for the Agriculture Sector (Agriculture SASAP) 2018-2028 under the National Adaptation Planning Process*. Viewed at: <https://www4.unfccc.int/sites/NAPC/Documents/Parties/Saint%20Lucia%E2%80%99s%20Sectoral%20Strategy%20and%20Action%20Plan%20for%20Agriculture.pdf>.

disaster resilience; promoting social development; and enhancing the role of stakeholders in decision-making and institutional strengthening.

4.6. The Saint Lucia Agricultural Policy Framework and Strategy (2016-2021) provides the strategic policy framework in main-agriculture-related areas, namely agriculture diversification, agro-processing and agri-business, and reduction of food imports. It offers the action plan to achieve the goal of an environmentally responsible agricultural sector that contributes to economic growth and development. The Policy provides a performance overview and perspectives for key subsectors: banana, cocoa, coffee, coconuts, fruits, vegetables, herbs and spices, livestock, poultry, apiculture, fisheries, and aquaculture.

4.7. The National Food and Nutrition Security Policy and Action Plan (2014), prepared by the Government of Saint Lucia with technical support from the FAO, emphasizes the need for employment creation among the population that is economically more vulnerable.

4.8. Saint Lucia's Sectoral Adaptation Strategy and Action Plan for the Agriculture Sector (Agriculture SASAP) 2018-2028 under the National Adaptation Planning Process consists mainly of priority cross-sectoral and sectoral adaptation measures for eight key sectors/areas and a segment on the limits to adaptation. This is complemented with Sectoral Adaptation Strategies & Action Plans (SASAPs). One of priority sectors for adaptation action is tourism, together with water; fisheries; infrastructure and spatial planning; natural resource management (terrestrial, coastal, and marine); education; and health.<sup>180</sup>

4.9. The Agriculture SASAP consists of 45 adaptation measures deemed critical for building climate-resilient agriculture systems in the country. The adaptation measures are grouped under 14 strategic objectives and contribute to 4 major expected outcomes, namely: (i) enhanced enabling environment for climate adaptation action in the agriculture sector; (ii) enhanced nutrition, food availability, quality, and security through adaptation in the agriculture sector; (iii) strengthened partnerships for scaling up climate-resilient agriculture; and (iv) built adaptive capacity to climate variability and extremes in the agriculture sector. The SASAP provides direction on implementation and funding, which is expected to be derived from both national and international sources, and implementation is expected to mostly occur through the inclusion and execution of SASAP components and adaptation measures in individual national and regional development and climate change-focused projects and programmes. The SASAP contains indicative outputs to facilitate the planning and design of such projects.<sup>181</sup>

4.10. The authorities have also put in place a National Policy for Saint Lucia's Fisheries Sector (NPFS) 2020-2030. The NPFS is intended to address current challenges and emerging issues with a focus on the following priorities areas: sustaining fisheries resources; enhancing benefits derived from the fishery; improving climate change and disaster resilience; promoting social development; and enhancing the role of stakeholders in decision-making and institutional strengthening.

#### 4.1.2 Border measures

4.11. Tariffs in agriculture remain higher than the average (Section 3). The average applied rate on agricultural products (WTO definition) increased from 17.8% in 2013 to 22.7% in 2022. Over 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. Saint Lucia continues to require import licences for a range of agricultural products.

<sup>180</sup> Government of Saint Lucia, *Saint Lucia's Sectoral Adaptation Strategy and Action Plan for the Agriculture Sector (Agriculture SASAP) 2018-2028 under the National Adaptation Planning Process*. Viewed at: <https://www4.unfccc.int/sites/NAPC/Documents/Parties/Saint%20Lucia%E2%80%99s%20Sectoral%20Strategy%20and%20Action%20Plan%20for%20Agriculture.pdf>.

<sup>181</sup> Government of Saint Lucia, *Saint Lucia's Sectoral Adaptation Strategy and Action Plan for the Agriculture Sector (Agriculture SASAP) 2018-2028 under the National Adaptation Planning Process*. Viewed at: <https://www4.unfccc.int/sites/NAPC/Documents/Parties/Saint%20Lucia%E2%80%99s%20Sectoral%20Strategy%20and%20Action%20Plan%20for%20Agriculture.pdf>.



### 4.1.3 Domestic measures

4.12. The Ministry of Commerce, Manufacturing, Business Development, Cooperatives 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).

4.13. The Ministry of Agriculture maintains 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.

4.14. A number of agricultural inputs are VAT-exempt, while certain inputs and unprocessed agricultural produce are zero-rated (Section 3.1.3). The agriculture sector may also benefit from partial or complete waivers of import duties, and excise taxes on most items used in production and processing of agricultural commodities. The fisheries subsector is also eligible for a fuel rebate of XCD 0.75/gallon for the first 4,500 gallons.

4.15. The Agriculture and Fisheries Incentives Act, Cap 7.18 contains a number of support measures for the agricultural sector. Benefits consist of an exemption from the payment of duties charged under the Customs (Control and Management) Act, Cap 15.05 for the importation of agricultural inputs and other articles needed for an approved agricultural project. The exemption from the payment of import duties and excise tax where applicable, may be full or partial, as specified in an Order made to this end. A licence to a person to import agricultural inputs or articles from an area outside of CARICOM free from customs duty may be issued if the needed agricultural inputs or articles are not available from a CARICOM member State at comparable prices and qualities or in adequate quantities. The beneficiary may import agricultural inputs or articles for the period of relief specified in such licence free of customs duty, if the Comptroller of Customs is satisfied that the agricultural inputs or articles are or were required for an approved agricultural project. An applicant may also be granted a complete or partial exemption from the payment of the CSC. Other benefits include an exemption from the payment of income tax on the income accruing from an approved agricultural project (see below) for a period not exceeding 10 years.<sup>182</sup>

4.16. To benefit from the Act, an activity must be declared as an "approved project" by the Agriculture and Fisheries Committee. To determine whether an application can be granted the status of "approved project" under the Act, the Committee takes into account: (i) the number of persons already producing or processing the agricultural produce or product; (ii) the output or projected output of the agricultural project; and (iii) any other matter that the Cabinet considers to be essential in deciding whether or not to grant agriculture or fisheries incentives. Where applicable, an Order to grant incentives under the Act must specify: (i) the name of the person receiving the agriculture or fisheries incentives; (ii) the location of the land, building, or processing plant that will be used for producing an agricultural product or for processing an agricultural product or fish product; (iii) the commencement date and termination date for the agriculture or fisheries incentives; (iv) the approved agricultural produce or product or fish product; (v) the tax holiday period; and (vi) the approved agricultural incentives. Under the Act, potentially approved agricultural projects include: (i) the purchase of agricultural inputs, equipment and materials, watering systems, aquaculture equipment, fishing equipment and safety gear, waste disposal systems, soil and water conservation systems, general livestock supplies; bee keeping supplies; and any other tools, equipment, or materials to be used for producing, processing, or providing agricultural produce or products or fish and fish products; (ii) establishing, developing, and equipping a facility; (iii) the introduction of clean and renewable energy; (iv) the purchase of a boat or fishing vessel in support of the agricultural project; and (v) the purchase of a commercial motor vehicle in support of the agricultural project.

4.17. The Government of Saint Lucia has also launched other programmes to support agriculture, like the Cocoa Sector Enhancement Project (CSEP), and the 7 Crops programme. The CSEP was

<sup>182</sup> Agriculture and Fisheries Incentives Act, No. 13 of 2014. Viewed at: <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/99620/133951/F-553506685/LCA99620.pdf>.

created in 2020 with the objective of enhancing returns to the cocoa sector through rehabilitation, replanting and expansion. The CSEP is expected to increase current acreage by 54% from 294 acres to 545 acres, at a total estimated cost of XCD 5 million. The focus of the CSEP is to steer away from the exportation of dry beans to the production of agro-processed products such as chocolate to increase the value of exports. The main objective of the 7 Crops Project is the reduction of the level of imports for seven agricultural crops: cabbage, lettuce, bell peppers, pineapple, tomato, cantaloupe, and watermelon. The Government continues to provide significant support to the banana sector including the disbursement of XCD 2.4 million to the National Fair Trade Organization (NFTO) to meet outstanding payments to farmers in 2020.

## 4.2 Manufacturing

4.18. The manufacturing sector makes a modest contribution to GDP, estimated at 3.2% in 2021 (Table 1.1). The sector's performance suffers from structural competitiveness issues, including high energy and labour costs. The main subsectors include beverages, food, fabricated metals, and basic chemical products; together they account for over three quarters of production (Table 4.1).

**Table 4.1 Estimated manufacturing output 2014-21**

(XCD million)

Category	2014r	2015r	2016r	2017r	2018r	2019r	2020r	2021p
Food	119.9	140.1	138.1	146.1	148.4	182.8	121.3	130.0
Non-alcoholic beverages	34.6	32.1	35.5	35.5	37.6	40.5	38.7	35.2
Alcoholic beverages	65.3	70.2	85.2	97.2	91.3	89.9	80.7	190.6
Textiles, clothing and footwear	3.8	4.4	4.8	3.7	3.2	2.8	1.6	1.9
Paper and wood products; recorded media	27.3	28.2	25.0	24.1	24.0	25.1	24.6	26.2
Basic chemicals	13.6	13.4	18.0	16.1	15.3	16.5	16.9	35.3
Paint, vanishes and similar products	11.8	13.2	14.3	14.0	24.4	31.4	42.7	47.5
Soap, detergents, other chemical products	7.1	6.6	5.6	6.0	5.8	5.7	4.2	4.1
Rubber and plastic products	13.5	14.3	10.6	12.0	13.3	13.7	7.4	7.2
Basic and fabricated metal products	38.0	39.0	33.0	42.7	53.4	39.3	32.3	38.5
Other machinery and equipment	5.8	6.3	5.3	4.7	5.2	5.0	5.1	4.6
Furniture	18.8	17.0	19.1	17.4	11.9	14.0	15.0	16.3
Other manufacturing	5.8	8.3	12.6	12.8	12.9	9.0	9.6	12.5
<b>Total manufacturing</b>	<b>365.4</b>	<b>393.3</b>	<b>407.1</b>	<b>432.3</b>	<b>446.8</b>	<b>475.6</b>	<b>400.0</b>	<b>550.0</b>
<b>Growth</b>	<b>1.9%</b>	<b>7.6%</b>	<b>3.5%</b>	<b>6.2%</b>	<b>3.4%</b>	<b>6.5%</b>	<b>-15.9%</b>	<b>37.5%</b>

Note: r = revised; p = preliminary.

Source: Central Statistical Office.

4.19. The 2021 average MFN tariff on imports of industrial products (ISIC-3 definition) was 9.8%, with a peak of 100%; the average MFN tariff for non-agricultural products (WTO definition), was 8.7%. The highest average tariffs are applied on beverages and tobacco, clothing and apparel articles, footwear, fats and oils, and prepared food.

4.20. The manufacturing industry benefits from the incentives granted under the Fiscal Incentives Act and its amendment, and the Micro and Small Scale Business Act. This includes tax relief from corporate tax and customs duties to approved enterprises for up to 15 years. Changes have been made to the Act since the previous Review, in particular with respect to the scope of incentives.

## 4.3 Services

4.21. The services sector is the backbone of Saint Lucia's economy, accounting for more than three quarters of GDP and generating some 90% of foreign exchange.

4.22. To promote and modernize services, a National Services Policy and Strategy was developed in 2016 (funded by the CART Fund through the Caribbean Development Bank). The Policy aims at developing gender-responsive and results-based services; identifying priority services sector; promoting domestic and foreign investment in service industries; and promoting equitable involvement of men and women in the development of the services sector. The policy targets specific

services sectors for export development and seeks to raise the profile and increase exports of services and incorporate mainstream services sector development in national development plans and the national investment regime. The policy also seeks to foster economic diversification in Saint Lucia and increase employment and exports in a gender-responsive manner.

#### 4.3.1 Financial services

4.23. The ECCB is the supervisor and regulator of domestic (onshore) commercial banks and other financial institutions under the Banking Act. Ministry of Finance, Economic Development and the Youth Economy, through its Financial Services Regulatory Authority (FSRA), supervises non-banking institutions and international banks. Financial services are one of the main economic activities in Saint Lucia, directly accounting for some 9.3% of GDP in 2021.

4.24. The Financial Services Regulatory Authority (FSRA) is the single regulatory body which licenses, supervises, and regulates the operations of the non-bank financial sector. The FSRA was established through the enactment of the Financial Services Regulatory Authority Act, No. 13 of 2011 (FSRA Act) and commenced its operations in January 2014, ending the transitional arrangement under Section 48 of the FSRA Act. The FSRA assumed all responsibility of the Financial Sector Supervision Unit (FSSU) and the credit union supervision function of the Department of Co-operatives within the Ministry of Finance. Additionally, it regulates the Saint Lucia Development Bank (SLDB).

4.25. The FSRA's mission is to maintain the integrity of the financial sector through the administration of the laws and regulations, application of best international standards and practices, and effective supervision of registered entities operating in the sector. The FSRA is responsible for the administration of the following Acts: Insurance Act, Cap 12.08; International Insurance Act, Cap 12.15; International Banking Act, Cap 12.17; International Mutual Funds Act, Cap 12.16; Co-operative Societies Act, Cap 12.06; Registered Agent and Trustee Licencing Act, Cap 12.12; Money Services Business Act, No. 11 of 2010; and Saint Lucia Development Bank Act, No. 12 of 2008. The FSRA aims to fulfil the responsibilities specified in these pieces of legislation, develop a sound financial system, and promote Saint Lucia's reputation as an efficient financial jurisdiction.<sup>183</sup>

4.26. According to the authorities, the FSRA's approach to regulation and supervision is to assess whether regulated entities are financially sound and, more specifically, whether insurers and deposit-taking institutions provide appropriate protection for policyholders/depositors and whether entities continue to meet the threshold conditions. The FSRA assesses firms not just against current risks, but also against those that could plausibly arise in the future. The FSRA uses a risk-based approach, and close attention is paid to those firms that pose the greatest risk to the stability of the financial system. The FSRA also collaborates with regulators in the region to discuss the financial soundness of entities operating across the Eastern Caribbean Currency Union (ECCU) and CARICOM.

4.27. The FSRA also works closely with the Financial Intelligence Authority, the Registry of Companies and Intellectual Properties, and the Registrar of International Business Companies (IBCs).

4.28. The Saint Lucia Financial Intelligence Authority (SLNFIA), within the Attorney General's Chambers, is responsible for combating money laundering and terrorist financing. The SLNFIA is the national centralized agency for the collection, receipt, and analysis of suspicious transaction reports (STRs), financial transactions/activities suspected of being related to money laundering and terrorist financing; the reception of terrorist property reports; and the dissemination of information gathered to relevant authorities for necessary action. The SLNFIA has the authority to freeze bank accounts for up to five days.<sup>184</sup> It is also involved in the tracing of illicit funds, and thus represents the element linking the various administrative, supervisory, law enforcement, and judicial authorities charged with identifying and tracing money laundering and terrorist financing capital flows. In 2019, the Money Laundering (Prevention) Act, Cap 12.20 was amended to designate the ECCB as the AML/CFT supervisor for all financial institutions licensed under the Banking Act.

4.29. Access to finance is a difficulty for SMEs and hinders their business opportunities. To try to bridge this gap, the Government devised the SME Access to Finance Strategy, as a part of Saint Lucia

<sup>183</sup> FSRA, *About Us*. Viewed at: <https://fsrastlucia.org/index.php/about-us>.

<sup>184</sup> Financial Intelligence Unit Act, No. 15 of 2000.

National Export Strategy (NES).<sup>185</sup> The strategy aims to achieve this objective through: (i) increasing the supply of bank finance for SMEs by promoting banks' development of SME banking strategies and tailored products and services, as well as supporting sectoral specialization of bankers; (ii) reducing the collateral requirements for SME loans through developing leasing products, factoring and invoice discounting, and adapting microfinancing practices; (iii) diversifying the sources of SME finance through the strengthening of credit unions; and (iv) developing more opportunities for SME equity finance. In general, the NES seeks to strengthen the financial sector's credit infrastructure by filling in gaps and strengthening financial sector legislation and regulations by expediting the passing and adoption of pending and new legislation and regulations, as well as by developing the physical infrastructure of the financial sector by removing barriers to and prioritizing the establishment of a credit bureau and secured transactions and collateral registry.

#### **4.3.1.1 Onshore financial services**

##### **4.3.1.1.1 Banks**

4.30. At end-October 2022, the onshore segment comprised six banks (including three foreign branches). As of August 2022, the assets held by the commercial banks totalled XCD 7.038 billion, up from XCD 6.944 billion in December 2021, and XCD 6.272 billion in December 2020. At the same date, deposits were XCD 5.092 billion, while loans and advances reached XCD 3.509 billion.

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

4.32. The Eastern Caribbean Central Bank (ECCB) has primary responsibility for the supervision of domestic banks. The ECCB Agreement Act, 1983 and its amendments give the ECCB power to regulate banking business on behalf of and in collaboration with participating governments. Saint Lucia's onshore banking legislation is uniformized with that of the rest of OECS member States. The Banking Act, No. 3 of 2015, which entered into force on 12 November 2015, and repealed the previous Banking Act, is the main domestic law governing onshore banking.

4.33. The Banking Act, 2015 was drafted within the context of developing of a single banking space in the ECCU. The ECCB is the licensing authority for the banking sector and a single licence authorizes a financial institution to operate in the space on a branch basis subject to approval of location of new business premises. The Banking Act, 2015 strengthened the penalties for violations of the Act to make them more prohibitive and introduced administrative penalties for contraventions of provisions in an effort to improve enforcement by the ECCB. The Act introduced a framework for the licensing and regulation of financial holding companies and strengthened the remedial action tools and adopted mechanisms that would allow for the resolution of troubled banks at least cost.

4.34. The minimum paid-up or assigned capital of a financial institution was increased by the 2015 Act: every licensed financial institution shall maintain in Saint Lucia unimpaired, paid-up or, as the case may be, assigned capital at least equal to the minimum amounts specified in accordance with the following requirements: (i) if operating as a bank, the minimum required capital may not be less than XCD 20 million; or (ii) if operating as a credit or other financial institution, the minimum required capital may not be less than XCD 5 million. In the case of a licensed financial holding company, it must maintain in Saint Lucia paid-up capital at least equal to three times the minimum amount applied to the licensed financial institution for which it is the holding company.

4.35. Licensed financial institutions under the Banking Act may conduct one or more of the following activities: (i) acceptance of deposits and other repayable funds; (ii) lending; (iii) financial leasing; (iv) investment in financial securities; (v) money transmission services; (vi) issuing and administering means of payment including credit cards, travellers cheques, bankers' drafts, and electronic money; (vii) guarantees and commitments; (viii) the keeping and administration of

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<sup>185</sup> Government of Saint Lucia, Saint Lucia National Export Strategy 2020-2024, p. 16.

securities; (ix) credit reference services; (x) safe custody of valuables; (xi) electronic banking; and (xii) payment and collection services.

4.36. Saint Lucia maintains no exchange controls on capital or non-trade current transactions. The ECCB's written approval is required to hold or acquire: (i) shares in a local licensed financial institution which, together with any existing direct or indirect holdings of that person, would exceed the supervisory thresholds of 10%, 20%, or 50% of the share capital; or (ii) in the case of a local licensed financial institution not having a share capital, more than the supervisory thresholds of 10%, 20%, or 50% of the total voting rights of all the members entitled to vote at a general meeting of the local licensed financial institution.

#### 4.3.1.1.2 Insurance

4.37. Domestic insurance companies may operate within the Saint Lucia jurisdiction as subsidiaries, or as branches of regional companies, through insurance agents or as indigenous companies. Financial institutions such as banks have also expanded into the insurance business offering limited classes of insurance to their customers. Saint Lucia has 25 insurance companies, 14 registered general insurers, 10 registered long-term insurers, and 1 composite insurer registered to sell long-term and all classes of general insurance business.

4.38. Insurance companies may sell long-term or general insurance products. Companies are no longer being approved as composite insurers in line with a sub-regional decision for effective supervision and crisis management purposes. The long-term insurance class offers various life insurance policies such as ordinary life, industrial life, and annuities, while the general insurance class covers liability, personal accident, property, pecuniary, motor vehicle, and "marine, aviation and transport". Insurance companies must manage their risks by adopting risk management practices. One such requirement is the transfer of risk through reinsurance.

4.39. Insurance companies are required to comply with the following insurance legislation: the Insurance Act, Cap 12.08; the Insurance Companies (Registration) Regulations – Section 167, Statutory Instrument 78/1995; the Insurance Companies (Accounts and Forms) Regulations – Section 167, SI No. 79 of 1995 and SI No. 36 of 1996; the Insurance Companies (Reinsurance) Regulations – Section 167, SI No. 80 of 9 December 1995; and the Insurance (Admissible Assets and Valuation of Assets) Regulations – Section 167, SI No. 81 of 1995.

4.40. An insurance company that proposes to undertake insurance business in Saint Lucia must apply to the FSRA for registration under the Insurance Act of Saint Lucia, Cap 12.08. The Insurance Act provides the provisions applicable to both long-term and general insurance companies. A company shall not be registered to carry on insurance business unless it has deposited with the Registrar the deposits required by the Act and has made arrangements and continues to have in place such arrangements for reinsurance of its business. The Insurance Act stipulates the conditions applicable for registration of foreign companies in Section 16, as well as the obligations required from those foreign companies. The fees applicable for registration vary based on the classes of business the company intends to underwrite. Section 80 of the Act provides details of the deposit requirements.

4.41. In general terms, insurance coverage in Saint 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 Saint Lucia. Individuals acting as intermediaries (insurance agents, brokers, and salespeople) only need to register under the Insurance Act.<sup>186</sup> All insurers must comply with technical reserves requirements for risks insured in Saint Lucia and the legal provisions on their placement.<sup>187</sup> Foreign entities not registered in Saint Lucia may insure certain risks for which no coverage is offered

<sup>186</sup> Registration fees range from XCD 100 to XCD 1,500 depending on the activity and whether, in the case of a broker, the partners holding the majority interest are citizens of Saint Lucia.

<sup>187</sup> 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.

on the domestic market; to this end, the Saint Lucia-based customer must obtain prior authorization to seek insurance coverage for that risk abroad.

4.42. An insurance fund that is equal to its liabilities and contingency reserves in its class of business must be established and maintained by an insurer. Section 88 of the Insurance Act provides details of the requirements of the fund.

4.43. Annual licence fees range from XCD 3,000 to XCD 11,000, depending on the class(es) of insurance business being underwritten. The legislation stipulates that different minimum paid-up share capital thresholds may apply to local and foreign insurers. These are XCD 1 million and XCD 2.5 million, respectively, for long-term insurance business; and XCD 750,000 and XCD 1.5 million, respectively, for general insurance business. Foreign insurers must also make higher initial deposits, at XCD 100,000 or XCD 50,000, compared with XCD 50,000 or XCD 25,000 for local companies, depending on the class of business transacted. Deposit requirements for insurance brokers also depart from local (CARICOM nationals) treatment: XCD 10,000 for Saint Lucian nationals and companies with majority ownership by nationals of CARICOM States, compared to XCD 20,000 for foreign nationals and majority foreign-owned companies.

4.44. Saint Lucia levies a tax on insurance premiums: for life insurers, it is 3% of the premium, and for general insurers, 5%.

#### **4.3.1.2 Credit unions**

4.45. The FSRA also regulates credit unions. There are 16 registered and functioning credit unions and 1 credit union league operating in Saint Lucia. They are governed by the Co-operative Societies Act, Cap 12.06, which came in force on 11 September 1999 and was revised in 2008. As per an amendment to the Co-operatives Societies Act, a credit union shall be subject to the provisions of the Financial Services Regulatory Authority Act.

4.46. The credit union sector experienced rapid growth in the period under review. Total assets showed an increasing trend over the past nine years and stood at XCD 1,315 million in 2021, representing a 6.64% increase from the previous year. Some 7% of total assets represent investments in Government of Saint Lucia bonds.

#### **4.3.1.3 Offshore financial services**

4.47. Saint Lucia is an International Financial Centre (IFC) that allows the incorporation of IBCs under the International Business Companies Act, Cap 12.14 of the Revised Laws of Saint Lucia. IBCs are registered through the Registry of International Business Companies and International Trusts.

4.48. As at 31 December 2021, the offshore segment comprised 11 international banks – 7 Class A banks and 4 Class B banks; 32 international insurance companies, including 4 incorporated cell companies, 9 incorporated cells and 19 international insurance companies, comprising 8 Class A1, 10 Class A2, and 1 Class C2 licensees; 7 private mutual funds including 1 International Private Mutual Fund, 3 International Public Mutual Funds, 1 International Public Mutual Fund Administrator and 1 International Public Mutual Fund Manager; 19 registered agents; and 3 registered trustees.

4.49. The International Banking sector is governed by the International Banks Act, Cap 12.17 of the 2008 Revised Laws of Saint Lucia (International Banks Act), which is a compilation of the International Banks Act, No. 43 of 1999 and amendments and the International Banks Regulations SI No. 97 of 2000 and amendments. A valid licence is required to carry on international banking business from Saint Lucia. The International Banks Act allows for two classes of licences: Class A allows conducting banking business with third parties and requiring minimum paid-up capital of USD 1 million; and Class B is restricted to conducting banking business with a specific group of persons (not exceeding 10) and requiring minimum paid-up capital of USD 250,000. Notwithstanding the minimum capital requirement of the Act, the International Banks Guidance Notes require a paid-up capital of USD 2.2 million for Class A banks and of USD 700,000 for Class B banks. For both classes of licensees, it is required to maintain a Statutory Deposit of USD 100,000, which cannot be disposed of, pledged, hypothecated, or otherwise encumbered without the prior notification or approval of the FSRA. International banking businesses are required to pay annual licence fees of USD 25,000 in the case of Class A and USD 15,000 in the case of Class B.

4.50. To be licensed in the International Banking sector, the FSRA must consent that the company become incorporated as an IBC for that purpose. Following incorporation, the substantive application must be submitted to the Authority accompanied by the prescribed application fee (USD 500).

4.51. Offshore financial institutions must have at least two directors, one of whom must be resident in Saint Lucia.<sup>188</sup> International banks and international insurance companies must appoint a registered agent and have a registered office in Saint Lucia (which may be the office of the registered agent).

4.52. The International Business sector has gone through changes since the last Review. Saint Lucia made legislation amendments in relation to beneficial ownership and its income tax regime. Income tax amendments included subjecting IBCs to the same corporate income tax treatment as domestic companies, moving from a tax rate of 1% to 30%, save for foreign-source income, which will be exempt from taxation. Following the amendments, IBCs are now permitted to do business with residents. The authorities note that these legislative amendments have severely impacted the International Business Sector as several companies have dissolved or redomiciled to other jurisdictions. The number of new IBCs incorporated yearly declined from 470 in 2017 to 244 in 2021; however, the total number of registered IBCs increased from 2,327 in 2017 to 3,262 in 2021.

4.53. The International Insurance sector is governed by the International Insurance Act, Cap 12.15 of the 2008 Revised Laws of Saint Lucia (International Insurance Act). The Act provides for matters relating to the licensing and regulation of the International Insurance sector. The sector consists of International Insurance Companies, Incorporated Cell Companies (ICCs), and their Incorporated Cells (ICs).<sup>189</sup> Each IC has its own board of directors, and its own memorandum and articles of incorporation. It is a statutory requirement that the majority of directors in an IC be directors of the ICC to which it is linked. An ICC and an IC must each be an IBC in order to obtain a licence to conduct international insurance business from within Saint Lucia.

4.54. There are three categories of insurance licences which can be issued to international insurance businesses: Class A – to conduct general insurance business; Class B – to conduct long-term insurance business; and Class C – to conduct both general and long-term insurance business. Companies issued a Class A and C licence can either be issued a subclass 1, a restricted licence for pure captives which insure only the risks of their owners, or a subclass 2 licence, granted to broad captives, insuring the risks of third parties.

4.55. A minimum paid-up capital for each class of insurance company is applicable and is prescribed by the International Insurance Act. Additionally, international insurance companies and ICCs are required to maintain a security deposit which cannot be disposed of, pledged, hypothecated, or otherwise encumbered without the prior notification or approval of the FSRA. There is no security deposit requirement for ICs.

4.56. International insurance businesses are required to make annual payments as follows: International Insurance Company, USD 2,500; and ICC, USD 2,500 plus USD 500 for each IC associated therewith.

#### **4.3.1.4 Money services businesses**

4.57. The money services business sector is regulated in accordance with the Money Services Business Act, Cap 12.22 of the Revised Laws of Saint Lucia (Money Services Business Act). The Act has been amended in previous years as necessitated by a changing regulatory environment.

4.58. The most recent amendment to the Act was approved in May 2021 and resulted in the addition of the Class F licence to the portfolio of FSRA-regulated entities to incorporate lending over XCD 50,000. Therefore, as of 31 December 2021, the money services business sector comprises a

<sup>188</sup> The definition of residence does not encompass other OECS/CARICOM countries.

<sup>189</sup> An ICC is an entity that has the power to establish ICs as part of its corporate structure. An ICC may comprise any number of ICs; each one is a separate legal entity, transacting separate and distinct insurance business. ICCs and ICs are not considered affiliates of each other. The ICC and each of the ICs that are linked to it must enter into an Operating Agreement specifying such matters to govern their relationship.

total of 16 licensed money services business providers (MSB) which include 5 Money Transmitters (Class A), 9 micro-lending entities (Class E), and 2 lending entities (Class F).

4.59. For 2021, total remittance inflows for the sector totalled XCD 168.94 million, a sharp increase of 12.32% (XCD 18.5 million) from 2020. Total remittance outflows totalled XCD 17.4 million for 2021. The United States continues to account for the largest proportion of remittance inflows, with a share of 48% of the total. The share of remittance outflows to the United States was 32% in 2021.

### 4.3.2 Telecommunications

4.60. Saint Lucia's telecommunications sector is regulated by the 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: (i) advising the Minister on the formulation of national policy on telecommunications matters; (ii) ensuring compliance with the Government's international obligations on telecommunications; (iii) being responsible for technical regulation and the setting of technical standards of telecommunications and ensuring compatibility with international standards; (iv) planning, supervising, regulating, and managing the use of the radio frequency spectrum in conjunction with ECTEL, including the assignment and registration of radio frequencies; (v) regulating prices for telecommunications services; (vi) advising the Minister in all matters related to tariffs for telecommunications service; (vii) collecting all fees prescribed and any other tariffs levied under this Act or Regulations; (viii) receiving and reviewing applications for licences and advising the Minister accordingly; (ix) monitoring and ensuring that licensees comply with the conditions attached to their licences; (x) reviewing proposed interconnection agreements by telecommunications providers and recommending to the Minister in charge of communications whether or not such agreements should be approved; (xi) investigating and resolving any dispute relating to interconnections or sharing of infrastructure between telecommunications providers; (xii) investigating and resolving complaints related to harmful interference; (xiii) monitoring anti-competitive practices in the telecommunications sector and advise the national body responsible for the regulation of anti-competitive practices accordingly; and (xiv) maintaining a register of licensees and frequency authorization holders, among others. In the performance of its functions the NTRC shall, where necessary, consult and liaise with ECTEL.<sup>190</sup> The NTRC does not have authority to make a standard compulsory.

4.61. The NTRC monitors the use of radio frequencies in Saint Lucia in order to ensure compliance with the regulations on this issue and with the conditions and terms of frequency authorizations. The NTRC may also use spectrum management and monitoring equipment to detect illegal use of frequencies or equipment. Frequency authorizations are subject to an application fee and an annual fee depending on the type of service provided and the bandwidth.

4.62. There are some costs involved with licensing. 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 XCD 1,000, XCD 20,000, and 3% of annual gross revenue, respectively.<sup>191</sup>

4.63. Saint Lucia has a universal service fund (USF). Providers of voice and/or broadband services (Class A licence holders) are required to contribute to the USF at rates of 0.25% and 0.5% of their gross revenue in the first and second years after obtaining a licence, respectively, and 1% from the third year onward.<sup>192</sup> The USF finances projects approved by the NTRC. Contracts for approved projects are awarded through competitive bidding to telecommunications operators licensed in Saint Lucia; for contracts below a certain threshold the NTRC may, after consultation with ECTEL,

<sup>190</sup> NTRC, *Functions of Commission*. Viewed at: <https://www.ntrcslu.lc/wp-content/uploads/2021/11/Functions-of-Commission-1.pdf>.

<sup>191</sup> Statutory Instrument (Telecommunications (Fees) Regulations), No. 96 of 14 October 2002, and Recommendation of the Eastern Caribbean Telecommunications Authority ("ECTEL") to the National Telecommunications Regulatory Commission to consult on Regulatory Instruments. Consultation Document No. 1, 28 August 28, 2020. Viewed at: <https://www.ntrcslu.lc/wp-content/uploads/2021/11/Retail-Tariff-Consultation-Documents-28-08-2020.pdf>.

<sup>192</sup> Statutory Instrument (Telecommunications (Universal Service Fund Contribution) Order), No. 45 of 6 April 2009.



opt for sole-source procurement.<sup>193</sup> In January 2022, the NTRC invited all eligible licensed telecommunications providers to bid for a contract for the supply of equipment and related services for the improvement of Internet access for Star Rose Technologies including Smart Bus Shelter Connectivity Project-Phase 1, with funding from the USF.<sup>194</sup> The authorities note that the NTRC's Universal Service Fund Office has been implementing projects for over a decade. Currently, it has a series of ongoing projects that include the provision of broadband services and equipment to improve connectivity. The following locations have been beneficiaries of the USF: Boys Training Centre, National Council for Persons with Disabilities, National Skills Development Centre, Upton Garden Girls Centre, Castries South East Community, and Choc Smart Bus Shelter – Phase 1. There was also a project implementation in the education sector, providing access devices and connectivity as a response to online and remote learning during the COVID-19 pandemic. This project ran started in 2020 and ended in 2022.

4.64. Retail services offered by a dominant service provider or, equivalently, not subject to a sufficient degree of competition to protect the interests of consumers are deemed to be Regulated Services. ECTEL Regulations allow for the regulation of the prices of Regulated Services and establish a general regime for adoption by the NTRCs. At this time, Regulated Services include all fixed services offered by FLOW (e.g. Cable & Wireless). In August 2020, ECTEL issued a Consultation Document on Market Assessment of Regulated and Unregulated Retail Services and Proposed Recommended Regulatory Measures.<sup>195</sup> This was ECTEL's first market assessment of unregulated services such as retail mobile services and retail pay TV services. Although no operator in those markets was deemed or found to be dominant and hence these services are not subject to *ex ante* price regulation, ECTEL noted that there are a number of mobile service pricing and marketing practices that raise significant concerns for mobile users.<sup>196</sup>

4.65. Radio or telecommunications equipment requires type-approval certification before it may be sold for use, imported, or installed in Saint Lucia. 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 a certified copy of the type-approval certificate. There is no ECTEL-wide list of recognized foreign type-approval jurisdictions. All suppliers of telecommunications equipment must register with the NTRC. The Telecommunications (Exemption) Order, SI No. 59 of 2014, exempts a telecommunications dealer from requiring an Individual Licence, Class Licence, or Frequency Authorisation under the Telecommunications Act.

4.66. The NTRC has formulated documents to assist and oversee certain aspects of the telecommunications sector in Saint Lucia. These documents provide the necessary guidance with respect to the acceptable principles and standards for the various telecommunications operations. The purpose of these frameworks is to provide a comprehensive outline on the telecommunications requirements for the operation of several mobile radio communications services in Saint Lucia. Framework documents describe the application and licensing process; the frequencies allocated to the various mobile radio services; and the pertinent provisions from the telecommunications legislation, especially on standards and harmful interference. There are framework documents for Aeronautical Mobile Radio Operations; Amateur Radio Operations in Saint Lucia; Citizen Band Radio Operations; and Land Mobile Radio Operations. There are also a number of technical standards, including Aeronautical Mobile Radio Technical Standards; Amateur Radio Technical Standards; Citizen Band Radio Service Technical Standards; Family Radio Service Technical Standards; and Land Mobile Radio Service Technical Standards.<sup>197</sup>

4.67. The telecommunications providers active in Saint Lucia comprise two fixed-line, two mobile, and four Internet service providers. Fixed-line penetration declined during 2016-20, from 20% to

<sup>193</sup> Telecommunications (Universal Service Fund) Regulations, No. 120 of 15 December 2008.

<sup>194</sup> NTRC, *Universal Service Fund: Procurement Notice*. Viewed at: <https://www.ntrcslu.lc/universal-service-fund/procurement-notice/>.

<sup>195</sup> ECTEL (2020), *Consultation Document on Market Assessment of Regulated and Unregulated Retail Services and Proposed Recommended Regulatory Measures*, 28 August 2020. Viewed at: <https://www.ntrcslu.lc/wp-content/uploads/2021/11/Retail-Tariff-Consultation-Document-28-08-2020.pdf>.

<sup>196</sup> ECTEL (2020), *Consultation Document on Market Assessment of Regulated and Unregulated Retail Services and Proposed Recommended Regulatory Measures*, 28 August 2020. Viewed at: <https://www.ntrcslu.lc/wp-content/uploads/2021/11/Retail-Tariff-Consultation-Document-28-08-2020.pdf>.

<sup>197</sup> NTRC, *Frameworks and Technical Standards*. Viewed at: <https://www.ntrcslu.lc/regulatory-matters/frameworks-and-technical-standards/>.

16% (Table 4.2). Mobile and fixed Internet subscriptions remained broadly on the rise until 2018, but with the introduction of new technologies and the increase in competition, mobile penetration declined from 101% in 2016 to 81% in 2020. Previously, many users needed two phones from different providers to call at a lower cost to users of that provider. Mobile broadband Internet penetration increased dramatically over the period, and the ratio is currently close to 50%. Fixed-broadband penetration reached 11% in 2020, which is lower than in other countries in the region.

4.68. A price cap plan for the incumbent fixed-line operator, similar to those implemented in other ECTEL States, remains in place. A new Recommended Retail Price Regulation Regime (RPRR) was approved in March 2022 for 4 years. The RPRR would expire in principle as of 31 December 2025, unless ECTEL determines and recommends that it be either renewed or replaced.<sup>198</sup> However, the authorities indicate that the RPRR had not entered into force as of December 2022. Mobile telephony (call and SMS) termination rates and all interconnection rates continue to be regulated at the ECTEL level (Common Report).

**Table 4.2 Telecommunications statistics, 2016-20**

	2016	2017	2018	2019	2020
Provider revenue (XCD million)	233	216	189	147	141
Investment (XCD million)	28	31	49	70	83
Employment	311	264	221	168	174
Fixed-line penetration (%)	20	20	21	19	16
Mobile penetration (%)	101	100	104	83	81
Fixed Internet penetration (%)	17	18	18	9	11
Mobile broadband penetration (%)	40	46	44	50	48
Local fixed traffic (million minutes)	131	130	131	49	41
Local mobile traffic (million minutes)	142	147	147	78	75
International incoming traffic (million minutes)	9	7	6	5	9
International outgoing traffic (million minutes)	19	17	18	8	6

Source: ECTEL.

4.69. Saint Lucia grants national treatment in telecommunications. No ownership restrictions in the telecommunications sector are applied; foreign and domestic operators are granted the same rights. All major telecommunications markets are fully open to competition. However, full competition is hindered by the small size of the market.

### 4.3.3 Transport

#### 4.3.4 Air transport and airports

4.70. The main law regulating civil aviation is the Civil Aviation Act, No. 7 of 2005, in force since November 2007 as per SI No. 173 of 5 November 2007 (Civil Aviation Act (Commencement) Order, 2007). The Act specifies the criteria to be considered in the granting of an air transport licence: the existence of other air services; the need/demand for the proposed service; and any unfair advantage of the applicant over other operators by reason of the terms of employment of persons employed. Other legislation includes the Civil Aviation (Flight Safety) Regulations, 2020, and the Civil Aviation (Security) Regulations, 2021.

4.71. Foreign investment in domestically incorporated carriers is unrestricted. However, Saint Lucia does not have any fully owned domestically incorporated airlines. One private helicopter transport service provider is incorporated in Saint Lucia (Saint Lucia Helicopter), and Saint Lucia is a shareholder in the regional airline LIAT, currently under bankruptcy procedures. As a result, Saint Lucia has been affected by a worsening of intra-regional air connections. Foreign-based companies provide scheduled services to Canada, the United Kingdom, and the United States, as well as destinations within the Caribbean. Aircraft handling services such as air-start units, high-loaders, passenger stairs, and ground power units are offered on a rental basis. Air cargo services are provided by freight forwarders including FedEx, DHL, and UPS. Cargo facilities include

<sup>198</sup> Recommended Retail Price Regulation Regime (RPRR) applicable to Regulated Services Provided by Cable & Wireless Limited ("C&W") in [ECTEL Member State]. Viewed at: <https://www.ectel.int/wp-content/uploads/2022/02/RPRR-Guidelines.pdf>.

a bonded warehouse, a transit zone, a domestic-cargo-only zone, an animal quarantine station, a fresh meat inspection area, and an express courier centre.

4.72. Air transport policy issues are the responsibility of the Civil Aviation Department in the Ministry of Physical Development. The Saint Lucia Air and Sea Ports Authority (SLASPA) has responsibility for Saint Lucia's ports and airports, as well as port services; controls the navigable waters at all ports and marinas; and manages the two state-owned seaports and the two airports. SLASPA was established by an Act of Parliament, No. 10 of 1983. This Act brought together the Civil Aviation Department of the Ministry of Infrastructure, Ports, Transport, Physical Development and Urban Renewal, and the Port Authority.<sup>199</sup> SLASPA fulfils its civil aviation safety and security obligations under the Chicago Convention on International Civil Aviation. SLASPA also licenses companies to provide ground handling services to airlines. 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. SLASPA's management team is also responsible for setting landing charges. The Air Transport Licensing Board 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.

4.73. The Eastern Caribbean Civil Aviation Authority (ECCAA) is responsible for regulatory oversight regarding safety and security issues. Although there is no foreign participation, there is no legislation precluding it with respect to the provision of auxiliary air transport services. Similarly, there are no foreign investment restrictions on ownership of domestically incorporated carriers. There are, however, legal restrictions on cabotage, where the concept of national airline extends to those registered in other CARICOM countries; there are no domestic carriers. The authorities indicate that this restriction is not enforced.

4.74. There are two airports in Saint Lucia: the George FL Charles Airport, and the Hewanorra International Airport. Both airports are owned by the Government. SLASPA manages the George FL Charles Airport; the Vigie Lighthouse; the Castries Seaport; the Vieux Fort Seaport; the Hewanorra International Airport; the La Place Carenage; the Moule a Chique Lighthouse; the Rodney Bay Marina; and the Marigot Bay. Companies providing services at Hewanorra, the main airport, include Hewanorra Air Cargo Services, a registered and certified IATA Cargo Agent, which is currently the cargo facility operator at Hewanorra International Airport. Amerijet is the main freight forwarder servicing Hewanorra International Airport. Sol Aviation provides aviation services, while Goddard Catering Group is the main caterer servicing all the airlines at Hewanorra International Airport.<sup>200</sup>

4.75. Air traffic at the two airports increased before the pandemic (Table 4.3). There was a sharp decline in 2020 due to the pandemic, and only a partial recovery in 2021.

**Table 4.3 Airport traffic statistics 2014-21**

Year	Aircraft landings			Passengers		
	Arrivals	Departures	Movements	Disembarked	Embarked	Total handled
	George FL Charles					
2014	9,717	10,090	19,807	95,708	99,379	195,087
2015	8,564	8,569	17,133	95,725	96,932	192,657
2016	8,784	8,784	17,568	97,687	98,175	195,862
2017	9,269	9,257	18,526	98,590	98,534	197,124
2018	9,212	9,198	18,410	96,596	96,145	192,741
2019	8,967	8,958	17,925	100,068	98,719	198,787
2020	4,529	4,520	9,049	23,125	24,414	47,539
2021	5,623	5,612	11,235	19,078	19,005	38,083
	Hewanorra					
2012	6,746	6,746	13,492	278,232	278,819	557,051
2013	6,787	6,863	13,650	291,205	294,433	585,638
2014	7,515	7,541	15,056	306,832	307,922	614,754
2015	7,663	7,663	15,326	314,936	317,542	632,478
2016	8,079	8,079	16,158	320,680	324,164	644,844
2017	8,442	8,437	16,879	345,784	350,013	695,797
2018	8,793	8,792	17,585	359,527	353,330	712,857
2019	8,481	8,480	16,961	379,929	384,083	764,012

<sup>199</sup> SLASPA, *About Us*. Viewed at: <https://www.slaspa.com/index.php/about/about-slaspa>.

<sup>200</sup> SLASPA, *Services*. Viewed at: <https://www.slaspa.com/hia/index.php/en/services>.

Year	Aircraft landings			Passengers		
2020	3,973	3,971	7,944	135,309	141,092	276,401
2021	5,607	5,605	11,212	216,731	214,267	430,998

a Excludes in-transit passengers.

Source: SLASPA.

4.76. Saint Lucia collects a travel tax, and departure and arrival and cruise passenger fees.

4.77. Saint Lucia is a contracting state of the ICAO. According to the authorities, Saint Lucia's international air services agreements are bilateral and stipulate up to the fourth freedom. It has one bilateral air services agreement, recorded by ICAO, with Canada. It also has one open-skies agreement with the United Kingdom and one with the United States.

### 4.3.5 Maritime transport and ports

4.78. Maritime transport accounts for over 90% of imports, and most agriculture products are exported by sea. Table 4.4 shows the movement of sea cargo over the 2017-21 period. The bulk of sea cargo experienced a sharp contraction in 2020 as a result of the pandemic and recovered only partly in 2021.

**Table 4.4 Volume of sea cargo 2017-21**

(Tons and TEU)

	Year	Landed quantity	Loaded quantity
(1) Break Bulk (in Tons)		Domestic imports	Domestic exports
	2017	126,213	93,377
	2018	113,878	89,527
	2019	104,629	58,015
	2020	91,359	618
	2021	101,100	1,311
		Transhipment (In)	Transhipment (Out)
	2017	49	10
	2018	767	959
	2019	104	46
	2020	19	0
	2021	0	0
		Subtotal	Subtotal
	2017	126,262	93,387
	2018	114,645	90,486
	2019	104,733	58,061
	2020	91,378	618
	2021	101,100	1,311
	(2) Dry/Liquid Bulk (in Tons)		Domestic imports
2017		52,074	0
2018		48,751	0
2019		52,569	0
2020		27,012	6,284
2021		102,469	19,406
(3) Containers (in TEUs)		Domestic imports	Domestic exports
	2017	18,655	2,566
	2018	84,336	2,509
	2019	22,941	3,869
	2020	21,308	10,016
	2021	22,397	11,035
		Transhipment (In)	Transhipment (Out)
	2017	58	87
	2018	96	160
	2019	155	107
	2020	5	1
	2021	174	76
		Subtotal	Subtotal
	2017	18,713	2,653
	2018	84,432	2,669
	2019	23,096	3,976
	2020	21,313	10,017
	2021	22,571	11,111

Source: SLASPA.

4.79. Saint Lucia acceded to the International Maritime Organization in 2001, and since that time has signed onto a number of its international conventions.

4.80. The main ports in Saint Lucia are Castries and Vieux Fort, owned and administered by the state-owned SLASPA, which also administers the smaller points of entry: Soufriere, Marigot, and Rodney Bay Marina.

4.81. The Shipping Act, Cap 13.27, last amended in 2016 by the Shipping (Amendment) Act (Act No. 14 of 2016), is the main legislation governing maritime transport in Saint Lucia. The 2016 Act introduced important changes, as ownership of Saint Lucian ships is no longer restricted to Saint Lucian citizens and companies headquartered in the country. The Act regulates the Registrar of Ships and confers Saint Lucian flag to ships registered in the Registrar. Under the Act, there are no registration limitations for foreigners, but foreign companies or individuals may register a ship as domestically owned, only if they are registered or established locally. Persons qualified to own ships registered as Saint Lucia vessels are Saint Lucia citizens; CARICOM citizens resident in a CARICOM member State, as long as the ship is engaged in international voyages; individuals or corporations in a joint-venture shipping enterprise with Saint Lucia citizens; corporations established and with a registered office in Saint Lucia; and any other persons determined by the Minister.

4.82. All new commercial fishing vessels are required to be registered and licensed. The vessel must be inspected by the extension officer to ensure it is seaworthy and meet the specifications of a commercial fishing vessel. Certificates of registration are used for entry purposes into other countries.

4.83. There are no restrictions on international maritime passenger and cargo transport services, as bound in Saint Lucia's GATS commitments. Saint Lucia does not place any legal restrictions on cabotage. There are no government-owned cargo vessels, and government cargo is not reserved for domestically flagged vessels. In principle, cabotage by foreign-flag ships would require an authorization from the Minister of Infrastructure, Port Services and Transport; however, cabotage does not take place in Saint Lucia. There are no restrictions on the nationality of the master, officers, and crew on board. Taxes and fees, including registration fees, administration fees for registration, and annual fees and taxes, are levied on maritime transport activities; these often vary according to the gross tonnage.

#### 4.3.6 Tourism

4.84. Tourism is the main economic activity in Saint Lucia, accounting, directly and indirectly, for over 50% of GDP. The COVID-19 pandemic provoked a practical halt of activities in most of 2020 and had also a strongly negative impact on activity in 2021. The participation of accommodation and food service activities in GDP collapsed from 22.2% in 2019 to just 7.6% in 2020, before slightly recovering to 9.9% in 2021. The sector benefited from the support programmes put in place by the Government in 2020 and 2021 (Section 1).

4.85. A recovery seems to have started in 2021 and continued in 2022. The ECCB notes that value added in the accommodation and food services sector grew by 40.3% in 2021, in contrast to a decline of 60.6% in 2020. Growth in the sector was fuelled by the number of stay-over arrivals, which surged by 52.5% in 2021. The key source markets were the United States and the United Kingdom. Activity in the cruise sector remained subdued. As a result of the extended restrictions imposed on cruise ships over the first three quarters of 2021, the number of cruise visitors fell by 68.6% compared to the same period in 2020. The sector has, however, a long way before recovery. According to the ECCB, compared with pre-pandemic figures (2015-19), the stay-over arrivals and cruise ship segments fell by 47.5% and 86.6%, respectively. Arrivals in the last quarter of 2021 were still some 25% below those of the same period in 2019.<sup>201</sup>

4.86. More recent data from the Central Statistical Office (CSO) shows that, although stay-over arrivals increased by some 52.4% in 2021 compared to the previous year, the number of cruise passengers was some 68% lower (Table 4.5). This led to a decline of some 153,000 in the number of total visitors. This level is just a quarter of total arrivals in the pre-pandemic year of 2019.

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<sup>201</sup> ECCB (2022), *2021 Annual Economic and Financial Review: Saint Lucia*. Viewed at: <https://www.eccb-centralbank.org/documents/19>.

**Table 4.5 Selected indicators of the tourism sector, 2014-21**

	2014	2015	2016	2017	2018	2019	2020r	2021p
Total visitor arrivals	1,034,332	1,097,213	1,011,019	1,114,756	1,228,663	1,295,128	454,945	301,675
of which:								
Cruise passengers	641,452	677,394	587,421	669,217	760,306	796,211	297,885	93,610
Stay-over arrivals	338,158	344,908	347,872	386,127	394,780	423,736	130,781	199,347
Yacht arrivals	47,196	65,831	63,243	50,197	63,596	66,202	22,323	4,666
Excursionists	7,526	9,080	12,483	9,215	9,981	8,979	3,956	4,052
Paid bed nights (in millions)	2.46	2.40	2.31	2.56	2.68	2.79	1.04	1.60
Tourist expenditure (XCD million)	2,015.3	2,070.9	1,971.0	2,196.3	2,342.9	2,604.5	..	1,514.6
Stay-over	1,960.2	2,012.7	1,914.5	2,134.8	2,342.9	2,604.5	..	1,514.6
Cruise	55.1	58.2	56.5	61.5	..	..	..	..
Average hotel occupancy	68.4	70.0	61.7	..	..	..	..	..
All-inclusive	77.8	78.0	74.6	..	..	..	..	..
Semi-inclusive hotels <sup>1</sup>	..	..	..	..	..	..	..	..
European Plan	68.8	72.0	60.2	..	..	..	..	..
Small properties	58.5	60.0	59.9	..	..	..	..	..
Average length of stay	8.8	8.7	8.5	8.3	8.4	8.1	8.8	9.0
Cruise ship calls	386	388	383	423	370	431	174	134

.. Not available.

Note: r= revised; p = preliminary.

Source: Saint Lucia Tourism Authority.

4.87. The Ministry of Tourism, Investment, Creative Industries, Culture and Information, through its Tourism Incentives Management Unit, is responsible for formulating and implementing tourism policy. The authorities are seeking to strengthen the regulatory framework through the adoption of national standards and a tourism certificate regime. Saint Lucia has not yet implemented a formal grading and classification scheme for accommodation facilities, or adopted provisions for compulsory insurance coverage. The Saint Lucia Tourism Authority (SLTA) is the body in charge of marketing and promotion activities, in collaboration with the Saint Lucia Hotel and Tourism Association (SLHTA).

4.88. The authorities note that a Tourism Development Bill has been finalized. The Bill seeks to harmonize the legislative framework for the tourism industry; establish industry-wide certification to ensure high-quality minimum standards; broaden the tourism levy and the franchise for fiscal incentives; encourage local ownership through incentives, training, and product development services; and develop a more comprehensive incentives regime to address resilience and post-crisis recovery.

4.89. Saint Lucia applies various tourism-related taxes. Visitors travelling by air are subject to a departure tax (XCD 60), a travel tax (7.5% of the ticket cost), an airport service charge (USD 25), a security fee (XCD 15), and a facilitation fee (XCD 1 per passenger). Visitors passing through Saint Lucia's seaports are subject to an in-transit fee (USD 6.50) and an embark/disembark fee (XCD 15).

4.90. During the review period, a new levy was introduced. The Tourism Levy Act, No. 11 of 2020 provides for the imposition, collection, and remittance of a tourism levy; it entered into force on 1 December 2020. Under this Act, a registered tourism accommodation service provider is deemed to be a collector of a tourism levy, which is destined to finance the destination marketing and activities of Saint Lucia and to provide support to destination management and development. The levy is administered by the SLTA. Its amount depends on the class of accommodation: for Class 1 or Class 3 accommodations it is USD 3 per person each night. For Class 2 or Class 4, USD 6 per person each night. For guests between 12 and 18 years of age, the rate of tourism levy is 50% of the above-mentioned rates. Under the Act, Class 1 accommodation is a registered tourism

accommodation service provider that charges an average daily rate of USD 120 or less; Class 2 is a registered tourism accommodation service provider that charges an average daily rate of USD 121 or more; Class 3 is a registered tourism accommodation service provider that charges a nightly rate of USD 120 or less; and Class 4 is a registered tourism accommodation service provider that charges a nightly rate of USD 121 or more.

4.91. As part of its Strategic Trade Development Roadmap, the Government developed a strategy to strengthen the competitiveness of the business, diversify the tourism offer to create more opportunities for SMEs, and ensure environmental sustainability through targeted policies and enhanced business and public participation (Section 2).

4.92. The Tourism Incentives Act, No. 7 of 1996, as amended by Act No. 4 of 18 April 2013, provides incentives, in the form of exemptions from customs duties, corporate tax, and (for up to 15 years) income taxes, for approved tourism products, on recommendation from the Minister responsible for tourism. Any service or facility considered to be a tourism project is eligible, including hotels, restaurants, and refurbishments. Duty and tax concessions are granted on a case-by-case basis, guided by conditions set out in the Act. Customs duty concessions may be granted on imports of specified articles, building materials, or equipment.

4.93. The Tourism Stimulus and Investment Act, No. 12 of 2014, Cap 15.03, facilitates the further development of the tourism sector and provides for special incentives, tax relief, and exemptions for proposed, new, and existing tourism projects and for related matters. Under this Act, an "Approved Development" meaning a tourism project can be granted tax relief and exemptions from income tax, VAT and other taxes, and corporate tax.

4.94. A few areas of investment/employment activity in tourism remain reserved for nationals. These include the operation of guest houses of less than 10 rooms or below an investment threshold of XCD 500,000, and the operation of restaurants. However, top-class specialty-type restaurants may be allowed to bring in chefs whose skills are required but not available locally.

4.95. The authorities indicate that there are a number of projects to help further develop the tourism sector in the pipeline for the next few years, including encouraging private sector construction in tourism. They note that some investors have already committed to investing in tourism projects. For instance, Sandals has announced the refurbishment of Sandals Halcyon and Sandals La Toc at the cost of USD 30 million; Dreams Cas-En-Bas Resort has commenced construction of 96 rooms at a cost of USD 25 million; and the Pointe Seraphine Marriott Courtyard project has recommenced construction of 140 rooms at a cost of USD 42 million. Under the OECS Regional Tourism Competitiveness Project (ORTCP), a World Bank-funded project, which became effective in 2017 and was aimed at facilitating the increased movement of tourists, improving selected touristic sites, and strengthening implementation capacity in tourism market development in Saint Vincent and the Grenadines, Grenada, and Saint Lucia, XCD 18.77 million have been provided for FY2022/23 to undertake improvement works at the Castries Market Box Park; the Gros Islet Beach Park; the Soufriere Old Trafford Project; the Canaries Maritime Market and Restaurant; the Choiseul Craft Center Rehabilitation; the Marigot Waterfront Development Phase 1; the Anse Ferre Lookout Point; and Buckeye Beach Park. Also, a line of credit of XCD 9 million has been made available by the CARICOM Development Fund for Community Tourism through the Saint Lucia Development Bank. The Community Tourism Project was launched in November 2022 at an estimated cost of XCD 78 million.<sup>202</sup>

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<sup>202</sup> Government of Saint Lucia (2022), "Empowering Our People – Transforming Our Economy", Budget Policy Statement, by Hon. Philip J. Pierre, 26 April 2022. Viewed at: <https://www.govt.lc/media.govt.lc/www/pressroom/news/attachments/prime-minister-final-budget-document--last-copy-m10.pdf>.

## 5 APPENDIX TABLES

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

(USD million and %)

Description	2014	2015	2016	2017	2018	2019	2020	2021
Total exports and re-exports	160.6	180.3	119.7	127.0	62.2	82.1	55.2	59.1
Domestic exports	81.4	91.6	79.9	77.5	40.6	38.6	32.9	37.4
Re-exports	79.1	88.7	39.8	49.5	21.6	43.5	22.3	21.7
	(% of total exports and re-exports)							
0 Food and live animals	6.2	7.4	11.7	11.1	19.3	15.4	18.0	12.1
1 Beverages and tobacco	17.6	16.9	24.5	22.3	27.7	27.8	28.1	30.5
2 Crude materials, inedible, except fuels	5.3	5.6	1.7	3.4	8.6	5.6	9.2	14.7
3 Mineral fuels and related materials	21.4	21.4	2.2	6.4	6.4	4.1	4.0	2.6
4 Animal and vegetable oils, fats and waxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 Chemicals and related products	4.9	5.1	7.5	6.8	3.7	3.3	7.2	5.4
6 Manufactured goods classified by material	8.0	8.5	9.6	9.8	7.5	4.0	3.9	3.8
7 Machinery and transport equipment	15.9	17.3	21.3	19.9	20.1	12.6	10.3	12.6
8 Miscellaneous manufactured articles	20.4	17.4	21.0	20.2	6.4	27.1	19.2	18.1
9 Commodities and transactions not classified elsewhere in SITC	0.3	0.3	0.4	0.2	0.2	0.1	0.1	0.1

Source: Eastern Caribbean Central Bank. Viewed at: <https://www.eccb-centralbank.org/statistics/dashboard-datas/>.



**Table A1.2 Merchandise imports by SITC section, 2014-21**

(USD million and %)

Description	2014	2015	2016	2017	2018	2019	2020	2021
Total imports	627.3	570.2	654.8	655.0	658.8	598.3	504.5	601.4
	(% of total imports)							
0 Food and live animals	21.3	22.6	18.8	20.1	20.6	23.1	24.2	22.9
1 Beverages and tobacco	3.4	3.7	3.6	3.9	2.6	2.7	2.5	2.9
2 Crude materials, inedible, except fuels	1.4	1.9	1.6	1.5	1.7	1.6	1.9	2.3
3 Mineral fuels and related materials	24.6	16.5	19.6	15.8	22.5	18.0	12.1	12.6
4 Animal and vegetable oils, fats and waxes	0.5	0.5	0.4	0.4	0.4	0.4	0.5	0.5
5 Chemicals and related products	7.0	8.5	8.1	7.8	8.9	8.7	10.2	10.7
6 Manufactured goods classified by material	12.7	14.4	14.0	15.9	13.6	14.7	15.3	16.7
7 Machinery and transport equipment	18.6	19.9	22.5	23.0	19.0	20.2	21.9	21.2
8 Miscellaneous manufactured articles	10.5	11.9	11.5	11.7	10.6	10.6	11.2	10.2
9 Commodities and transactions not classified elsewhere in SITC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Eastern Caribbean Central Bank. Viewed at: <https://www.eccb-centralbank.org/statistics/dashboard-datas/>

**Table A3.1 List A items on which suspension of the CET under Article 83 of the Revised Treaty has been granted for an indefinite period subject to review by COTED**

HS subheading	Description	CET	Saint Lucia rate
02.01	Meat of bovine animals, fresh or chilled.		
0201.10.00	Carcasses and half-carcasses	40%	Free
0201.20.10	Other cuts with bone in: Brisket	40%	Free
0201.20.90	Other	40%	Free
0201.30.10	Boneless: Tenderloin	40%	Free
0201.30.20	Boneless: Sirloin	40%	Free
0201.30.30	Minced (ground)	40%	Free
0201.30.90	Boneless: Other	40%	Free
02.02	Meat of bovine animals, frozen.		
0202.10.00	Carcasses and half-carcasses	40%	Free
0202.20.10	Other cuts with bone in: Brisket	40%	Free
0202.20.90	Other cuts in bone: Other	40%	Free
0202.30.10	Boneless: Tenderloin	40%	Free
0202.30.20	Boneless Sirloin	40%	Free
0202.30.30	Boneless: Minced (ground)	40%	Free
0202.30.90	Boneless: Other	40%	Free
02.03	Meat of swine, fresh, chilled or frozen.		
0203.11.00	Meat of swine: fresh or chilled: Carcasses and half-carcasses	40%	Free
0203.12.00	Hams, shoulders and cuts thereof, with bone	40%	Free
0203.19.00	Other	40%	Free
0203.21.00	Meat of swine: frozen: carcasses and half-carcasses	40%	Free
0203.22.00	Hams, shoulders and cuts thereof, with bone	40%	Free
0203.29.00	Other	40%	Free
02.04	Meat of sheep or goats, fresh, chilled or frozen.		
0204.10.00	Carcasses and half-carcasses of lamb, fresh or chilled	40%	Free
0204.21.00	Other meat of sheep, fresh or chilled: Carcasses and half-carcasses	40%	Free
0204.22.00	Other cuts with bone	40%	Free
0204.23.00	Boneless	40%	Free
0204.30.00	Carcasses and half-carcasses of lamb, frozen	40%	Free
0204.41.00	Other meat of sheep, frozen: Carcasses and half-carcasses	40%	Free
0204.42.00	Other cuts with bone	40%	Free
0204.43.00	Boneless	40%	Free
0204.50.00	Meat of goats	40%	Free
02.07	Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen.		
0207.11.00	Of fowls of the species Gallus domesticus: not cut in pieces, fresh or chilled	40%	40%
0207.12.00	Not cut in pieces, frozen	40%	40%
0207.13.00	Cuts and offal, fresh or chilled	40%	40%
0207.14.10	Cuts and offal, frozen: Backs and necks	40%	Free
0207.14.20	Wings	40%	Free
0207.14.30	Livers	40%	Free
0207.14.90	Marinated Chicken Other	40%	Free
0207.24.00	Meat of turkeys: Not cut in pieces, fresh or chilled	40%	Free
0207.25.00	Meat of turkeys: Not cut in pieces, frozen	40%	Free
0207.26.00	Cuts and offal, fresh or chilled	40%	Free
0207.27.10	Cuts and offal, frozen: Backs, necks and wings	40%	Free
0207.27.90	Cuts and offal, frozen: Other	40%	Free
0207.41.00	Meat of ducks: Not cut in pieces, fresh or chilled	40%	Free
0207.42.00	Not cut in pieces, frozen	40%	Free
0207.43.00	Fatty livers, fresh or chilled	40%	Free
0207.44.00	Other, fresh or chilled	40%	Free
0207.45.00	Other, frozen	40%	Free
0207.51.00	Meat of geese: Not cut in pieces, fresh or chilled	40%	Free
0207.52.00	Not cut in pieces, frozen	40%	Free
0207.53.00	Fatty livers, fresh or chilled	40%	Free
0207.54.00	Other, fresh or chilled	40%	Free
0207.55.00	Other, frozen	40%	Free
0207.60	Of guinea fowls:		
03.05	Fish, dried, salted or in brine; smoked fish		
0305.42.00	Herrings ( <i>Clupea harengus</i> , <i>Clupea pallasii</i> )	30%/35%	Free
0305.49.10	Cod, mackerel and alewives	30%/35%	Free
0305.51.00	Dried fish, other than edible fish offal, whether or not salted but not smoked: Cod	30%/35%	Free
0305.59.10	Other: Mackerel	30%/35%	Free

HS subheading	Description	CET	Saint Lucia rate
0305.59.20	Other: Herrings, alewives, saithe, pollock, haddock and hake	30%/35%	Free
0305.61.00	Fish, salted but not dried or smoked and fish in brine, other than edible fish offal: Herrings	30%/35%	Free
0305.62.00	Fish, salted but not dried or smoked and fish in brine, other than edible fish offal: Cod	30%/35%	Free
0305.69.10	Fish, salted but not dried or smoked and fish in brine, other than edible fish offal: Mackerel	30%/35%	Free
0305.69.20	Fish, salted but not dried or smoked and fish in brine, other than edible fish offal: Alewives, saithe, pollock, haddock and hake	30%/35%	Free
04.01.	Milk and cream, not concentrated nor containing added sugar or other sweetening matter		
0401.10.00	Of a fat content, by weight, not exceeding 1%	40%	Free
0401.20.00	Of a fat content, by weight, exceeding 1% but not exceeding 6%	40%	Free
0401.40.00	Of a fat content, by weight, exceeding 6% but not 10%	40%	Free
0401.50.00	Of a fat content, by weight, exceeding 10%	40%	Free
04.02.	Milk and cream, concentrated or containing added sugar or other sweetening matter		
0402.10.00	In powder, granules or other solid forms, of a fat content by weight, not exceeding 1.5%	30%/35%	Free
0402.21.00	In powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5%: not containing added sugar or other sweetening matter	30%/35%	Free
0402.29.00	In powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5%: Other	30%/35%	Free
0402.91.00	Other: Not containing added sugar or other sweetening matter	30%/35%	Free
0402.99.10	Condensed milk	30%/35%	Free
0407.00	Fertilised eggs for incubation: of fowls of the species Gallus domesticus	40%	Free
0407.19.20	Hatching eggs, not for breeder floc. Other:	40%	Free
07.01	Potatoes, fresh or chilled.		
0701.90.00	Other, not including seed potatoes	40%	USD 1.65/100 kg.
07.03	Onions, shallots, garlic, leeks and other alliacious fresh or chilled		
0703.10.10	Onions	40%	USD 1.65/100 kg.
07.10	Vegetables, frozen.		
0710.10.00	Potatoes	40%	USD 0.88/100 kg.
10.05	Maize (corn).		
1005.90.00	Other, not seed corn	40%	Free
1201.10.90	Soya beans, whether or not broken. Other, not for sowing	40%	30%
1201.90	Other	40%	30%
17.01	Cane or beet sugar and chemically pure sucrose, in solid form.		
1701.99.10	Icing sugar	25%	25%
1701.99.90	Other sugar (excluding raw sugar and sugar containing added flavouring or colouring matter)	40%	USD 6.60/100 kg.
2710.19.12	Illuminating kerosene	35%	5%
2710.19.10	Other kerosene	35%	5%
2804.21.00	Argon	10%	10%
3215.90.90	Printing ink: Other inks, not including writing or drawing ink	25%	25%
3923.10.90	Boxes, cases, crates and similar articles: Other, not including egg boxes	25%	Free
3923.90.10	Other: Cups	25%	Free
3923.90.90	Other	25%	Free
4203.29.10	Industrial Gloves	20%	20%
4819.40.90	Other sacks and bags, including cones: Other, printed	25%	25%
6908.10.10	Tiles	25%	10%
6910.10.10	Sinks	25%	20%
6910.10.20	Wash basins and wash basin pedestals	25%	20%
6910.10.30	Baths	25%	20%
6910.10.40	Bidets	25%	20%
6910.10.50	Water closet pans (lavatory bowls)	25%	20%
6910.10.60	Flushing cisterns (tanks)	25%	20%
6910.10.70	Urinals	25%	20%
6910.10.80	Complete lavatory sets	25%	20%
6910.10.90	Other	25%	20%
6910.90.00	Other	25%	20%
8450.11.10	Fully automatic washing machines: For domestic use	30%/35%	25%

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<b>HS subheading</b>	<b>Description</b>	<b>CET</b>	<b>Saint Lucia rate</b>
8450.12.10	Other machines, with built -in centrifugal drier: For domestic use	30%/35%	25%
8450.19.10	Other washing machines: For domestic use	30%/35%	25%

Source: CARICOM.

**Table A3.2 List C items on which suspension of the CET under Article 83 of the Revised Treaty has been granted for an indefinite period subject to review by COTED, 2022**

HS subheading	Description	CET	Saint Lucia rate
0101.29.10	Racehorses, not for breeding	Free	Free
2103.90.50	Sauces and preparations Aromatic bitters	30%	35%
2103.90.60	Other aromatic bitters	30%	35%
2106.90.80	Preparations used in the manufacture of beverages with an alcoholic strength by volume exceeding 0.5% vol	20%	30%
2203.00.10	Beer	30%	USD 10.00/L. gal
2203.00.20	Stout	30%	45%
2203.00.90	Other	30%	45%
2204.10.00	Sparkling wine	15%	30%
2204.21.00	Other wine: grape must with fermentation prevented or arrested by the addition of alcohol: in containers holding 2 litres or less	15%	30%
2204.29.10	Grape must with fermentation prevented or arrested by the addition of alcohol	5%	Free
2204.29.90	Other wine	15%	30%
2204.30.00	Other grape must	5%	30%
2205.10.00	Vermouth and other wine of fresh grapes in containers holding 2 litres or less	15%	30%
2205.90.00	Other	15%	30%
2206.00.10	Shandy	15%	30%
2206.00.90	Other	15%	30%
2207.10.00	Undenatured ethyl alcohol of an alcoholic strength of 80% vol or higher	20%	20%
2207.20.00	Ethyl alcohol and other spirits, denatured, of any strength	0%	20%
2208.20.10	Brandy, in bottles of a strength not exceeding 46% vol.	15%	45%
2208.20.90	Other	15%	45%
2208.30.10	Whiskies In bottles of a strength not exceeding 46% vol	15%	45%
2208.30.90	Other	15%	45%
2208.40.10	Rum In bottles of strength not exceeding 46% vol	25%	45%
2208.40.90	Other	25%	45%
2208.50.10	Gin and Geneva: In bottles of a strength not exceeding 46% vol	20%	45%
2208.50.90	Other	20%	45%
2208.60.00	Vodka	20%	45%
2208.70.00	Liqueurs and cordials	15%	45%
2208.90.90	Other: Other	20%	30%
2402.10.00	Cigars, cheroots and cigarillos, containing tobacco	15%	45%
2402.20.00	Cigarettes containing tobacco	35%	45%
2402.90.00	Other	20%	45%
2403.11.00	Water pipe tobacco	15%	45%
2403.19.00	Other	15%	45%
2403.91.00	Other: "Homogenised" or "reconstituted" tobacco	15%	45%
2403.99.10	Snuff	15%	45%
2403.99.90	Other	15%	45%
2710.12.20	Motor spirit (gasoline)	10%	20%
2710.19.20	Vaporizing oil or white spirit	0%	20%
2710.19.30	Diesel oil	0%	10%
2710.19.40	Gas oils (other than diesel oil)	0%	10%
2710.19.50	Bunker "C" fuel oil	10%	10%
2710.19.73	Lubricating oils	0%	25%
2710.19.74	Lubricating greases	0%	25%
2710.20.10	Motor spirit	10%	
2710.20.30	Lubricating oils	0%	
2710.20.40	Fuel oils	0%	
2710.20.50	Diesel oils	0%	
2710.20.90	Other	0%	
2713.20.00	Petroleum bitumen	10%	20%
2713.90.00	Other residues of petroleum oils or of oils obtained from bituminous minerals	10%	10%
2714.10.00	Bituminous or oil shale and tar sands	10%	20%
2714.90.10	Natural bitumen	10%	10%
2714.90.30	Asphaltes and asphaltic rocks	10%	10%
2715.00.10	Bituminous mixtures based on natural asphalt cutbacks	10%	10%
2715.00.90	Bituminous mixtures, other	10%	10%
3706.10.00	Cinematographic film of a width of 35 mm or more	Free	Free
3706.90.00	Other	Free	Free
4011.10.00	New pneumatic tyres of rubber: Of a kind used on motor cars	5%	25%
4012.11.00	Retreaded tyres: of a kind used on motor cars	5%	25%
4012.12.00	Retreaded tyres: of a kind used on buses or lorries	5%	25%
4013.10.10	Inner tubes, of rubber: Of a kind used on motor cars	5%	25%

HS subheading	Description	CET	Saint Lucia rate
4013.10.90	Inner tubes, of rubber: Of a kind used on buses or lorries	5%	25%
6813.81.00	Brake linings and pads	5%	15%
7007.11.10	Motor car windscreens	5%	15%
7007.21.10	Motor car windscreens	5%	15%
7009.10.00	Rear -view mirrors for vehicles	5%	15%
7013.22.00	Drinking glasses of lead crystal	10%	25%
7013.33.00	Other drinking glasses of lead crystal	10%	25%
7013.41.00	Glassware other than drinking glasses, of lead crystal	10%	25%
7014.00.10	Signalling glassware and optical elements of glass, for road motor vehicles	5%	25%
7101.10.10	Natural pearls: temporarily strung for convenience of transport	25%	30%
7101.10.90	Other natural pearls	25%	30%
7101.21.10	Cultured pearls: unworked: temporarily strung for convenience of transport	25%	30%
7101.21.90	Cultured pearls: unworked: other	25%	30%
7101.22.10	Cultured pearls: worked: temporarily strung for convenience of transport	25%	30%
7101.22.90	Cultured pearls: worked: other	25%	30%
7102.10.00	Diamonds, unsorted	25%	30%
7102.21.00	Diamonds, Industrial: unworked or simply sawn, cleaved or brute	25%	30%
7102.29.00	Other Industrial diamonds	25%	30%
7102.31.00	Diamonds. Non-industrial: Unworked or simply sawn, cleaved or brute	25%	30%
7102.39.00	Other	25%	30%
7103.10.10	Precious stones (other than diamonds) and semi -precious stones Unworked or simply sawn or roughly shaped: Temporarily strung for convenience of transport	25%	30%
7103.10.90	Other	25%	30%
7103.91.00	Rubies, sapphires and emeralds temporarily strung for transport	25%	30%
7103.91.90	Other	25%	30%
7103.99.10	Temporarily strung for convenience of transport	25%	30%
7103.99.90	Other	25%	30%
7104.10.00	Piezo -electric quartz	25%	30%
7104.20.00	Other, unworked or simply sawn or roughly shaped	25%	30%
7104.90.00	Other	25%	30%
7113.11.00	Articles of jewellery of silver, whether or not plated or clad with other precious metal	10%	30%
7113.19.10	Articles of jewellery of gold	10%	30%
7113.19.90	Other	10%	30%
7113.20.00	Of base metal clad with precious metal	10%	30%
7114.11.00	Articles of goldsmiths or silversmiths, of silver,	10%	30%
7114.19.00	Of other precious metal	10%	30%
7114.20.00	Of base metal clad with precious metal	10%	30%
7116.10.00	Articles of natural or cultured pearls	25%	30%
7116.20.00	Of precious or semi -precious stones	25%	30%
7117.11.00	Imitation jewellery: of base metal, cuff-links and studs	25%	30%
7117.19.00	Other	25%	30%
7117.90.00	Other	25%	30%
7320.10.10	Leaf-springs and leaves therefor of iron or steel: For road motor vehicles	5%	20%
7320.20.10	Helical springs: For road motor vehicles	5%	20%
7320.90.10	Other: For road motor vehicles	5%	20%
8302.30.00	Base metal, other mountings, fittings and similar articles suitable for motor vehicles	5%	20%
8407.33.00	Spark -ignition reciprocating or rotary internal combustion piston engines Of a cylinder capacity exceeding 250cc but not exceeding 1000cc	5%	30%
8407.34.00	Of a cylinder capacity exceeding 1000cc	5%	30%
8408.20.00	Compression -ignition internal combustion piston Engines of a kind used for the propulsion of vehicles	5%	30%
8409.91.10	Parts suitable for road motor vehicles	5%	30%
8409.99.10	Other parts suitable for road motor vehicles	5%	30%
8413.30.00	Fuel, lubricating or cooling medium pumps for internal combustion piston engines	5%	30%
8421.23.10	Oil filters	5%	30%
8421.23.20	Petrol filters	25%	30%
8421.31.00	Intake air filters for internal combustion engines	25%	30%
8483.10.10	Transmission shafts for road motor vehicle engines	5%	30%
8483.20.10	Bearing housings for road motor vehicle engines	5%	30%
8483.30.10	Bearing housings, plain shaft bearings for road motor vehicle engines	5%	10%
8483.40.10	Gears and gearing, For road motor vehicle engines	5%	10%
8483.50.10	Flywheels and pulleys, For road motor vehicle engines	5%	10%

HS subheading	Description	CET	Saint Lucia rate
8483.90.10	Parts for road motor vehicle engines	5%	10%
8511.10.00	Sparking plugs	5%	30%
8511.20.00	Ignition magnetos; magneto – dynamos; magnetic flywheels	5%	30%
8511.30.00	Distributors; ignition coils	5%	30%
8511.40.00	Starter motors and dual-purpose starter -generators	5%	30%
8511.50.00	Other generators	5%	30%
8511.80.00	Other equipment	5%	30%
8511.90.00	Parts	5%	30%
8512.20.00	Other lighting or visual signalling equipment	0%	30%
8512.30.00	Sound signalling equipment	0%	30%
8512.40.00	Windscreen wipers, defrosters and demisters	0%	30%
8518.40.00	Audio -frequency electric amplifiers	10%	30%
8519.20.10	Coin or disc -operated record – players	10%	25%
8521.10.00	Video recording or reproducing apparatus Magnetic tape -type	10%	25%
8521.90.00	Other	10%	25%
8523.41.10	Unrecorded Compact discs (CD's)	5%	25%
8523.49.10	Recorded Compact discs (CD's)	5%	25%
8539.10.00	Sealed beam lamp units	0%	30%
8543.70.20	Sound mixing units (equalisers) for domestic use	10%	30%
8702.10.21	Other coaches, buses and minibuses, of a seating capacity not exceeding 21 persons (including the driver)	5%	35%
8702.10.22	Other coaches, buses and minibuses, of a seating capacity not exceeding 21 persons but not exceeding 29 persons (including the driver)	5%	35%
8702.10.23	Other coaches, buses and minibuses, of a seating capacity exceeding 29 persons (including the driver)	5%	35%
8702.10.29	Other	5%	35%
8702.20.21	Other coaches, buses and minibuses, of a seating capacity not exceeding 21 persons (including the driver)	5%	35%
8702.20.22	Other coaches, buses and minibuses, of a seating capacity not exceeding 21 persons but not exceeding 29 persons (including the driver)	5%	35%
8702.20.23	Other coaches, buses and minibuses, of a seating capacity exceeding 29 persons (including the driver)	5%	35%
8702.20.29	Other	5%	35%
8702.30.21	Other coaches, buses and minibuses, with both spark -ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion of a seating capacity not exceeding 21 persons (including the driver)	5%	35%
8702.30.22	Other coaches, buses and minibuses, of a seating capacity not exceeding 21 persons but not exceeding 29 persons (including the driver)	5%	35%
8702.30.23	Other coaches, buses and minibuses, of a seating capacity exceeding 29 persons (including the driver)	5%	35%
8702.30.29	Other	5%	35%
8704.40.21	Other coaches, buses and minibuses with only electric motor for propulsion of a seating capacity not exceeding 21 persons (including the driver)	5%	35%
8704.40.22	Other coaches, buses and minibuses, of a seating capacity not exceeding 21 persons but not exceeding 29 persons (including the driver)	5%	35%
8704.40.23	Other coaches, buses and minibuses, of a seating capacity exceeding 29 persons (including the driver)	5%	35%
8704.40.29	Other	5%	35%
8702.90.0 0	Other	5%	35%
8702.90.21	Other coaches, buses and minibuses, of a seating capacity not exceeding 21 persons (including the driver)	5%	35%
8702.90.	Other coaches, buses and mini – buses, of a seating capacity not exceeding 21 persons but not exceeding 29 persons (including the driver)	22 5%	35%
8702.90.23	Other coaches, buses and minibuses, of a seating capacity exceeding 29 persons (including the driver)	5%	35%
8702.90.29	Other	5%	35%
8703.21.90	Other vehicles, with spark -ignition internal combustion reciprocating piston engine of a cylinder capacity not exceeding 1000cc: Other	10%	35%
8703.22.90	Of a cylinder capacity exceeding 1,000cc but not exceeding 1,500cc: Other	10%	35%
8703.23.20	Of a cylinder capacity exceeding 1,500cc but not exceeding 1,599cc	10%	35%
8703.23.30	Of a cylinder capacity exceeding 1,599cc but not exceeding 1,800cc	10%	35%
8703.23.40	Of a cylinder capacity exceeding 1,800cc but not exceeding 2,000cc	10%	35%
8703.23.50	Of a cylinder capacity exceeding 2,000cc but not exceeding 2,500cc	10%	35%
8703.23.60	Of a cylinder capacity exceeding 2,500cc but not exceeding 3,000cc	10%	35%
8703.24.90	Of a cylinder capacity exceeding 3000cc: Other	10%	35%

HS subheading	Description	CET	Saint Lucia rate
8703.31.90	Other vehicles, with compression – ignition internal combustion piston engine (diesel or semi-diesel): Of a cylinder capacity not exceeding 1,500cc: Other	10%	35%
8703.32.21	Other of a cylinder capacity exceeding 1,500cc but not exceeding 1,599cc	10%	35%
8703.32.22	Other of a cylinder capacity exceeding 1,599cc but not exceeding 1,800cc	10%	35%
8703.32.23	Other of a cylinder capacity exceeding 1,800cc but not exceeding 2,000cc	10%	35%
8703.32.24	Other of a cylinder capacity exceeding 2,000cc but not exceeding 2,500cc	10%	35%
8703.33.33	Of a cylinder capacity exceeding 2500cc: Other	10%	35%
8703.90.00	Other	10%	35%
8703.40.00	Other vehicles, with both spark – ignition internal combustion reciprocating piston engine and electric motor as motors for propulsion, other than those capable of being charged by plugging to external source of electric power	10%	35%
8703.50.00	Other vehicles, with both compression -ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion, other than those capable of being charged by plugging to external source of electric power	10%	35%
8703.60.00	Other vehicles, with both spark – ignition internal combustion reciprocating piston engine and electric motor as motors for propulsion, capable of being charged by plugging to external source of electric power	10%	35%
8703.70.00	Other vehicles, with both compression -ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion, capable of being charged by plugging to external source of electric power	10%	35%
8703.80.00	Other vehicles, with only electric motor for propulsion	10%	35%
8703.90.00	Other	10%	35%
8704.10.00	Motor vehicles for the transport of goods. Dumpers designed for off-highway use	5%	20%
8704.21.90	Other, with compression -ignition internal combustion piston engine (diesel or semi-diesel): g.v.w. not exceeding 5 tonnes: Other	5%	20%
8704.22.90	g.v.w. exceeding 5 tonnes but not exceeding 20 tonnes: Other	5%	20%
8704.23.90	g.v.w. exceeding 20 tonnes: Other	5%	20%
8704.31.90	Other, with spark -ignition internal combustion piston engine: g.v.w. not exceeding 5 tonnes: Other	5%	20%
8704.32.90	Other g.v.w. exceeding 5 tonnes:	5%	20%
8704.90.00	Other	5%	20%
8708.10.00	Bumpers and parts thereof	0%	30%
8708.21.00	Safety seat belts	0%	30%
8708.29.00	Other	0%	30%
8708.30.19	Other mounted brake linings	0%	30%
8708.30.99	Other brakes, servo -brakes and parts thereof	0%	30%
8708.40.90	Gear boxes and parts thereof: Other	0%	30%
8708.50.90	Drive -axles with differential:	0%	30%
8708.70.90	Road wheels and parts and accessories thereof: Other	0%	30%
8708.80.90	Suspension systems and parts thereof (including shock – absorbers): Other	0%	30%
8708.91.90	Radiators and parts thereof: Other:	0%	30%
8708.92.90	Silencers (mufflers) and exhaust pipes; parts thereof: Other	0%	30%
8708.93.90	Clutches and parts thereof: Other	0%	30%
8708.94.90	Steering wheels, steering columns and steering boxes; parts thereof: Other	0%	30%
8708.95.00	Safety airbags with inflator system; parts thereof	0%	30%
8708.99.30	Compressed Natural Gas (CNG) Systems	0%	30%
8708.99.90	Other	0%	30%
9006.40.00	Instant print cameras	10%	25%
9006.51.00	Other cameras: with a through -the -lens view – finder (single lens reflex (SLR)), for roll film of a width not exceeding 35 mm	10%	25%
9006.52.00	Other, for roll film of a width less than 35 mm	10%	25%
9006.53.00	Other, for roll film of a width of 35 mm	10%	25%
9006.59.00	Other	10%	25%
9101.11.00	Wrist watches, pocket watches and other watches with mechanical display only	10%	25%
9101.19.00	Other	10%	25%
9101.21.00	Other wrist watches with automatic winding	10%	25%
9101.29.00	Other	10%	25%
9101.91.00	Electrically operated	10%	25%
9101.99.00	Other	10%	25%



HS subheading	Description	CET	Saint Lucia rate
9102.11.00	Wrist watches, pocket watches and other watches with mechanical display only	10%	25%
9102.12.00	With opto-electronic display only	10%	25%
9102.19.00	Other	10%	25%
9102.21.00	With automatic winding	10%	25%
9102.29.00	Other	10%	25%
9102.91.00	Electrically operated	10%	25%
9102.99.00	Other	10%	25%
9103.10.00	Clocks Electrically operated	20%	25%
9103.90.00	Other	20%	25%
9104.00.00	Instrument panel clocks and clocks of a similar type for vehicles, aircraft, spacecraft or vessels	20%	25%
9105.11.00	Alarm clocks: electrically operated	20%	25%
9105.19.00	Other	20%	25%
9105.21.00	Wall clocks: electrically operated	20%	25%
9105.29.00	Other	20%	25%
9105.91.00	Electrically operated	20%	25%
9105.99.00	Other	20%	25%
9108.11.00	Watch movements, with mechanical display only or with a device to which a mechanical display can be incorporated	5%	25%
9108.12.00	With opto-electronic display only	25%	25%
9108.19.00	Other	25%	25%
9108.20.00	With automatic winding	25%	25%
9108.90.00	Other	25%	25%
9110.11.00	Complete movements of watches, unassembled or partly assembled (movement sets)	25%	25%
9110.12.00	Incomplete movements, assembled	25%	25%
9110.19.00	Rough movements	25%	25%
9113.10.00	Watch straps, watch bands and watch bracelets, Of precious metal or of metal clad with precious metal	25%	25%
9302.00.00	Revolvers and pistols	25%	70%
9303.10.00	Muzzle -loading firearms	25%	70%
9303.20.00	Other sporting, hunting or target-shooting shotguns, including combination shotgun rifles	25%	70%
9303.30.00	Other sporting, hunting or target-shooting rifles	25%	70%
9303.90.90	Other	25%	70%
9304.00.00	Other arms, excluding those of heading 9307.00.00	25%	70%
9305.10.00	Parts and accessories of revolvers or pistols	25%	70%
9305.20.00	Of shotguns or rifles	25%	70%
9305.91.00	Of military weapons	25%	70%
9305.99	Other	25%	70%

Source: CARICOM.

**Table A3.3 Excise tax rates on selected products, 2022**

(XCD and % of c.i.f. value)

Description	Tax (XCD/%)
2203001010 Beer in 20 litre metal containers	USD 0.55/Litre
2203001020 Beer in other metal containers	USD 2.05/Litre
2203001040 Beer in glass containers	USD 0.37/Litre
2203001090 Beer in other containers	USD 1.44/Litre
2203002010 Stout in metal containers	USD 2.05/Litre
2203002020 Stout in glass containers	USD 0.37/Litre
2203002090 Stout in other containers	USD 0.94/Litre
22030090 Other	USD 4.68/Litre
22041000 Sparkling wine	USD 3.70/Litre
22042100 In containers holding 2 litres or less	USD 4.70/Litre
22042910 Grape must with fermentation prevented or arrested by addition of alcohol	USD 3.80/Litre
22042990 Other	USD 3.90/Litre
22043000 Other grape must	USD 0.50/Litre
22051000 In containers holding 2 litres or less	USD 4.45/Litre
22059000 Other	USD 3.30/Litre
22060010 Shandy	12%
22060090 Other	0%
22071000 Undenatured ethyl alcohol of an alcoholic strength by volume of 80% or higher	USD 0.50/Litre
22072000 Ethyl alcohol and other spirits, denatured, of any strength	16%
22082010 Brandy, in bottles of a strength not exceeding 46%	USD 12.50 /Litre
22082000 Other	USD 8.50/Litre
22083010 Whiskies in bottles of a strength not exceeding 46% in volume	USD 10.70 /Litre
22083090 Other whiskies	USD 12.50 /Litre
2208401010 Unmatured rum	USD 1.30/Litre
2208401090 Other rum	USD 8.40/Litre
22084090 Other	USD 7.10/Litre
22085010 Gin and geneva in bottles of a strength not exceeding 46% volume	USD 12.95/Litre
22085090 Other gin and geneva	USD 7.10/Litre
22086000 Vodka	USD 12.40/Litre
22087000 Liqueurs and cordials	7%
22089020 Other aromatic bitters	5%
22089090 Other	USD 10.15/Litre
24011000 Tobacco, not stemmed/stripped	USD 125.60/kg
24012000 Tobacco refuse	USD 125.60/kg
24021000 Cigars, cheroots and cigarillos, containing tobacco	USD 125.60/kg
24022000 Cigarettes containing tobacco	USD 176.00/1000 sticks
24029000 Other	USD 176/1000 sticks
24031000 Smoking tobacco	USD 125.60/kg
24039100 Homogenised or reconstituted tobacco	USD 125.60/kg
24039910 Snuff	USD 125.60/kg
24039990 Other	USD 125.60/kg
27101130 Motor spirit (gasoline)	USD 1.05/litre
27101910 Kerosene type jet fuel	USD 1.10/litre
27101920 Illuminating kerosene	USD 0.00/litre
27101940 Diesel oil	USD 0.33/kg
27111911 In containers of 9.07 kg	USD 0.00/kg
27111912 In containers of 45.36 kg	USD 0.33/kg
27111914 In containers exceeding 45.36 kg	USD 0.00/kg
36010000 Propellant powders	64%
36020000 Prepared explosives, other than propellant powders	61%
36030000 Safety fuses; detonating fuses; percussion or detonating caps; igniters;	61%
36041000 Fireworks	38%
36049010 Rain rockets	0%
36049090 Other	0%
36061000 Liquid or liquefied gas fuels used to fill or refill lighters of a capacity of not more than 300 cm <sup>3</sup>	15%
36069000 Other	20%
87021010 Coaches, buses & mini buses, of a seating capacity not exceeding 21 persons knocked down for assembly in approved plants	39% +
87021020 Other coaches and buses not exceeding 21 passengers	0% +
87021030 Coaches, buses and minibuses, of a seating capacity exceeding 21 persons	30% +
87021040 Other coaches, buses and minibuses, of a seating capacity > 21 persons	0% +
87021050 Coaches, buses and minibuses, of a seating capacity exceeding 29 persons knocked down for assembly in approved plants	30% +
87021060 Other coaches of a capacity exceeding 29 passengers	0% +
87021090 Other	0% +
87029010 Other: coaches, buses & mini buses, of a seating capacity <= 21 persons	39% +
87029020 Other coaches, buses & mini buses, of a seating capacity <= 21 persons	11% +

Description	Tax (XCD/%)
87029030 Coaches, buses & mini buses, of a seating capacity > 21but <= 29 persons	30% +
87029040 Other coaches and buses exceeding 21 but less than 29 passengers	0% +
87029050 Coaches, buses & mini buses, of a seating capacity exceeding 29 persons	30% +
87029060 Other coaches, buses & mini buses of a seating capacity exceeding 21 persons	44% +
87029090 Other motor vehicles for transport of 10 or more persons	11% +
87031000 Vehicles specially designed for travelling on snow; golf cars, etc.	19% +
87032110 Motor cars and other motor vehicles principally designed for the transport of <10 persons, with engine of a cylinder capacity <= 1.000 cc, new, completely knocked down for assembly in approved plants.	12% +
87032190 Motor cars...with engine of a cylinder capacity <= 1.000 cc, used (other)	0% +
87032210 Motor cars...with engine of a cylinder capacity > 1000 cc but <= 1500 cc, new, completely knocked down for assembly in approved plants	12% +
87032290 Motor cars...with engine > 1000 cc but <= 1500 cc, used (other)	0% +
87032310 Of a cylinder capacity exceeding 1500cc but not exceeding 1800cc, completely knocked down for assembly in approved plants.	12% +
87032320 Of a cylinder capacity exceeding 1500cc but not exceeding 1800cc	0% +
87032330 Of a cylinder capacity exceeding 1800cc but not exceeding 2000cc	25% +
87032340 Of a cylinder capacity exceeding 2000cc but not exceeding 3000cc	46% +
87032410 Cylinder capacity exceeding 3000cc knocked down for assembly in plants	30% +
87032490 Of a cylinder capacity exceeding 3000cc: other	56% +
87033110 Diesel motor cars less than 1500cc. knocked down for assembly in plants	21% +
87033190 Diesel motor cars less than 1500cc, other	0% +
87033210 Cylinder capacity exceeding 1500cc but <= 2000cc knocked down for plants	17% +
87033220 Diesel motor cars exceeding 1500cc but less than 2000cc	17% +
87033230 Cylinder capacity > 2000cc but <= 2500cc, down for assembly in plants	26% +
87033240 Diesel motor cars exceeding 2000cc but less than 2500cc	25% +
87033310 Cylinder capacity exceed. 2500cc: knocked down for assembly in plants.	30% +
87033390 Diesel motor cars exceeding 2500cc, other	25% +
87039000 Other diesel cars designed principally for transportation	25% +
87041000 Dumpers designed for off-highway use	19% +
87042110 G.V.W. not exceeding 5 tonnes: knocked down for assembly in plants	21% +
87042190 Diesel trucks and pickups not exceeding 5 tonnes	19% +
87042210 G.V.W. > 5 tonnes but <= 20 tonnes: knocked down for assembly in plants	21% +
87042290 G.V.W. exceeding 5 tonnes but not exceeding 20 tonnes: other	27% +
87042310 G.V.W. exceeding 20 tonnes: knocked down for assembly in plants, etc.	21% +
87042390 G.V.W. exceeding 20 tonnes: other	19% +
87043110 G.V.W. not exceeding 5 tonnes: knocked down for assembly in plants.	21% +
87043190 G.V.W. not exceeding 5 tonnes: other	32% +
87043210 Completely knocked down for assembly in plants approved for authority	21% +
87043290 Other G.V.W. exceeding 5 tonnes	32% +
87049000 Other motor vehicles for the transport of goods	32% +
87051000 Crane lorries	39% +
87054000 Concrete mixer lorries	39% +
87059000 Other special purpose motor vehicles	38% +
87071000 Bodies for the vehicles of heading #87.03	40%
87079010 Bus bodies	40%
87079090 Other bodies (including cabs) for the motor vehicles of heading 87.01-87	23%
87083110 Mounted brake linings for tractors	23%
87083910 Other parts for tractors	23%
87084010 Gear boxes for tractors	23%
87085010 Drive axles with differential for tractors	23%
87086010 Nondriving axles for tractors	23%
87087010 Road wheels & parts & accessories thereof for tractors	23%
87088010 Suspension shock absorbers for tractors	23%
87089110 Radiators for tractors	23%
87089210 Silencers & exhaust pipes for tractors	23%
87089310 Clutches & parts thereof	23%
87089410 Steering wheels for tractors	23%
87089910 Other parts for tractors	23%
87111010 Motorcycles for the transport of goods	27%
87112010 Motorcycles with reciprocating internal combustion for the transport of goods	27%
87113010 Scooters with reciprocating internal combustion piston engine of a cylinder capacity exceeding 250 cc but not exceeding 500 cc.	27%
87114010 For transport of goods piston engine. not exceeding 800cc but exceeding 500cc	27%
87119010 Other worked trucks for the transporting of goods	27%
87141100 Saddles of motorcycles	23%
87141900 Other parts & accessories of vehicles of heading # 87.11-87.13	23%
93011100 Self-propelled	0%
93011900 Other	0%
93012000 Rocket launchers; flame-throwers, grenade launchers, etc.	0%
93019000 Other	0%
93020000 Revolvers and pistols	0%

Description	Tax (XCD/%)
93031000 Muzzle-loading firearms	0%
93033000 Other sporting, hunting or target-shooting firearms	0%
93039000 Other	0%
93040000 Other arms	0%
93051000 (parts) Of revolvers or pistols	0%
93052100 Shotgun barrels	0%
93052900 Other	0%
93059100 (parts) Of military weapons	0%
93059900 Other	0%
93061000 Cartridges for riveting or similar tools or for captive bolt humane killers	0%
93062910 Parts	88%
93062990 Other	0%
93063010 Parts	68%
93063090 Other	0%
93069000 Other	0%

Note: + plus XCD 1,000.

Source: WTO Secretariat, based on the Excise Tax Act and amendments.