

**ANNEX 6 – SAINT VINCENT AND THE GRENADINES**

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## 1 ECONOMIC ENVIRONMENT

### 1.1 Main Macroeconomic Developments

#### 1.1.1 Real economy

1.1. The economy of St. Vincent and the Grenadines is dominated by the services sector, which accounted for about 64% of GDP throughout the review period (Table 1.1). The main service activities are real estate, wholesale and retail trade, transportation, services provided by the Government, financial intermediation, and education. The undeveloped hospitality infrastructure and the very limited air access have hitherto restricted the development of tourism. However, the subsector has the potential to become the economy's central pillar and its GDP contribution could increase rapidly after the forthcoming inauguration of a large-capacity international airport (section 4.3.3).

**Table 1.1 Selected macroeconomic indicators, 2007-13**

	2007	2008	2009	2010	2011	2012	2013 <sup>a</sup>
<b>Real sector</b>							
Nominal GDP (market prices, EC\$ million)	1,847	1,878	1,822	1,840	1,828	1,875	1,945
Real GDP (2006 prices, EC\$ million)	1,456	1,449	1,419	1,387	1,391	1,412	1,444
GDP per capita (EC\$)	18,463	18,950	18,172	18,141	18,229	18,609	..
Real GDP growth (%)	3.0	-0.5	-2.0	-2.3	0.3	1.5	2.3
<b>GDP components</b>				(%)			
Total consumption	100.2	102.3	104.9	105.0	104.5	106.8	103.0
Government final consumption	15.7	16.9	17.3	15.5	17.2	17.9	17.9
Private final consumption	84.4	85.4	87.7	89.5	87.3	88.8	85.1
Gross capital formation	27.6	29.4	24.1	25.2	24.1	23.6	26.7
Transportation	1.6	2.4	1.4	1.5	1.1	1.4	1.6
Other machinery and equipment	5.8	8.6	5.1	7.0	6.4	6.4	7.2
Construction	20.3	18.5	17.6	16.7	16.6	15.9	17.9
Goods and services	-27.8	-31.7	-29.0	-30.2	-28.6	-30.5	-29.7
Exports of goods and services	31.0	30.2	28.5	26.9	27.0	27.1	27.0
Exports of goods	7.5	8.2	7.9	6.6	6.4	6.9	6.9
Exports of services	23.5	22.0	20.6	20.3	20.6	20.2	20.1
Imports of goods and services	58.8	61.9	57.5	57.1	55.6	57.5	56.7
Imports of goods	42.1	47.3	43.5	43.7	43.2	45.4	44.4
Imports of services	16.7	14.7	14.0	13.4	12.5	12.2	12.4
Gross national saving	-0.4	-3.7	-5.2	-5.4	-5.3	-4.2	-0.1
Foreign saving	28.0	33.1	29.2	30.6	29.4	27.8	26.8
<b>GDP by economic activity</b>				(%)			
Agriculture, livestock and forestry	5.0	5.3	5.5	5.7	6.0	5.8	5.8
Crops	3.9	4.2	4.3	4.7	4.8	4.7	4.8
Bananas	0.7	0.5	0.4	0.3	0.0	0.0	0.0
Other Crops	3.2	3.7	3.9	4.4	4.8	4.7	4.7
Livestock	1.0	1.1	1.1	0.9	1.1	1.0	1.0
Forestry	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Fishing	0.4	0.3	0.5	0.4	0.4	0.4	0.3
Mining & quarrying	0.3	0.3	0.3	0.2	0.2	0.1	0.1
Manufacturing	4.7	4.1	4.5	4.8	4.7	4.3	4.2
Electricity & water	3.7	3.3	3.5	3.9	3.6	3.9	3.9
Construction	9.2	8.4	8.0	7.6	7.5	7.2	8.1
Wholesale & retail trade	12.7	13.6	12.4	12.1	12.0	12.2	12.4
Hotels & restaurants	3.0	2.7	2.0	1.7	2.0	2.0	1.9
Hotels	2.4	2.1	1.4	1.2	1.4	1.4	1.3
Restaurants	0.6	0.6	0.5	0.5	0.6	0.6	0.6
Transport, storage and communications	12.8	12.5	12.2	11.8	11.8	11.7	11.5
Transport and storage	8.3	8.2	8.2	8.2	8.0	7.8	7.6
Communications	4.4	4.3	3.9	3.6	3.9	3.9	3.9
Financial Intermediation	6.6	6.4	6.1	6.2	5.2	5.6	5.6
Real estate, renting and business activities	12.6	12.5	12.7	12.8	13.3	13.0	12.7
Public administration, defence & compulsory social security	6.4	7.0	7.9	9.2	9.7	10.0	9.9
Education	4.9	3.8	4.6	4.7	5.0	5.2	5.1
Health and social work	2.3	2.4	2.4	2.6	2.7	2.8	2.7
Other community, social & personal services	1.9	2.1	2.2	1.9	1.8	1.9	1.9
Activities of private households as employers	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Less: FISIM	1.1	1.1	1.1	1.1	1.0	1.1	1.1
Plus: Product taxes	14.6	16.4	16.3	15.5	14.9	14.9	14.8
Less: Subsidies on products	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Consumer Price Index (2008=100, % change, period average)	7.0	10.1	0.5	0.8	3.2	2.6	..

	2007	2008	2009	2010	2011	2012	2013 <sup>a</sup>
<b>General Government finance<sup>b</sup></b>	(% of GDP at market prices)						
Current revenue	23.5	26.1	25.6	26.3	25.3	25.2	22.8
Current expenditure	20.5	22.9	25.8	25.7	27.1	26.1	24.0
Current account balance	3.0	3.1	-0.2	0.6	-1.8	-0.9	-1.2
Primary balance	0.0	1.9	1.1	0.0	-0.2	0.3	-0.7
Overall fiscal balance (after grants)	-2.5	-0.6	-1.7	-2.9	-2.7	-2.1	-2.9
Total public debt	53.7	57.1	63.5	65.5	68.2	72.1	..
Public sector external debt (end of period)	27.7	30.1	31.9	40.8	42.5	39.7	..
<b>Money and interest rates<sup>c</sup></b>							
Money supply, M1 (EC\$ million, end of period)	398	386	359	345	331	361	388
Broad money, M2 (EC\$ million, end of period)	1,063	1,083	1,086	1,114	1,110	1,184	1,282
Prime lending rate (% , end of period)	9	9	9	9	9	9	9

.. Not available.

a Projections.

b For the year 2013, data cover the period January-June.

c For the year 2013, data cover the period January-September.

Source: Eastern Caribbean Central Bank, *Annual Economic and Financial Review* (2011) and (2012); National Account Statistics 2011; ECCB online statistics. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>; and Saint Vincent and the Grenadines Statistical Office, Central Planning Division, Ministry of Finance & Planning, online information. Viewed at: <http://www.stats.gov.vc/LinkClick.aspx?fileticket=I25WnV1ycDY%3d&tabid=103&mid=504>.

1.2. Construction maintained a GDP share of approximately 8% during the review period, on account of continued dynamism in public spending on infrastructure, and private investments in accommodation facilities. The Government's ambitious plans, including further airport and seaport rationalization, are likely to sustain that momentum. Despite the adverse impact of several natural disasters, agriculture continued to account for some 6% of GDP in 2013, largely due to continued output diversification. The manufacturing sector remains relatively small, with a GDP contribution of less than 5%. Both agriculture and manufacturing continue to depend heavily on fiscal incentives in order to cope with the disadvantages posed by weak domestic demand, difficult access to credit, and high energy, transport, and telecommunications costs.

1.3. St. Vincent and the Grenadines remains a net food importer; its agricultural trade deficit widened during the review period. In addition, the country's energy matrix continues to be dominated by imported fossil fuels; diesel imports, supplied mainly under a favourable long-term credit arrangement with Venezuela, account for some 80% of all domestically generated electricity.<sup>1</sup> The vulnerability of the economy is further exacerbated by its heavy dependence on external financing, by way of foreign direct investment, grants, loans, and remittances.

1.4. Several unfavourable events, including a series of natural disasters, the global economic crisis and the collapse of major insurance companies in the sub-region (Common Report), severely tested the resilience of the Vincentian economy during the review period.<sup>2</sup> In these difficult circumstances, real GDP contracted during 2008-10, but returned to an upward trajectory from 2011 (Table 1.1). The fiscal position deteriorated somewhat, but the overall fiscal deficit, after grants remained at annual levels of under 3% of GDP; the deficit before grants hovers around 6% of GDP. At end-September 2012, the total public debt of St. Vincent and the Grenadines amounted to EC\$1.31 billion (approximately 69.9% of GDP), with the external component accounting for some 57% (EC\$747.3 million).<sup>3</sup>

### 1.1.2 Fiscal policy and structural reforms

1.5. The authorities have committed to post primary surpluses; a surplus was recorded in most years of the period under review, but deterioration was expected for 2013. The Government has tried to keep expenditure under control by rationalizing public sector purchases of goods and services, and improving the management of state-owned enterprises. By and large, recurrent

<sup>1</sup> Government of St. Vincent and the Grenadines (2013).

<sup>2</sup> At end 2012, the losses incurred from natural disasters, and liabilities exposure due to the demise of regional insurers were estimated at over EC\$625 million or nearly a third of GDP. In December 2013, St. Vincent and the Grenadines again suffered torrential rains, causing massive flooding and huge landslides; their economic cost is yet to be assessed.

<sup>3</sup> Government of St. Vincent and the Grenadines (2013).

budgetary outlays were reasonably restrained, except for expenditure on wages and pensions<sup>4</sup>; spending pressures were partially mitigated by a declining birth rate and higher net migration overseas.

1.6. The Government of St. Vincent and the Grenadines has continued to pursue creative funding options for its infrastructure investments, including through grants, concessionary loans, and public-private sector partnerships, so as not to place a serious burden on the Treasury. The authorities also persevered in their commitment to the Educational Revolution launched in 2001; some 20% of the total recurrent budget and 15% of total capital spending, annually, were allocated to education.

1.7. During the review period, the authorities increased the rates of excise tax on most goods subject to it, as well as various administrative fees; plans were also announced to gradually replace specific excise tax rates by *ad valorem* rates.<sup>5</sup> In addition, the property tax assessment base was reformed through a transition from a rental-value to a market-value system as from January 2013. According to Government estimates, this reform would broaden coverage by some 10,000 taxpayers, resulting in additional annual revenue of EC\$3.2 million. Efforts to improve revenue collection brought about the implementation of an electronic filing system at Inland Revenue and a migration to ASYCUDA World at Customs (section 3.1.1). Nevertheless, the authorities acknowledge residual weaknesses in tax administration, notably in risk management and audit techniques.<sup>6</sup>

1.8. The deteriorating financial sustainability of the two public pension schemes, National Insurance Services and the Public Service Pension System, prompted the Government to announce a series of parametric reforms to be implemented gradually from January 2014.<sup>7</sup> The feasibility of merging the two schemes was also being studied.

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

1.9. St. Vincent and the Grenadines applies the common monetary and exchange policies of the Eastern Caribbean Currency Union (Common Report). During 2007-12, inflation fluctuated between a low of 0.5% and a peak of 10.1% (Table 1.1), but the average annual rate was moderate (4%). By and large, inflationary pressures mirrored the trends in international food and fuel prices.

1.10. The current account of the balance of payments remained in deficit throughout 2007-12. The goods and income components continued to post structural deficits that could not be offset by the surpluses on services and current transfers (Table 1.2). The overall deficit was largely attributable to the merchandise trade balance; St. Vincent and the Grenadines continued to import merchandise worth six to seven times the annual value of its goods exports. The current account deficits have been financed mainly by foreign direct investment and long-term loans.

**Table 1.2 Balance of payments, 2007-12**

(EC\$ million and %)

	2007	2008	2009	2010	2011	2012 <sup>a</sup>
<b>Current account</b>	<b>-518</b>	<b>-622</b>	<b>-533</b>	<b>-562</b>	<b>-537</b>	-521
Goods and services	-513	-596	-528	-556	-523	-577
Goods	-639	-733	-649	-682	-672	-722
Merchandise	-648	-746	-657	-692	-685	-734
Exports	129	141	135	111	104	115
Imports	776	886	793	803	788	849
Goods procured in ports by carriers	9	12	8	10	13	12
Services	126	137	121	126	149	144
Transportation	-90	-109	-101	-94	-93	-105
Travel	243	212	197	193	212	217

<sup>4</sup> Public servants were accorded salary increases of 4% in 2009, 5% in 2010, and 1.5% effective January 2011.

<sup>5</sup> Government of St. Vincent and the Grenadines (2012).

<sup>6</sup> Government of St. Vincent and the Grenadines (2012).

<sup>7</sup> Government of St. Vincent and the Grenadines (2013).

	2007	2008	2009	2010	2011	2012 <sup>a</sup>
Insurance services	-21	-22	-19	-19	-18	-21
Other business services	18	61	57	57	54	62
Government services	-24	-4	-14	-10	-6	-9
Income	-59	-62	-35	-33	-35	-10
Compensation of employees	16	11	19	17	16	20
Investment income	-75	-73	-54	-50	-51	-30
Current transfers	54	36	31	27	21	67
General Government	23	-1	0	-2	-6	33
Other sectors	32	36	31	29	27	34
<b>Capital and financial account</b>	<b>514</b>	<b>571</b>	<b>550</b>	<b>617</b>	<b>479</b>	<b>575</b>
Capital account	199	132	146	148	104	92
Capital transfers	199	132	146	148	104	92
General Government	192	125	140	142	101	88
Other sectors	7	7	6	6	4	4
Financial account	315	439	404	469	375	483
Direct investment	322	430	298	262	231	312
Portfolio investment	-9	-8	49	-1	-9	15
Other investments	2	18	57	208	152	156
Public sector long term	31	15	25	141	32	-36
Commercial banks	98	-41	3	-17	19	42
Other assets	-54	-29	-31	38	78	107
Other liabilities	-74	73	60	45	23	42
<b>Net errors and omissions</b>	<b>-1</b>	<b>42</b>	<b>-5</b>	<b>14</b>	<b>-4</b>	<b>3</b>
<b>Overall balance</b>	<b>-5</b>	<b>-9</b>	<b>13</b>	<b>68</b>	<b>-62</b>	<b>57</b>
<b>Financing</b>	<b>5</b>	<b>9</b>	<b>-13</b>	<b>-68</b>	<b>62</b>	<b>-57</b>
Change in Government foreign assets	27	0	0	0	0	0
Change in imputed reserves	-22	9	21	-96	62	-57
<b>Memorandum</b>						
Current account balance (% of GDP)	-28.0	-33.1	-29.3	-30.6	-28.8	-27.1
Outstanding external public debt (% of GDP)	27.7	30.1	31.9	40.8	42.5	39.7
Debt service ratio (% of exports of goods and services)	-19.3	-20.3	-25.6	-24.1	-23.7	-22.6

a Provisional.

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

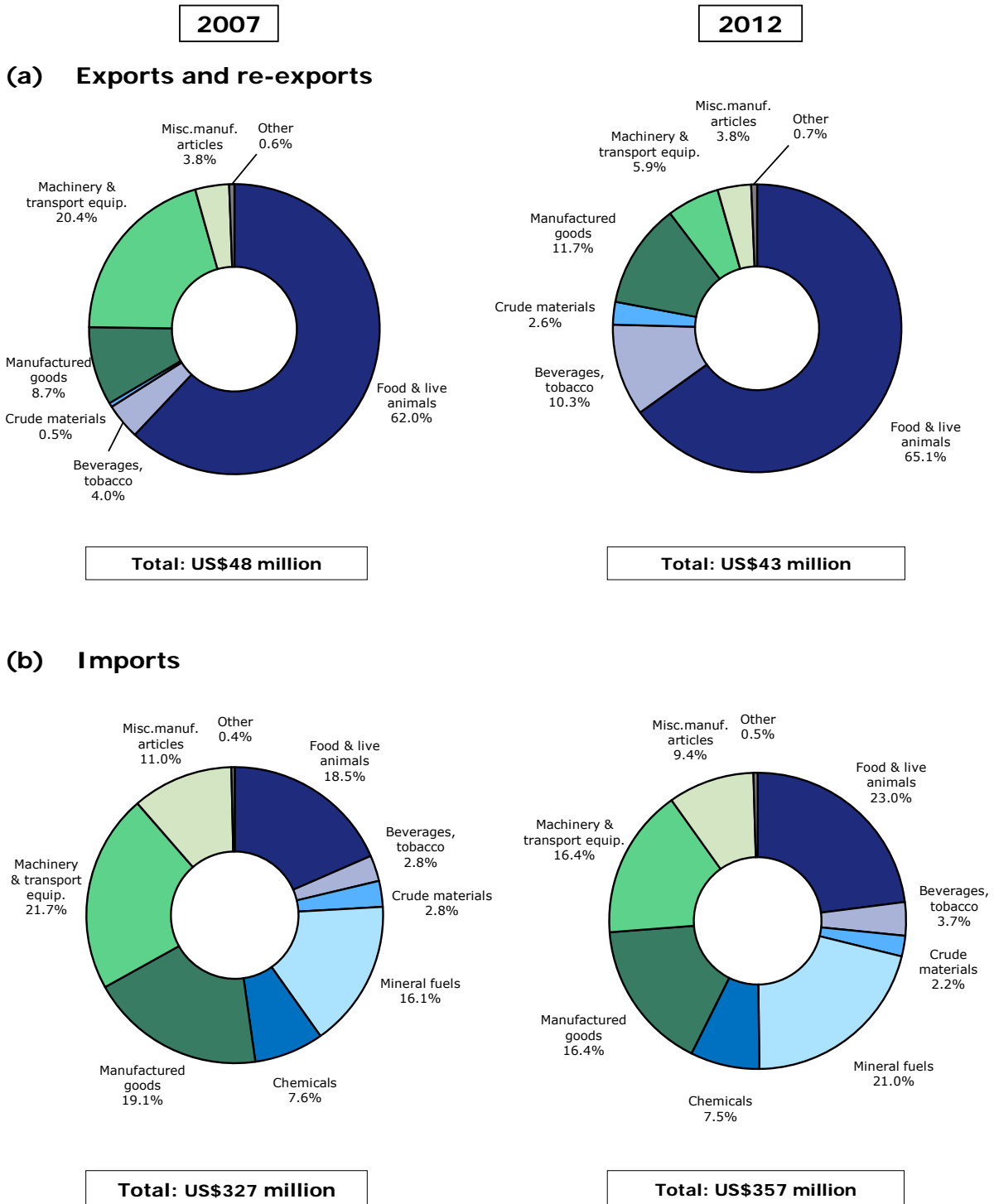
## 1.2 Trade and investment patterns

1.11. The total merchandise trade of St. Vincent and the Grenadines grew by 6.7% between 2007 and 2012, but with considerable year-on-year fluctuations due to swings in international food and petroleum prices. The value of re-exports declined steadily during that period, registering an almost three-fold contraction both in nominal terms and as a percentage of domestic exports (Table A1.1). Food and live animals were the main export category throughout 2007-12; the share of machinery and transport equipment in total exports declined steeply, whereas the shares of manufactured goods, and beverages and tobacco grew (Chart 1.1). Imports remained dominated by foodstuffs, fuels, machinery and transport equipment, and other manufactured goods. The composition of imports shifted somewhat, with the shares of foodstuffs and fuels expanding and those of machinery and manufactures contracting (Table A1.2).

1.12. The exports of St. Vincent and the Grenadines continue to have a significant sub-regional component, with St. Lucia, Trinidad and Tobago, Barbados, and Antigua and Barbuda accounting for some 68% of total exports in 2012. The share of total exports destined to the United Kingdom declined from 19.7% in 2007 to 1.8% in 2012, largely on account of developments affecting trade in bananas (Chart 1.2 and Table A1.3). The United States remained the principal origin of goods imported into St. Vincent and the Grenadines, followed by Trinidad and Tobago, and the European Union (Table A1.4).

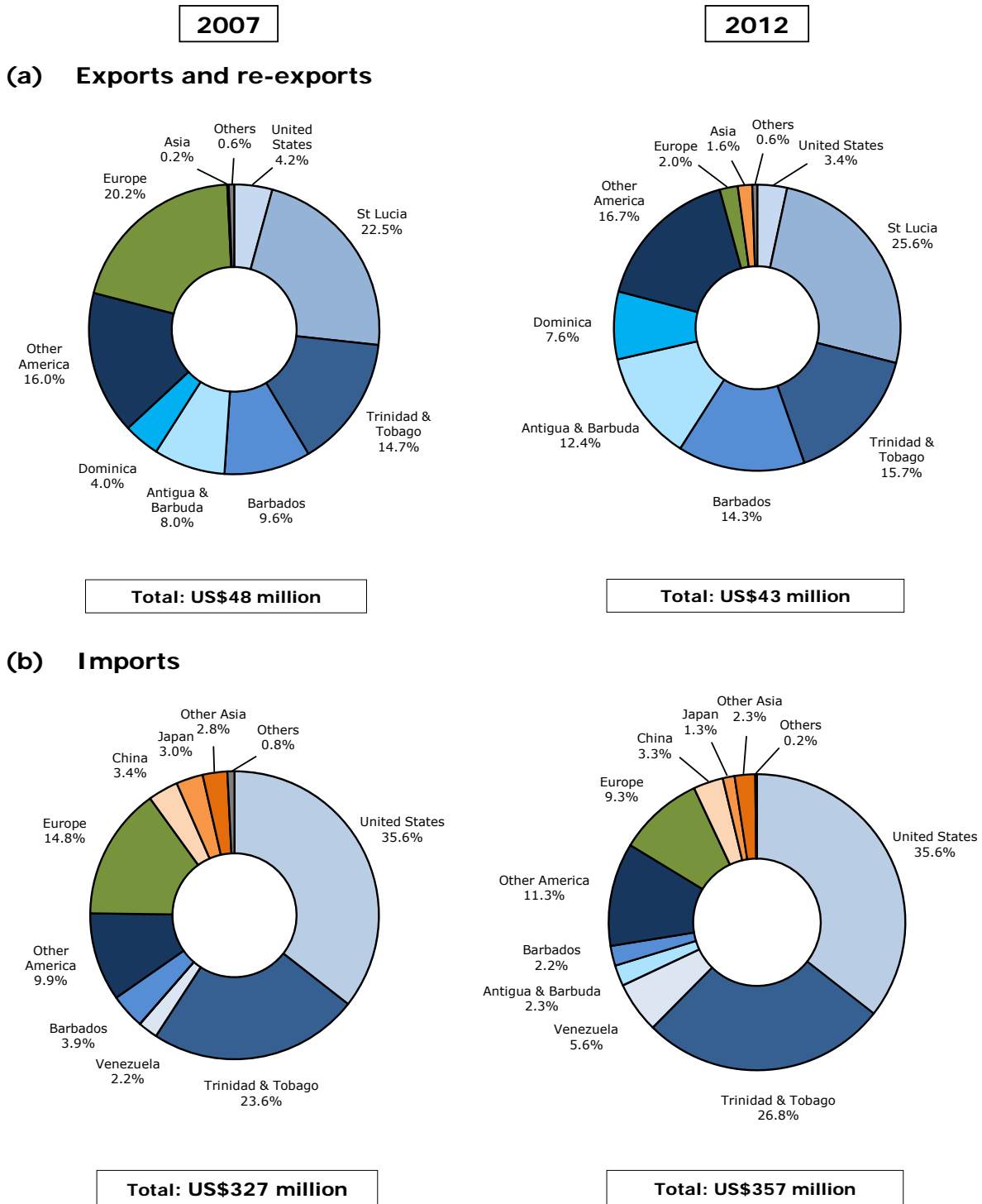


Chart 1.1 Merchandise trade by SITC section, 2007 and 2012



Source: Eastern Caribbean Central Bank.

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



Source: Eastern Caribbean Central Bank, and UNSD Comtrade database.

1.13. According to the authorities, the United States and the European Union are the main sources of foreign direct investment (FDI) into St. Vincent and the Grenadines. Regional investors, notably from St. Lucia and Barbados, have been expanding their operations in banking and wholesale and retail trade. FDI has been primarily channelled into tourism, agriculture,

telecommunications, wholesale and retail trade, financial services, and education. FDI inflows were estimated at US\$135 million in 2011, up from US\$103 million in 2010.<sup>8</sup>

### 1.3 Outlook

1.14. The IMF expects real GDP to grow at an annual rate of 3% over the medium term and inflation to remain in the range of 2–2.5%.<sup>9</sup> The corresponding growth rate projection by the authorities is slightly more optimistic, at least at 4% per year; the authorities also expect to be able to contain the Central Government fiscal deficit within 3–4% of GDP.<sup>10</sup> Actual macroeconomic performance would depend, to a large extent, on developments in international oil and food prices, as well as on the operationalization of the new international airport, and the timely implementation of structural reforms and seaport rationalization projects.

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<sup>8</sup> Government of St. Vincent and the Grenadines (2013).

<sup>9</sup> IMF (2011).

<sup>10</sup> Government of St. Vincent and the Grenadines (2013).

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## 2 TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES

### 2.1 General Constitutional and Legal Framework

2.1. Saint Vincent and the Grenadines is a parliamentary democracy within the Commonwealth of Nations. The British monarch, represented locally by a Governor General, is the Head of State. The executive power, including authority to conclude and sign international treaties and agreements, is exercised by the Prime Minister and his Cabinet. There is no local government in St. Vincent and the Grenadines; all six parishes are administered by the central government.

2.2. Legislative power is vested in the Parliament comprising 15 elected members of the House of Assembly and six senators appointed by the Governor General; four senators are nominated by the Prime Minister and two by the leader of the opposition. The parliamentary term of office is five years, although the Prime Minister may call elections at any time. Elections were last held in December 2010.

2.3. The law-making process begins with the drafting of a bill by the Attorney General's office, at the request of a Ministry; draft bills are published in the *Government Gazette*. Upon its introduction in Parliament by the relevant Minister, a draft bill needs to be seconded by a member of the House of Assembly and undergo two readings before being passed in a majority vote at its third (final) reading. Occasionally, Parliament may appoint a Select Committee to review a bill and make recommendations; comments from the public may be invited at that stage. Following parliamentary approval, the bill becomes an Act, which must receive the Governor General's assent and be published in the *Government Gazette* before it enters into force.

2.4. The St. Vincent and the Grenadines legal system is based on English common law, with the following hierarchal order: magistrates' courts (the lowest judicial level); the Supreme Court of Judicature or the High Court; the Eastern Caribbean Supreme Court; and the London-based Judicial Committee of the Privy Council, as the court of final appeal. The Caribbean Court of Justice, established by CARICOM, has jurisdiction over matters pertaining to the Treaty of Chaguaramas. International agreements that have not been enacted into domestic law cannot be invoked or relied upon by private parties in national courts. St. Vincent and the Grenadines has ratified the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention).

### 2.2 Trade Policy Formulation and Implementation

2.5. Export-driven sustainable growth remains the main trade policy objective of St. Vincent and the Grenadines. Trade policy formulation remains within the remit of the Ministry of Foreign Affairs, Foreign Trade, Commerce and Information Technology, which has primary responsibility for WTO affairs and trade-related negotiations. The Ministry of Finance and Economic Planning defines tariff, fiscal, and investment policies; its Department of Customs and Excise administers the Customs Act. Trade policy is also influenced by the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Tourism, Youth and Sports, the Ministry of Legal Affairs, the Ministry of Health, Wellness and the Environment, and the St. Vincent and the Grenadines Bureau of Standards. Consultations with the private sector continue to take place on an *ad hoc* basis; according to the authorities, such consultations are held whenever an issue is deemed to concern the private sector.

2.6. St. Vincent and the Grenadines continues to collaborate actively with other OECS and CARICOM states in the formulation of trade and related policies, and their implementation. Such regional institutions and mechanisms provide support to its limited human and technical resources. In general, regional-level synergies are also sought in conducting international trade negotiations.

### 2.3 Foreign Investment Regime

2.7. No major changes have taken place in the legal and institutional framework governing foreign investment into St. Vincent and the Grenadines since its last Review.<sup>11</sup> By and large, overseas

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<sup>11</sup> WTO document WT/TPR/S/190/VCT/Rev.1, 21 April 2008.

investment inflows are unrestricted and foreign investors receive national treatment, except for transactions involving the holding of land.

2.8. Non-OECS/CARICOM nationals and alien-controlled companies<sup>12</sup> must obtain a licence to hold land and land-linked mortgages. Applications for a landholding licence must be submitted through a local lawyer to the Prime Minister's office.<sup>13</sup> Landholding licences are granted for a specific property and do not require renewal or payment of annual fees. Approved licences are to be registered at the Land Registry for a fee that is linked to the transaction value of the plot being acquired.<sup>14</sup> The purchaser and the vendor must each pay 5% stamp duty on the value of the property being transferred.

2.9. Foreign nationals need a work permit in order to conduct business or be gainfully employed in St. Vincent and the Grenadines. Work permits are granted by the Prime Minister's Office and are valid for one year (renewable). The annual applicable fee is EC\$720 for CARICOM nationals and EC\$1,800 for all other nationalities.<sup>15</sup>

2.10. St. Vincent and the Grenadines does not apply any restrictions on the repatriation of capital. Foreign investors' profits remain subject to corporate tax; the applicable rate was set at 32.5% in 2009. Lower corporate tax rates remain in place for manufacturing enterprises registered under the Companies Act: 30% on income from sales to the domestic and OECS markets; 25% on income from exports to non-OECS markets; and 15% on income from exports to other markets.

2.11. Investment incentives are offered through a range of tax concessions (section 3.3.1); there are no free zones in operation. Offshore entities incorporated under the International Business Companies Act are exempt from taxes in St. Vincent and the Grenadines.<sup>16</sup> These entities may irrevocably opt to pay income tax at a rate of 1% in order to benefit from the CARICOM Double Taxation Agreement.

2.12. St. Vincent and the Grenadines has not entered into new double taxation treaties or investment protection agreements during the review period. Since 2009, it has concluded 22 tax information exchange agreements (TIEAs), 13 of which have entered into force.<sup>17</sup>

## 2.4 International Relations

### 2.4.1 World Trade Organization

2.13. St. Vincent and the Grenadines is an original member of the WTO. It made sector-specific commitments in 5 of the 12 areas<sup>18</sup> under the General Agreement on Trade in Services (GATS), but did not participate in the extended negotiations on telecommunications or on financial services. It has presented an initial offer in the DDA negotiations on services, but has not made a revised offer.

<sup>12</sup> A company is considered alien-controlled if: at least half of its directors are unlicensed non-OECS/CARICOM nationals; at least half of its votes are exercisable by unlicensed non-OECS/CARICOM nationals; at least half of its shares are held by unlicensed non-OECS/CARICOM nationals; or at least half of the nominal value of its outstanding debentures is held by unlicensed non-OECS/CARICOM nationals.

<sup>13</sup> A non-refundable fee of EC\$2,500 (approximately US\$926) is payable to the Treasury upon filing the application; the associated legal representation costs (local lawyers) generally amount to US\$1,500.

<sup>14</sup> The registration fee is calculated as follows: EC\$10,000 for plots valued up to EC\$100,000; EC\$10,000 plus 6% of the value in excess of EC\$100,000 for plots in the EC\$100,001 - EC\$3 million range; and EC\$184,000 plus 4% of the value in excess of EC\$3 million for plots valued above EC\$3 million.

<sup>15</sup> Consulate of Saint Vincent and the Grenadines in Northern Ireland online information. Consulted at: <http://www.svgconsulate.co.uk/forms/SVG-Work-Permit-Requirements.pdf>.

<sup>16</sup> International Business Companies Act, as amended by Act No. 34 of 31 December 2007.

<sup>17</sup> TIEAs are in force with: Aruba, Austria, Canada, Curaçao, Denmark, Finland, France, Ireland, Netherlands, St. Martin, Norway, Sweden, and the United Kingdom. TIEAs have also been signed with: Australia, Belgium, Faroe Islands, Germany, Greenland, Iceland, Liechtenstein, and New Zealand.

<sup>18</sup> Commitments were in: financial services (reinsurance); tourism and travel related services (hotel and resort development); transport services (maritime transport services, and services auxiliary to all modes of transport); health-related and social services (hospital services); and recreational, cultural and sporting services (entertainment and sporting services).

2.14. St. Vincent and the Grenadines was not involved in any dispute settlement cases during the review period. It has made a few notifications to the WTO since 2007 (Table 2.1), in areas such as agriculture, customs valuation, technical barriers to trade, intellectual property, and subsidies. No notifications have been made with respect to SPS measures or anti-dumping.

**Table 2.1 Selected notifications to the WTO, 2007-13**

WTO Agreement & description	Document symbol
<b>Agriculture</b> Export subsidies, 1995-2011; domestic support, 1995-2011	G/AG/N/VCT/1 (27 June 2011); G/AG/N/VCT/4 (30 July 2013); G/AG/N/VCT/2 (09 January 2012); G/AG/N/VCT/3 (30 July 2013)
<b>Customs Valuation</b> Checklist of issues on implementation; laws and regulations	G/VAL/N/2/VCT/1 (29 January 2009); G/VAL/N/1/VCT/1 (3 April 2009)
<b>Trade-Related Aspects of Intellectual Property Rights</b> Checklist of issues on enforcement; laws and regulations	IP/N/6/VCT/1 (6 June 2011); IP/N/1/VCT/1/Rev.1 (16 December 2009); IP/N/1/VCT/C/1, IP/N/1/VCT/D/1, IP/N/1/VCT/T/1, IP/N/1/VCT/T/2 (30 November 2009); IP/N/1/VCT/1 (24 November 2009)
<b>Subsidies and Countervailing Measures</b> Subsidy notification and extension of transition period for the elimination of export subsidies	G/SCM/N/253/VCT, G/SCM/N/260/VCT (7 October 2013); G/SCM/N/243/VCT (9 October 2012); G/SCM/N/226/VCT (21 September 2011); G/SCM/N/211/VCT (8 July 2010); G/SCM/N/186/VCT (21 June 2010); G/SCM/N/192/VCT (11 August 2009); G/SCM/N/163/VCT (16 November 2007); G/SCM/N/155/VCT, G/SCM/N/160/VCT (2 November 2007)
<b>Technical Barriers to Trade</b> Brown (raw) sugar; carbonated beverages; fruit and vegetable juices and drinks, and fruit nectars; prepackaged foods; packaged water; white sugar; evaporated milk; wheat flour; milk powders and cream powders; spices and sauces; sweetened condensed milks; wet seasoning	G/TBT/N/VCT/7, G/TBT/N/VCT/8, G/TBT/N/VCT/9, G/TBT/N/VCT/10, G/TBT/N/VCT/11, G/TBT/N/VCT/12, G/TBT/N/VCT/13 (2 July 2010); G/TBT/N/VCT/1, G/TBT/N/VCT/2, G/TBT/N/VCT/3, G/TBT/N/VCT/4, G/TBT/N/VCT/5, G/TBT/N/VCT/6 (28 January 2009)

Source: WTO Secretariat.

#### 2.4.2 Preferential agreements and arrangements

2.15. St. Vincent and the Grenadines is a Member of the Organization of Eastern Caribbean States (OECS) since its creation in 1981. The Revised Treaty of Basseterre (RTB) Establishing the OECS Economic Union was signed on 18 June 2010 in St. Lucia. The RTB created a single financial and economic space within which goods, people and capital move freely, monetary and fiscal policies are harmonized (see Common Report). The Revised Treaty of Basseterre was ratified by St. Vincent and the Grenadines on 20 January 2011; it came into force the day after, when five of six Members States had completed ratification.

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

2.17. St. Vincent and the Grenadines, as part of CARIFORUM (a negotiating partnership involving CARICOM and the Dominican Republic) signed an Economic Partnership Agreement (EPA) with the EU in 2008 (see Common Report). The EPA, although in force, is still in the process of full implementation by St. Vincent and the Grenadines and other OECS countries, requiring a number of legal and institutional changes. As at March 2014, St. Vincent and the Grenadines had administratively implemented and legislatively completed the tariff reductions corresponding to 2011. Further reductions will require new administrative and legislative measures.

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures Directly Affecting Imports

##### 3.1.1 Procedures

3.1. Commercial imports are cleared on the basis of a single administrative document (import declaration); suppliers' invoices; and a bill of lading or airway bill. Imports may be declared as uninsured, but the Customs and Excise Department will augment the cost of freight and any other costs incurred by the importer by 1% to arrive at the c.i.f. value. Where applicable, the supporting documentation must also include: an import licence or permit; a certificate of origin; and a veterinary or health certificate. Only non-commercial imports are eligible for simplified declaration and clearance procedures.

3.2. Importers must register with the Customs and Excise Department to obtain an importer number and access the automated customs clearance system. St. Vincent and the Grenadines implemented ASYCUDA ++ in October 2007; since then all importers are required to submit declarations electronically. According to the authorities, the submission of supporting documents is not fully paperless, as hard copies must be submitted for scanning and uploading into the system. Migration to the internet-based version, ASYCUDA World, was launched in October 2013 with a view to achieving automation of all customs-related processes and improving user accessibility.

3.3. Imports may be released on provision of adequate security for the settlement of payable duties; the security should be no less than 1.5 times the estimated duty obligation. Importers and customs brokers may set up a pre-payment account with Customs to expedite the settlement of liabilities and refunds; funds deposited in the account may also be used as security for the release of goods pending proper processing of the customs declaration. There are no formal mechanisms for pre-arrival processing of import-related documentation or the delivery of advance rulings. VAT-registered importers with an importation history of at least three years may qualify for expedited customs clearance under a Gold Card programme, which became operational in December 2013: Gold Card holders' consignments will not be subjected to systematic physical import inspections. Other prerequisites for participation in the programme include: membership of a reputable trade association, such as the St. Vincent and the Grenadines Chamber of Industry and Commerce; and a favourable business practice review by the Customs and Excise Department.

3.4. Importers are not formally required to engage the services of customs brokers. According to the authorities, decisions on the licensing of customs brokers are made on a case-by-case basis by the Comptroller of Customs, taking into account the applicant's general background and experience. Most successful applicants are nationals of St. Vincent and the Grenadines with a certain level of relevant experience, but nationals of other OECS/CARICOM countries are also eligible. The authorities have drafted a bill aimed at establishing a formal licensing and regulatory framework for customs brokers; the proposal includes specific provisions governing brokerage fees, which are currently unregulated.

3.5. Import declarations may be assigned into one of four lanes: green (immediate release), blue (post-clearance check), yellow (documentary check) and red (documentary and physical checks). According to the authorities, the green lane is primarily used for non-commercial imports, while most commercial imports are channelled into either the yellow or the red lane. In principle, the relevant selectivity criteria are reviewed at least once a year. A 2012 evaluation using the Customs Assessment Trade Toolkit (CATT) found that the risk management system was weak and physical inspections remained excessive; deficiencies were also flagged in cargo control, standard operational rules, internal and external feedback mechanisms, and information sharing with other government agencies (Inland Revenue, Immigration, Health and Agriculture).<sup>19</sup>

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<sup>19</sup> Government of St. Vincent and the Grenadines (2013).

3.6. No time-release studies have been carried out at Customs; according to the authorities, imports are typically cleared within 48 hours. The 2013 World Bank Doing Business survey estimates the average time for customs clearance and technical control at 2 days.<sup>20</sup>

### 3.1.2 Tariffs

3.7. Import duties remain an important source of revenue in St. Vincent and the Grenadines, representing about 10% of current revenue throughout the review period (Table 3.1). The VAT, customs service charge, and excise duties levied on imports are also important revenue sources. Overall, taxes on international trade accounted for more than a third of current revenue during 2007-12.

**Table 3.1 Tax revenue by main sources, 2007-12**

(EC\$ million and %)

	2007	2008	2009	2010	2011	2012
Current revenue	433.4	489.5	466.5	490.0	462.5	471.4
	(%)					
Taxes on income and profits	23.9	22.6	23.7	22.2	24.7	26.0
Taxes on property	0.6	0.5	0.6	0.6	0.6	0.6
Taxes on domestic transactions	23.6	24.4	22.5	21.6	21.4	22.6
VAT (domestic)	7.3	13.8	13.9	12.8	13.2	13.8
Excise duties (domestic)	3.2	0.9	0.8	0.8	0.9	1.0
Taxes on international trade	38.7	38.5	41.2	36.4	37.3	36.7
Import duties	10.1	9.3	9.9	9.8	10.2	10.1
Customs service charge (imports)	6.6	6.3	6.8	6.0	6.6	6.4
VAT (imports)	13.0	17.6	17.2	15.1	15.4	14.6
Excise duties (imports)	0.0	4.2	6.3	4.6	4.4	4.8
Vehicle surcharge	1.1	0.8	0.8	0.7	0.5	0.5
Licenses, permits, fees, and fines	10.5	9.3	8.8	9.6	8.9	9.3
Other Revenue	2.8	4.8	3.2	9.6	7.1	4.9

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

**Table 3.2 Structure of MFN Tariff, 2006 and 2013**

	2006	2013
Total number of tariff lines	6,274	6,333
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	0.8	0.2
Non- <i>ad valorem</i> with no AVEs (% of all tariff lines)	0.8	0.2
Duty-free tariff lines (% of all tariff lines)	7.2	8.8
Dutiable lines tariff average rate (%)	11.7	12.0
Simple average tariff (%)	10.9	10.9
WTO agriculture	18.0	17.6
WTO non-agriculture (including petroleum)	9.6	9.6
Agriculture, hunting, forestry and fishing (ISIC 1)	24.6	22.3
Mining and quarrying (ISIC 2)	6.9	6.2
Manufacturing (ISIC 3)	10.1	10.2
First stage of processing	18.4	17.6
Semi-processed products	5.5	5.6
Fully processed products	12.0	12.2
Domestic tariff "peaks" (% of all tariff lines) <sup>a</sup>	6.2	6.6
International tariff "peaks" (% of all tariff lines) <sup>b</sup>	27.3	27.7
Overall standard deviation	10.1	10.3
Bound tariff lines (% of all tariff lines)	99.7	99.7

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

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

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

<sup>20</sup> World Bank online information. Consulted at: <http://www.doingbusiness.org/data/exploreeconomies/st-vincent-and-the-grenadines#trading-across-borders>.

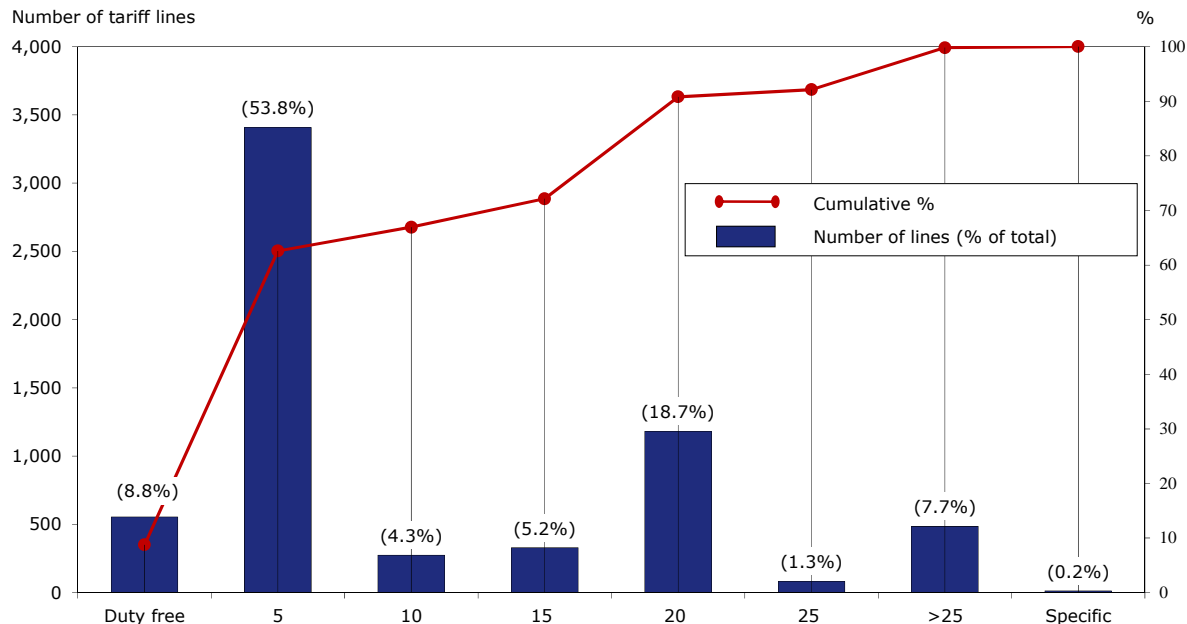


3.8. St. Vincent and the Grenadines applies the CARICOM Common External Tariff (CET) with some COTED-approved exceptions (Common Report). Its 2013 applied MFN customs tariff is based on the 2007 version of the Harmonized Commodity Description and Coding System (HS), and comprises 6,333 lines at the 13-digit level. Some 99.8% of all tariff lines, including duty-free lines, have *ad valorem* rates (Table 3.2); the remaining 0.2% (13 lines) carry specific rates. The non-*ad valorem* duties apply to imports of alcoholic beverages, such as wine (HS 2204), vermouth (HS 2205), and distilled spirits (HS 2208). There are no seasonal tariffs, or tariff quotas. St. Vincent and the Grenadines grants at least MFN treatment to all its trading partners.

3.9. The computed average tariff rates for St. Vincent and the Grenadines are biased downwards, due to the lack of *ad valorem* equivalents of non-*ad valorem* duties and the exclusion of the 4% customs service charge (see below), which continues to boost the overall level of border protection. Subject to these limitations, the simple average applied MFN tariff remains at 10.9%. Some 8.8% of tariff lines are duty free (up from 7.2% in 2006) and 7.7% of all lines carry rates of over 25% (Chart 3.1). Overall tariff dispersion remains unchanged, with *ad valorem* rates ranging from zero to 40% (Table 3.3); some 53.8% of tariff lines carry rates of 5% (one line has a 4% rate). Tariff protection remains most pronounced in agriculture: the average applied rate on agricultural products (WTO definition) is 17.6% (down from 18% in 2006), whereas the corresponding average for non-agricultural products is at 9.6%. About one half of the tariff lines on agricultural products (ISIC definition) carry rates greater than 25% (Chart 3.2).

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

**Chart 3.1 Frequency distribution of MFN tariff rates, 2013**



Note: One line has a duty rate of 4%.

Source: WTO Secretariat calculations, based on data provided by the authorities of Saint Vincent and the Grenadines.

Table 3.3 Summary analysis of MFN tariff, 2013

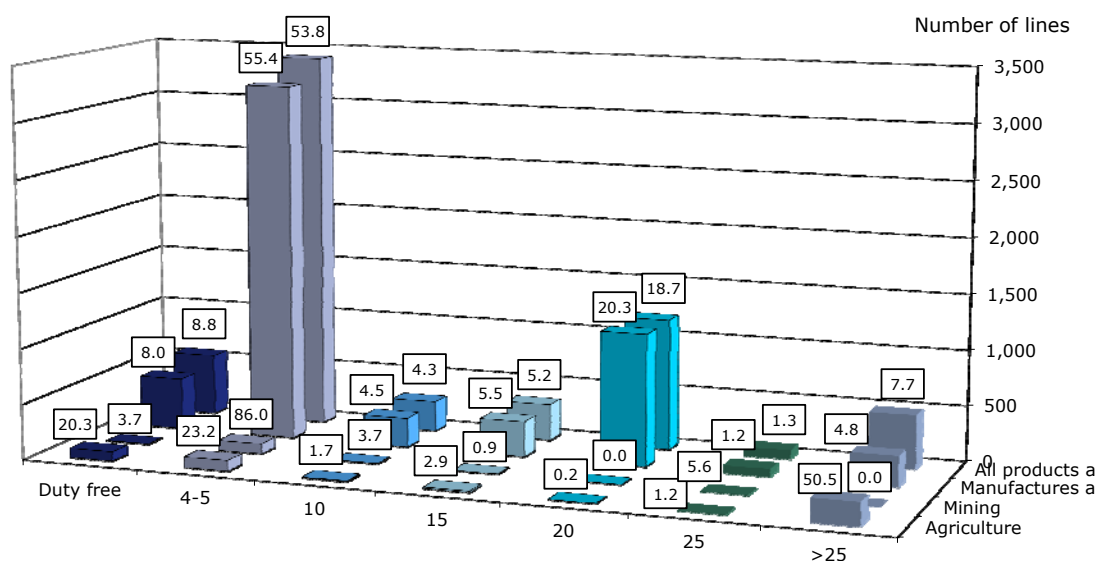
Description	MFN				Final bound average (%)
	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	
<b>Total</b>	<b>6,333</b>	<b>10.9</b>	<b>0 - 40</b>	<b>0.9</b>	<b>66.1</b>
HS 01-24	1,134	19.8	0 - 40	0.8	118.1
HS 25-97	5,199	9.0	0 - 35	0.8	55.0
<b>By WTO category</b>					
WTO Agriculture	1,037	17.6	0 - 40	0.9	116.3
- Animals and products thereof	151	15.7	0 - 40	1.0	121.1
- Dairy products	33	5.5	0 - 20	1.0	100.0
- Fruit, vegetables and plants	306	23.3	0 - 40	0.7	117.8
- Coffee and tea	28	17.7	0 - 40	0.8	102.1
- Cereals and preparations	125	15.4	0 - 40	0.8	110.2
- Oil seeds, fats and oils and their products	95	15.7	0 - 40	1.1	125.9
- Sugars and confectionary	21	18.1	0 - 40	0.9	108.6
- Beverages, spirits, and tobacco	119	23.9	5 - 40	0.5	127.2
- Cotton	6	5.0	5 - 5	0.0	100.0
- Other agricultural products n.e.s.	153	9.6	0 - 40	1.3	106.8
WTO Non-agriculture (including petroleum)	5,296	9.6	0 - 40	0.9	56.3
- WTO Non-agriculture (excluding petroleum)	5,270	9.6	0 - 40	0.9	56.2
- - Fish and fishery products	175	26.8	0 - 40	0.6	120.0
- - Minerals and metals	1,125	7.6	0 - 30	0.9	52.8
- - Chemicals and photographic supplies	1,006	6.9	0 - 30	0.8	52.5
- - Wood, pulp, paper and furniture	329	10.1	0 - 25	0.7	65.8
- - Textiles	638	7.7	0 - 30	0.7	52.4
- - Clothing	280	19.9	5 - 20	0.1	53.2
- - Leather, rubber, footwear and travel goods	179	10.2	0 - 25	0.7	51.4
- - Non-electric machinery	589	6.2	0 - 35	0.9	51.4
- - Electric machinery	276	10.5	0 - 35	0.7	54.5
- - Transport equipment	186	10.2	0 - 35	1.0	65.6
- - Non-agriculture articles, n.e.s.	487	13.4	0 - 35	0.7	56.4
- Petroleum	26	8.1	0 - 35	0.9	70.0
<b>By ISIC sector<sup>a</sup></b>					
Agriculture and fisheries	414	22.3	0 - 40	0.8	112.6
Mining	107	6.2	0 - 25	0.8	52.1
Manufacturing	5,811	10.2	0 - 40	0.9	63.1
<b>By HS section</b>					
01 Live animals & prod.	342	20.5	0 - 40	0.9	116.7
02 Vegetable products	381	21.0	0 - 40	0.8	117.9
03 Fats & oils	53	23.8	5 - 40	0.7	146.9
04 Prepared food etc.	358	17.4	0 - 40	0.6	115.7
05 Minerals	187	6.4	0 - 35	0.7	54.5
06 Chemical & prod.	937	6.8	0 - 30	0.8	54.9
07 Plastics & rubber	244	7.6	0 - 25	0.9	51.8
08 Hides & skins	80	10.5	5 - 20	0.7	56.4
09 Wood & articles	133	10.8	0 - 20	0.5	53.6
10 Pulp, paper etc.	172	8.4	0 - 25	0.8	55.0
11 Textile & articles	905	11.1	0 - 20	0.7	54.1
12 Footwear, headgear	60	16.1	0 - 20	0.4	50.0
13 Articles of stone	185	10.1	0 - 25	0.7	52.0
14 Precious stones, etc.	73	16.6	0 - 25	0.6	73.9
15 Base metals & prod.	712	6.8	0 - 20	0.8	50.8
16 Machinery	885	7.8	0 - 35	0.9	52.6
17 Transport equipment	197	10.1	0 - 35	1.0	64.7
18 Precision equipment	229	11.3	0 - 30	0.8	56.8
19 Arms and ammunition	24	24.2	0 - 35	0.5	77.4
20 Miscellaneous manufactures	167	15.0	0 - 20	0.4	75.3
21 Works of art, etc.	9	20.0	20 - 20	0.0	50.0

Description	MFN				Final bound average (%)
	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	
<b>By stage of processing</b>					
First stage of processing	800	17.6	0 - 40	1.0	96.6
Semi-processed products	1,860	5.6	0 - 40	0.8	53.2
Fully-processed products	3,673	12.1	0 - 40	0.8	65.9

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

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

**Chart 3.2 Distribution of the MFN tariff by ISIC sector, 2013**



a Totals do not add up to 100% because the 13 lines with specific duties are not included.

Source: WTO Secretariat estimates, based on data provided by the authorities of Saint Vincent and the Grenadines.

3.11. St. Vincent and the Grenadines has bound 99.7% of its tariff lines. Tariffs on agricultural products are mostly bound at a ceiling rate of 100%, with some exceptions that range between 107% and 250%. The predominant bound rate for tariffs on non-agricultural products is 50%, although there are over 200 exceptions and bound rates as high as 140% (certain motor vehicles). St. Vincent and the Grenadines left blank the column "other duties and charges" in its schedule, which, in practice, is equivalent to having entered "zero".

3.12. St. Vincent and the Grenadines grants duty-free access to goods originating from other CARICOM countries, in accordance with the relevant rules of origin. The authorities estimate that imports receiving preferential treatment accounted for EC\$228.4 million in forgone tariff and tax revenue for the 2008-12 period. Customs duties and other taxes on imports may also be reduced or waived under a multitude of programmes, which accounted for some EC\$469.1 million in forgone revenue during 2008-12; forgone tariff revenue represented approximately a third (EC\$172 million). A number of tariff concessions target particular groups of economic operators, such as farmers, operators of school buses, and fishing industry stakeholders. Several investment, production, and export promotion programmes also contain customs duty relief provisions. The particular focus on inputs under certain schemes *de facto* enhances tariff escalation, and thereby increases the effective protection of selected economic activities and companies.

### 3.1.3 Other charges affecting imports

3.13. A customs service charge (CSC), at the rate of 4% on the c.i.f. value of imports, remains in place; goods originating from other CARICOM countries are not exempt. Statutory exemptions for

imports of non-food items have been granted to two companies that operate resorts (i.e. the Mustique Company and Canouan Development Company).

3.14. St. Vincent and the Grenadines introduced value-added tax (VAT) in May 2007, as a replacement of five different taxes.<sup>21</sup> VAT is charged at 15% on the supply of services and goods, including imports; a reduced rate of 10% applies to hotel and holiday accommodation. Some essential items, international financial services, and exports are zero-rated, and certain goods and services are exempted.<sup>22</sup> During the review period, exports of unprocessed agricultural products were transferred from the list of VAT-exempt goods to that of zero-rated goods; a number of products were transferred from zero-rated to exempt status, including cooking oils, salt, yeast, baking powder, shortening, sanitary napkins, baby diapers, toilet tissue, and undergarments. VAT on imports is levied on the c.i.f. value plus customs duties and all other duties and charges payable upon importation; imports benefiting from tariff concessions are assessed VAT only on their c.i.f. value.

3.15. Excise tax, instituted at the same time as the VAT, applies to aerated and alcoholic beverages, tobacco products, fuels, vehicles, used tyres, and incandescent bulbs.<sup>23</sup> Excise taxes are specific or *ad valorem*, depending on the good. In the latter case, the tax base for domestically manufactured goods is the sale price net of VAT, whereas imports are taxed on the sum of their c.i.f. value and any duties, taxes, and charges (other than VAT and excise tax) payable on importation.<sup>24</sup> During the review period, St. Vincent and the Grenadines increased the excise tax rates on a number of products, including alcoholic beverages, tobacco products, and vehicles.

3.16. A vehicle surcharge is levied on all imported motor vehicles older than four years. The surcharge ranges between EC\$3,000 and EC\$4,500, depending on the vehicle's seating capacity, engine capacity, fuel type, and purpose (transport of passengers or goods).<sup>25</sup>

3.17. Beverages imported in non-returnable bottles or cans are subject to a bottle deposit levy of EC\$0.50 per bottle or can. The deposit is refundable to traders upon presentation of proof that the bottles or cans have been exported or destroyed.

#### 3.1.4 Customs valuation and rules of origin

3.18. The WTO Customs Valuation Agreement has, in principle, been in effect in St. Vincent and the Grenadines since 2000. Notifications containing the relevant national legislation and responses to the checklist of issues were submitted to the WTO in 2009; no subsequent notifications have been received.<sup>26</sup> The methods of valuation follow the order prescribed in the Agreement. The authorities note that the transaction value is used for about 95% of imports. No minimum or reference prices are used for valuation purposes.

3.19. As from November 2009, invoices for imported motor vehicles, motorcycles and parts thereof<sup>27</sup> must be approved by the Customs and Excise Department's valuation section prior to submission of the relevant customs declaration.<sup>28</sup> The same valuation approval requirement also applies to invoices presented for imports of boats and boat engines; goods consigned from China, Curacao, Panama, and St. Martin; goods acquired at an auction or a close-out sale; and used or damaged goods bought for commercial purpose.<sup>29</sup> The importer may be asked to provide additional evidence, such as records of payment, with a view to ascertaining that the invoice reflects the amount actually paid. The statutory mechanism for resolving valuation disputes comprises first-instance appeals to the Comptroller, and subsequent recourse to a tribunal of Customs Appeal Commissioners (appointed by Cabinet); matters involving a question of law or of

<sup>21</sup> VAT registration with the Inland Revenue Department is compulsory for businesses whose annual gross turnover reaches the threshold of EC\$180,000.

<sup>22</sup> WTO document WT/TPR/S/190/VCT/Rev.1, 21 April 2008.

<sup>23</sup> WTO document WT/TPR/S/190/VCT/Rev.1, 21 April 2008.

<sup>24</sup> Excise Tax Act No. 16 of 2007, as amended by Act No. 1 of 2008 and Statutory Rules and Orders No. 41 of 2007, No. 63 of 2008, No. 2 of 2009, No. 18 of 2011, No. 2 of 2012, and No. 2 of 2013.

<sup>25</sup> Act No. 25 of 15 December 2008.

<sup>26</sup> WTO document G/VAL/W/232, 16 September 2013.

<sup>27</sup> Tariff headings 8701-8705, 8708, 8709, 8711, and 8714.

<sup>28</sup> Online information. Consulted at: <http://asyweb.svqcustoms.net/asyvc/NoticeRead.jsp?id=663>.

<sup>29</sup> Customs and Excise Department online information. Consulted at: <http://www.customs.gov.vc/downloads/valuation-approval-guide.pdf>.

mixed fact and law may be further appealed before the High Court, and ultimately before the Court of Appeal.

3.20. No notifications on rules of origin have been submitted to the WTO.<sup>30</sup> According to the authorities, rules of origin are not applied for non-preferential purposes. St. Vincent and the Grenadines applies CARICOM preferential rules of origin (Common Report), with certain derogations concerning imports from the more developed CARICOM countries. Such derogations remain in place for imports of rice and coniferous wood for the manufacture of furniture. In order to qualify for duty-free treatment, imports of originating merchandise must be shipped directly from the producing member state. Certificates of origin for goods exported from St. Vincent and the Grenadines are issued by the Customs and Excise Department.

### 3.1.5 Import prohibitions, restrictions and licensing

3.21. St. Vincent and the Grenadines has not submitted to the WTO any notifications regarding its import licensing system. Licensing requirements continue to apply on a number of goods, depending on their country of origin (Box 3.1). The granting of licences is administered by the Ministry responsible for trade; prior approval by the Ministry of Agriculture, Forestry and Fisheries is required for all meat and fishery products, and by the St. Vincent and the Grenadines Bureau of Standards for beers, stouts and malts. Although importers are expected to apply for the relevant licence prior to the goods' arrival, most applications are submitted *ex post*. Licences are issued within 48 hours of application and are valid for three months.<sup>31</sup>

#### Box 3.1 Import licensing requirements

##### Goods originating outside the OECS and Belize

Curry powder (HS 0910.99.30); wheat flour (HS 1101.00); margarine (HS 1517.10.00); shortening (HS 1517.90.10); pasta products (HS 1902); aerated beverages (HS 2202.10.10); malt (HS 2202.90.20); beer (HS 2203.00.10); stout (HS 2203.00.20); oxygen (HS 2804.40.00); carbon dioxide (HS 2811.21.00); acetylene (HS 2901.00.20); candles (HS 3406.00); toilet paper (HS 4818.10.00); paper bags (HS 4819.30.00-4819.40.00)<sup>a</sup>; solar water heaters (HS 8419.19.00)<sup>a</sup>; chairs and other seats (HS 9401.61.00); other furniture of wood and upholstered fabric (HS 9403)<sup>a</sup>.

##### Goods originating outside the CARICOM

Live poultry (HS 0105); meat, fresh, chilled or frozen (HS 0201-0204); edible offal (HS 0206); meat and edible offal (except liver) of fowl (HS 0207); other meat and edible offal (HS 0208); fish, frozen (HS 0303); salmon, trout and other fish except codfish, mackerel, herring, hake, saithe, haddock and pollock dried, salted or in brine (HS 0305)<sup>a</sup>; milk and cream not concentrated (HS 0401); natural honey (HS 0409.00.00); parts of trees and other plants suitable for use as Christmas trees (HS 0604)<sup>a</sup>; tomatoes (HS 0702.00.00); onions (HS 0703.10.10); cabbage (HS 0704.90.10); carrots (HS 0706.10.10); sweet pepper (HS 0709.60.10); okra (HS 0709.90.20); pumpkin (HS 0709.90.30); other vegetables (HS 0709.90.90); dried vegetables broken or in powder (HS 0712); coconut, Brazil nuts and cashew nuts fresh or dried (HS 0801); bananas, plantains fresh or dried (HS 0803); pineapples, avocados, guavas, mangoes and mangosteens fresh or dried (HS 0804)<sup>a</sup>; peppers dried, crushed or ground (HS 0904); cinnamon (HS 0906)<sup>a</sup>; cloves (HS 0907.00.00); rice (HS 1006); starches (HS 1108); groundnuts, shelled or unshelled (HS 1202)<sup>a</sup>; edible vegetable oils (HS 1507-1515); sausages and similar products of meat, meat offal or animal blood (HS 1601.00); beet and cane sugar and chemically pure sucrose in solid form (HS 1701); cheese and corn curls (HS 1904)<sup>a</sup>; bread, pastries, cakes, etc. (HS 1905); jams, fruit jellies, marmalade (HS 2007); fruit and vegetables juices (HS 2009); ice cream (HS 2105.00.10); water and other non-alcoholic beverages (HS 2202); over proof rum (HS 2208.40.90); paints and varnishes (HS 3208-3210); shampoos (HS 3305.10.00); hair conditioners (HS 3305.90.00)<sup>a</sup>; deodorant (HS 3307.20.00); household soaps (HS 3401.19.10); medicated soaps (HS 3401.11.10); toilet soaps (HS 3401.11.20); plastic tubing for the banana industry (HS CH 39)<sup>a</sup>; PVC pipes (HS 3917.23.00)<sup>a</sup>; poly foam (HS 3920-3921)<sup>a</sup>; plastic bags (HS 3923.20.00)<sup>a</sup>; rethreaded and remolded tyres (HS 4012)<sup>a</sup>; wooden doors (HS 4418.20.00); grass mats (HS 4601)<sup>a</sup>; corrugated cartons (HS 4819.10.00)<sup>a</sup>; exercise books (HS 4820.20.00); carpets, carpeting, rugs and mats of vegetable plaiting materials (HS 5720)<sup>a</sup>; T-shirts (HS 6109)<sup>a</sup>; bed linens (HS 6302)<sup>a</sup>; mattresses and mattress supports (HS 9404)<sup>a</sup>.

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

Source: Import and Export (Control) Regulations No. 55 of 11 November 2008.

<sup>30</sup> WTO document G/RO/W/144, 20 September 2013.

<sup>31</sup> A revenue stamp of EC\$5 is required for each new application.

3.22. According to the authorities, the import licensing regime is automatic and is maintained mainly for statistical purposes; the granting of licences is not subject to local purchase requirements. Import licences stipulating quantitative restrictions continue to apply on some imports, including beer and malt, from more developed CARICOM countries and third countries. St. Vincent and the Grenadines is reviewing the list of goods subject to licensing in order to comply with the Revised Treaty of Chaguaramas.

3.23. Import prohibitions are maintained for: jet skis, toy guns, chemical weapons, swords, tear gas, and camouflage material or uniforms (unless imported for use by police or military personnel). A licence to import firearms and ammunition must be obtained from the Firearms Licensing Board prior to importation. Imports of fireworks and face masks require the permission of the Commissioner of Police and must remain in police custody until the day of the event for which they would be used. Left-hand drive vehicles may only be imported under a special permit issued by the Ministry of Finance.<sup>32</sup> Chain saws may be imported under a permit from the Ministry in charge of forestry.

### 3.1.6 Contingency measures

3.24. St. Vincent and the Grenadines has not submitted to the WTO any notifications regarding anti-dumping and countervailing measures or and the relevant legislation, which was last amended in 1980.<sup>33</sup> According to the authorities, no anti-dumping or countervailing actions were taken during the review period.

3.25. No notifications on safeguards legislation or actions taken have been made to the WTO Committee on Safeguards. St. Vincent and the Grenadines did not avail itself of the special safeguard provisions of the WTO Agreement on Agriculture, or of the right to use the transitional safeguard mechanism in the Agreement on Textiles and Clothing. Quantitative restrictions are maintained through import licensing on certain imports from more developed CARICOM countries and third countries, under CARICOM safeguard provisions (section 3.1.5).

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

3.26. The St. Vincent and the Grenadines Bureau of Standards (SVGBS) is the national standards body and the enquiry point for standards, technical regulations, certification, conformity assessment procedures, and metrological services.<sup>34</sup> It is responsible for the preparation, adoption, and review of national standards, and the provision of testing and calibration services; it may also provide advice on quality control issues.<sup>35</sup> The SVGBS has accepted the Code of Good Practice for the Preparation, Adoption and Application of Standards contained in Annex 3 to the TBT Agreement.<sup>36</sup> Policy guidelines for the bureau's work are formulated by a National Standards Council, an intergovernmental body with broad stakeholder representation appointed by Cabinet. The SVGBS is a member of the International Organization for Standardization (ISO), the Pan American Standards Commission (COPANT), the CARICOM Regional Organization for Standards and Quality (CROSQ), and the Inter-American Metrology System (CARIMET/SIM). It is also the national contact point for the Codex Alimentarius Commission.

3.27. Proposals for elaboration of a new standard may be made by the general public. National standards are prepared by technical committees within the SVGBS and, where applicable, they replicate or are based on regional and international standards. In principle, the elaboration process includes a three-month period of public consultations, and standards are normally reviewed every five years; however, no specific time frames are stipulated in the national legislation. Authority to declare a standard compulsory (technical regulation) is vested in the Minister in charge of the SVGBS (presently, the Minister of Agriculture); typically, decisions to that effect are taken in consultation with other relevant ministries. Notices of all technical regulations and standards are published in the *Government Gazette*.

<sup>32</sup> Customs (Control & Management) Act No. 14 of 1999.

<sup>33</sup> Customs Duties (Dumping and Subsidies) Act No. 21 of 1958, as amended by Statutory Rules and Orders No. 38 of 1980.

<sup>34</sup> WTO document G/TBT/2/Add.71, 10 December 2002.

<sup>35</sup> Standards Act No. 70 of 1992, as amended by Act No. 28 of 2001.

<sup>36</sup> WTO document G/TBT/CS/N/150, 9 September 2002.

3.28. According to the authorities, the primary purpose of technical regulations is to ensure protection of health and safety, prevention of fraud or deception, and quality maintenance. During the review period, St. Vincent and the Grenadines notified 13 proposed technical regulations to the WTO; two of which prescribed requirements for the labelling of pre-packaged foods. At end 2013, there were 69 standards and six technical regulations in force in St. Vincent and the Grenadines; as at the time of the previous review, five of the technical regulations concerned labelling requirements and one was a specification for tyres. During 2007-13, 34 new standards were adopted, of which 27 were adaptations of international standards.

3.29. The importation of goods subject to technical regulations is conditional on presentation of a certificate of examination and conformity, issued by a SVGBS-recognized certifying body; otherwise samples are taken for examination by the SVGBS. The producer's declaration of conformity is generally accepted for the purpose of importation into St. Vincent and the Grenadines. Domestic market surveillance for compliance with technical regulations is on the basis of random samples; inspections at ports of entry are carried out on notice of suspicious goods from the Customs and Excise Department. There are no accreditation procedures and no accredited certifying bodies in St. Vincent and the Grenadines, but the SVGBS is authorized to certify products and services. Apart from the agreement establishing CROSQ, St. Vincent and the Grenadines is not a party to any cooperation or mutual recognition agreements in the area of technical barriers to trade.

### 3.1.8 Sanitary and phytosanitary measures

3.30. No notifications were made to the Committee on Sanitary and Phytosanitary Measures (SPS) during the review period.

3.31. The Ministry of Agriculture, Industry, Forestry, Fisheries and Rural Transformation remains the principal competent authority for plant and animal health, and phytosanitary protection. The Ministry of Health, Wellness and the Environment retains responsibility for sanitary protection in relation to health and food safety. According to the authorities, the national SPS system is based on risk analysis; determinations are scientifically justified and grounded in the relationship between the pest status of the country of origin and the pest status of St. Vincent and the Grenadines.

3.32. In general, imports of agricultural and fishery commodities, including food items, must be accompanied by a phytosanitary certificate. Consignments of lumber and used tyres must be fumigated prior to their release from customs, unless a certificate of treatment at the country of origin is presented. Import licences (section 3.1.5) and permits are required for live animals, eggs, birds, plants, and seeds. A permit from the Pesticides Control Board is necessary for importation of approved pesticides; some pesticides are prohibited, based on the active ingredients. A licensing regime, administered by the Ministry of Health, governs the importation of controlled drugs. The lists of controlled and prohibited substances were not made available.

3.33. According to the authorities, import permits issued by the Ministry in charge of agriculture are free of charge. St. Vincent and the Grenadines recognizes phytosanitary certificates issued by bodies accredited in other signatory countries of the International Plant Protection Convention (IPPC). While the authorities do not carry out systematic testing at points of entry into the country, they routinely inspect agricultural imports to ascertain their integrity and quality. St. Vincent and the Grenadines has not signed any mutual recognition agreements on SPS matters. During the review period there were no new developments in SPS-related import prohibitions.

### 3.1.9 Other measures

3.34. St. Vincent and the Grenadines applies the international trade sanctions adopted by the United Nations and regional bodies to which it belongs. According to the authorities, during the review period there were no barter trade transactions, and no agreements have been signed with foreign governments or companies with a view to influencing the volume or value of exports to St. Vincent and the Grenadines. The national legislation does not contain provisions requiring the maintenance of reserve stocks of any commodity.

## 3.2 Measures Directly Affecting Exports

### 3.2.1 Export procedures, taxes, and levies

3.35. Exporters must obtain a tax registration number from the Inland Revenue Department and an exporter number from the Customs and Excise Department. Exports are subject to the same customs documentation requirements as imports (section 3.1.1), requiring notably a declaration, suppliers' invoices, a bill of lading or airway bill, and, where applicable, original export permits and origin, phytosanitary or health certificates. Exports may be selected for physical inspection on suspicions of illicit trade (drugs) and VAT fraud.

3.36. St. Vincent and the Grenadines applies no export taxes or levies; exports are exempt from internal taxes and zero-rated for VAT purposes (section 3.1.3). Pre-shipment inspection of exports is not generally required. All agricultural exports are inspected by the Ministry of Agriculture prior to the delivery of a phytosanitary certificate, which is required for export clearance.

### 3.2.2 Export prohibitions, restrictions, and licensing

3.37. A licence is required for exports of frozen lobsters (HS 0306.12.00), as well as live, fresh or chilled, and prepared or preserved lobsters, and fresh or chilled conch<sup>37</sup>; the relevant licence fees are: lobster, EC\$1 per 2.2kg; and conch EC\$0.5 per unit. Export licensing requirements are also in place for endangered plant species, wildlife (birds, animals, and products thereof), and bananas. The granting of export licences is administered by the competent departments of the Ministry of Agriculture, Industry, Forestry, Fisheries and Rural Transformation. According to the authorities, seasonal bans on the hunting or harvesting of certain birds (wild pigeons, doves, etc.), turtles, and oysters remain in place, but do not constitute export prohibitions.

3.38. As from August 2012, exports of copper require permission from the Minister responsible for trade.<sup>38</sup> In principle, permission is granted after the consignment is inspected to ascertain its legitimate provenance. According to the authorities, this measure is aimed at tackling the theft and vandalizing of equipment containing copper.

### 3.2.3 Export subsidies, financing, insurance, and promotion

3.39. National Investment Promotion Inc., doing business as Invest SVG, acts as an investment promotion and export development agency. St. Vincent and the Grenadines still lacks a national export strategy; the authorities continue to seek technical assistance for its elaboration. Priority sectors for export development include: tourism; information and communication technologies; light manufacturing; agriculture/agri-processing; creative industries; international financial services; and renewable energy. During the review period, the export promotion activities of Invest SVG were limited to funding local companies' participation in trade fairs and organizing training events; these activities were mainly funded by overseas donors.

3.40. Although the relevant legislation dates from 1999<sup>39</sup>, there are still no free zones in operation in St. Vincent and the Grenadines.

3.41. During the review period, St. Vincent and the Grenadines maintained the export subsidy provisions of its Fiscal Incentives Act<sup>40</sup>, and provided regular notifications to the Committee on Subsidies and Countervailing Measures.<sup>41</sup> Accordingly, enterprises producing exclusively for export (enclave enterprises) remained eligible for exemption from import duties and certain taxes for up to 15 years.<sup>42</sup> In addition, companies that had exhausted their tax holiday period (granted on the

<sup>37</sup> Except for frozen lobsters, the licensing requirements are not applied on the basis of tariff headings but as per the items' specification (Import and Export (Control) Regulations No. 55 of 11 November 2008.

<sup>38</sup> Customs (Restriction of Exportation) Order No. 19 of 14 August 2012.

<sup>39</sup> Export Free Zones Act No. 15 of 1999.

<sup>40</sup> Fiscal Incentives Act No. 5 of 1982, as amended by Act No. 20 of 1987 and Act No. 16 of 1991.

<sup>41</sup> WTO documents G/SCM/N/260/VCT, 7 October 2013; G/SCM/N/243/VCT, 9 October 2012; G/SCM/N/226/VCT, 21 September 2011; G/SCM/N/211/VCT, 8 July 2010; G/SCM/N/186/VCT, 21 June 2010; G/SCM/N/192/VCT, 11 August 2009; and G/SCM/N/177/VCT, 18 July 2008.

<sup>42</sup> The length of the tax holiday depends on exportation or local value added. Companies are classified as: (i) Group 1 enterprises, where local value is 50% or more of sales, and which may enjoy a tax



basis of export, local value added or investment size) may still qualify for income tax relief calculated as an increasing function of their profits and the share of exports in their total sales.<sup>43</sup> During 2007-13, fiscal incentives were granted to 25 companies, of which 9 were first-time beneficiaries. St. Vincent and the Grenadines should phase out export subsidies by 31 December 2015.<sup>44</sup> According to the authorities, an amendment to the Fiscal Incentives Act is being drafted by the Attorney General's office; however, a similar correction does not seem to be envisaged for the Companies Act, which provides for reduced corporate tax rates on manufacturing enterprises' profits derived from export sales (section 2.3).

3.42. No risk-mitigation facilities for exporters are in place at the national level. Vincentian exporters have access to the ECCB export credit guarantee scheme, which may cover up to 80% of political and commercial risks. Export support may also be provided by the OECS Export Development Unit (EDU).

### 3.3 Measures Affecting Production and Trade

#### 3.3.1 Incentives

3.43. In addition to export-related incentives (section 3.2.3), St. Vincent and the Grenadines continues to offer tax and tariff concessions to enterprises that meet certain local value added or investment size criteria<sup>45</sup>; to the hotel industry (section 4), and to farmers. Incentives are granted by Cabinet, up on recommendation by the Ministry of Agriculture, Industry, Forestry, Fisheries and Rural Transformation or the Ministry of Tourism, Sports and Culture, which review applications and decide on the level and type of concessions to be granted. Comprehensive statistics on forgone revenue under these initiatives were not made available, except for some figures on the taxation of imports (section 3.1.2).

3.44. In 2012, the Government proposed to waive import duties on raw materials, plant, and equipment imported by manufacturing and agri-processing enterprises, under the same conditions as those set out in the Fiscal Incentives Act.<sup>46</sup> Another initiative envisaged a tax credit for businesses investing more than EC\$5 million in any project contributing to the development of information and communication technologies in St. Vincent and the Grenadines; a 2007 Bill proposing an incentives package for the subsector has not yet been passed in Cabinet.

3.45. The state-owned Agricultural Input Warehouse continues to sell farm inputs, mainly fertilizer and diothene sheeting, at subsidized prices (section 3.3.3). In March 2012, the price of electricity for industrial consumers was reduced by EC\$0.03 per kWh; the associated cost, estimated at some EC\$250,000 per year, is borne by the state-owned enterprise St. Vincent Electricity Services (VINLEC). Additionally, the authorities announced plans to introduce volume discounts for commercial and industrial consumers of electricity.

3.46. Concessionary funding and guarantee facilities are available through the Caribbean Development Bank. No such facilities with state involvement exist at the national level.

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holiday of up to 15 years; (ii) Group 2 enterprises, with local value of between 25% and 50% of sales, and which are granted concessions for up to 12 years; (iii) Group 3 enterprises, with local value of between 10% and 25% of sales, and which can benefit from a tax holiday period of up to 10 years; and (iv) enclave enterprises, which produce only for export, and may benefit from a tax holiday of up to 15 years.

<sup>43</sup> Relief is provided for non-traditional exports; it may not extend beyond five years, counted from the tax holiday's expiry, for exports to Guyana, Jamaica, and Trinidad and Tobago. The Fiscal Incentives Act No. 5 of 1982, as amended by Act No. 20 of 1987 and Act No.16 of 1991, provides for income tax relief in the form of tax credits to enterprises once the tax holiday period has expired. This relief is contingent on exportation and is granted on export profits of an enterprise accruing from its exports of the approved products. Relief is granted if export profits amount to 10% or more of the enterprise's total profits, in accordance with the following scale:  $\geq 10\%$  but  $< 21\%$ , 25%;  $\geq 21\%$  but  $< 41\%$ , 35%;  $\geq 41\%$  but  $< 61\%$ , 45%;  $\geq 61\%$ , 50%.

<sup>44</sup> WTO document WT/L/691, 31 July 2007.

<sup>45</sup> WTO document G/SCM/N/260/VCT, 7 October 2013.

<sup>46</sup> Government of St. Vincent and the Grenadines (2012).

### 3.3.2 Competition policy and price controls

3.47. St. Vincent and the Grenadines does not have a functioning competition regime. The relevant national legislation, adopted in 1999<sup>47</sup>, has never been enforced and the Fair Trading Commission stipulated therein has not been established. The authorities intend to adopt the CARICOM model competition law and consolidate enforcement authority at OECS level; the CARICOM model legislation on consumer protection is also being considered by the Attorney General's office.

3.48. Price controls continue to apply, *de jure*, to approximately 100 goods.<sup>48</sup> According to the authorities, price controls are *de facto* enforced for motor vehicles and parts thereof, fuels, stationery and hardware products, prescription drugs, and essential food products (e.g., milk, flour, sugar, rice). The principal intervention method is setting a maximum mark-up for wholesalers and/or retailers; fixed retail prices are also used for sugar (see below), petrol, diesel, and kerosene.

### 3.3.3 State-trading and state-owned enterprises

3.49. St. Vincent and the Grenadines has submitted only one notification on state-trading enterprises to the WTO, dating back to December 2000<sup>49</sup>; no updates have been provided. State participation in the economy during the period under review was also difficult to ascertain (Table 3.5). No comprehensive list of state-owned enterprises, details on their commercial activities, or state support received, were made available.

**Table 3.4 State participation in the economy, 2007 and 2013**

Enterprise	State participation (%)		Area(s) of activity	Prerogatives
	2007	2013		
National Properties Limited (NPL)	100	100	Marketing of fresh produce	..
VincyFresh Limited	100	100	Agri-processing	..
Agricultural Input Warehouse (AIW)	100	100	Import and sale of agricultural inputs	Legal monopoly on bulk sugar imports
Central Water and Sewerage Authority (CWSA)	100	100	Water and sewerage services	..
St. Vincent Electricity Services (VINLEC)	100	100	Electricity generation/ transmission/ distribution	..
St. Vincent Postal Services	100	100	Communication services	..
National Commercial Bank	100	100	Financial services	..
International Airport Development Company (IADC)	100	100	Construction and management of Argyle International Airport	..
Bank of St. Vincent and the Grenadines	100	100	Financial services	..
National Commercial Bank	100	100	Financial services	..
Housing and Lands Development Corporation (HLDC)	100	100	Construction; field sanitation	..

.. Not available.

Source: WTO secretariat, based on information contained in annual Budget Address statements (2007-13).

3.50. According to the authorities, state-trading is carried out only by the Agricultural Input Warehouse (AIW), which has had a monopoly on imports of bulk sugar since 2005; there are no exclusive rights on the importation of packaged sugar. The AIW awards importation contracts, usually for one-year periods, through competitive tenders. While any fluctuations in the price of white sugar are passed on to the domestic market, retail prices for brown sugar (sold in bags of one, two, and five pounds) are set by Cabinet decision and the AIW absorbs any increases in international prices. The AIW also imports agricultural inputs, mainly fertilizer blends and diothene sheeting (protective bags for bananas), for onward sale to farmers at subsidized prices; the same items may be freely imported by other companies. The AIW is entitled to import agricultural inputs duty free; the price subsidy, which it offers in onward trading, is financed only by profits made on bulk sugar imports and is not subject to Cabinet approval.

<sup>47</sup> Fair Trade Act No. 23 of 1999.

<sup>48</sup> Price and Distribution of Goods Act, Cap. 161.

<sup>49</sup> WTO document G/STR/N/6/VCT, 19 December 2000.

3.51. The Banana Growers Association (BGA), a quasi-governmental organization with exclusive rights on the marketing (including exports) of domestically produced bananas, was dissolved in 2009. During its existence, the BGA was exempt from payment of import tariffs and other duties and taxes on all materials, equipment, and vehicles it acquired. Between 2001 and 2009, the State assumed BGA debts amounting to some EC\$43 million.<sup>50</sup> Since its dissolution, a private company, WINFARM, has had a *de facto* monopoly on banana exports to the United Kingdom under a marketing arrangement with WINFRESH (formerly WIBDECO).

3.52. The authorities continue to inject public funds into (and arrange concessionary loans for) the International Airport Development Company (IADC), which coordinates all matters relating to the construction and subsequent management of the Argyle International Airport (section 4.3.3). Significant public investments have also been made in National Properties Limited, St. Vincent Electricity Services, the Central Water and Sewerage Authority, and the Housing and Lands Development Corporation.

### 3.3.4 Government procurement

3.53. St. Vincent and the Grenadines is not a party to the WTO Plurilateral Agreement on Government Procurement.

3.54. There were no major changes in the legal and institutional framework governing public procurement during the review period.<sup>51</sup> The Central Supplier Tenders Board continues to act on behalf of government contracting entities for procurement contracts exceeding the EC\$20,000 threshold<sup>52</sup>; the relevant tender notices must be published in the *Government Gazette* and at least three suppliers must be short-listed. Invitation to tender is the principal method of awarding contracts for the procurement of goods, construction works, or services. Admissible grounds for the adoption of alternative methods are stipulated in a convention, which is not legally binding. All tenders are open for international bidding, although decisions to advertise internationally are made on a case-by-case basis. According to the authorities, in 2013 the breakdown of contracts by procurement method was: competitive, 98; selective, 18; sole, 18; and other, 43. More detailed statistics were not available.

3.55. No appeals mechanism is stipulated in the procurement legislation; in the context of the present Review, the authorities indicated that an amendment aimed at addressing this gap is being drafted.

3.56. According to the authorities, there are no legal provisions for the granting of preferences to local or regional (CARICOM/OECS) suppliers. Procurement contracts funded by the Caribbean Development Bank may grant a margin of preference (8% of offer price) for regional suppliers, as per the Bank's *Procurement Guide*.

### 3.3.5 Intellectual property rights

3.57. During the period under review, trade marks remained the most commonly used form of intellectual property protection in St. Vincent and the Grenadines (Table 3.6). No information was made available on enforcement actions.

**Table 3.5 IPRs granted by St. Vincent and the Grenadines, 2007-13**

	2007	2008	2009	2010	2011	2012	2013
Patents	20	10	0	0	0	0	0
Industrial designs	0	0	0	0	5	0	0
Layout designs of integrated circuits	0	0	0	0	0	0	0
Trade marks	246	354	225	260	309	166	32
Geographical indications	0	0	0	0	0	0	0

Source: Commerce and Intellectual Property Office, St. Vincent and the Grenadines.

<sup>50</sup> Government of St. Vincent and the Grenadines (2012).

<sup>51</sup> The procurement regime is described in WTO document WT/TPR/S/190/VCT/Rev.1, 21 April 2008.

<sup>52</sup> The procurement legislation does not apply to state-owned enterprises; these enterprises have individual procurement rules, but some use the Central Supplier Tenders Board.

3.58. There have been no institutional changes in the administration and processing of intellectual property in St. Vincent and the Grenadines since its previous Review.<sup>53</sup> National laws and regulations related to intellectual property have been notified to the WTO (Table 3.7); the TRIPS Council reviewed the legislation in 2009 and St. Vincent and the Grenadines responded to the checklist of enforcement-related issues in 2011.<sup>54</sup> St. Vincent and the Grenadines does not have legislation for the protection of plant varieties or undisclosed information.

3.59. Only the Patents Act makes provision for compulsory licensing of intellectual property. A non-voluntary licence may be granted on the grounds that a market for the patented invention in St. Vincent and the Grenadines is not being supplied on reasonable terms or at all<sup>55</sup>; the licence may not be issued within three years of the patent's granting or four years of the date of its filing, whichever is later. The Act also provides for the use of patented inventions for the services of the Crown where the public interest so requires or where the Minister responsible for legal affairs decides that the manner of exploitation by the owner or his licensee is anti-competitive. According to the authorities, the compulsory licensing provisions were not used during 2007-13.

**Table 3.6 National IPR legislation, 2013**

Legislation (entry into force)	Term of protection	Coverage	Sanctions
<b>Patents</b>			
Patents Act No. 39 of 2004 (4 August 2008); Patents Regulations 2009 (8 July 2009)	20 years from filing.	New and useful invention or new and useful improvement of existing invention. An invention is defined as an idea that permits the solution to a specific problem in the field of technology; it may include: art, process, machine, manufacture, composition of matter.	Monetary compensation for damages
<b>Industrial designs</b>			
Industrial Designs Act No. 20 of 2005 (4 August 2008); Industrial Designs Regulations 2009 (8 July 2009)	Five years, renewable for another consecutive period of five years.	A composition of lines or colours, or a three-dimensional form or a material (whether or not associated with lines or colours); such composition, form or material should: give a special appearance to a product of industry or handicraft, serve as a pattern for that product, and appeal to and be judged by the eye.	Fines up to EC\$10,000 or imprisonment for up to five years
<b>Layout designs of integrated circuits</b>			
Layout-Designs of Integrated Circuits Act No. 18 of 2005 (4 August 2008); Layout-Designs of Integrated Circuits Regulations 2009 (8 July 2009)	Ten calendar 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.	Fines up to EC\$5,000 or imprisonment for up to three years
<b>Geographical indications</b>			
Geographical Indications Act No. 24 of 2004 (30 November 2004); Geographical Indications Regulations 2008 (16 September 2008)	Indefinite protection.	An indication which identifies a good as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. Geographical indications are protected, whether or not they are registered.	Fines up to EC\$10,000 and/or imprisonment for up to two years
<b>Trade marks</b>			
Trade Marks Act No. 46 of 2003 (18 May 2004); Trade Marks (Amendment) Act No. 50 of 2004 (31 December 2004); Trade Marks Regulations 2004 (18 May 2004)	Ten years from filing; renewable.	Trade mark is defined as: a sign used (or intended to be used) to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.	Fines up to EC\$250,000

<sup>53</sup> WTO document WT/TPR/S/190/VCT/Rev.1, 21 April 2008.

<sup>54</sup> WTO documents IP/N/1/VCT/1/Rev.1, 16 December 2009; IP/Q4/VCT/1, 25 February 2009; and IP/N/6/VCT/1, 6 June 2011.

<sup>55</sup> This compulsory licensing provision does not apply to any patent relating to an integrated circuit.

Legislation (entry into force)	Term of protection	Coverage	Sanctions
<b>Copyright and related rights</b>			
Copyright Act No. 21 of 2003 (30 November 2004); Copyright (Specified Countries) Order (2 August 2005)	Literary, dramatic, musical or artistic work, 75 years from author's death (if authorship unknown, 50 years after first public availability); sound recordings and films, 50 years from creation or 75 years after first public availability; broadcasts and cable programmes, 50 years from broadcasting; typographical arrangements of editions, 25 years from first publication.	Original literary, dramatic, musical or artistic works; sound recordings, films, broadcasts or cable programmes; typographical arrangements of published editions. Works are not subject to registration.	Fines up to EC\$5,500 for each article to which the offence relates or imprisonment for up to two years

Source: Information provided by the authorities of St. Vincent and the Grenadines.

3.60. The Patents Act and the Industrial Designs Act contain explicit provisions on parallel importation. The Patents Act provides for regional exhaustion of rights, whereby the intellectual property owner may not oppose and parallel imports from other CARICOM countries. In contrast, the Industrial Designs Act provides for national exhaustion of rights; the domestic intellectual property owner may restrict the importation of original goods marketed abroad.

## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture

#### 4.1.1 Overview

4.1. Traditionally concentrated on the island of St. Vincent, agricultural activity continues to face a number of structural constraints. The sector's key characteristic is its small scale, with total arable land of approximately 20,000 acres and total labour force of less than 50,000 workers, employed in fragmented production units. Other important constraints include the limited access to credit facilities and poor transportation infrastructure. The agriculture sector is still adjusting to a preference-free trading environment for Vincentian exports of bananas, a key crop; this challenge has been exacerbated by its vulnerability to external shocks.

4.2. During the review period, the sector's performance was affected by several adverse events, including plant pests and harsh climatic conditions, which translated into erratic growth. The sector's overall contribution to GDP remained modest (Table 1.1). The crops segment continued to dominate agriculture output, although it was affected by the continued contraction of banana production and relatively slower diversification into non-banana crops. St. Vincent and the Grenadines remains a net food importer; its agricultural trade deficit increased during the review period.

#### 4.1.2 Border measures

4.3. Agriculture and food processing continue to receive the highest levels of import tariff protection (section 3); non-*ad valorem* tariffs apply exclusively to alcoholic beverages (HS chapter 22). Subsectors that are protected by MFN tariffs relatively higher than the sectoral average include fruit, vegetables and plants, and sugars and confectionary. St. Vincent and the Grenadines continues to require import licences, including for the purpose of quantitative restrictions, for a range of agricultural products (section 3.1.5). Export licensing requirements are in place for bananas, lobsters, and conch (section 3.2.2).

#### 4.1.3 Domestic measures

4.4. Domestic support to the agriculture sector takes various forms, including: subsidized inputs (fertilizers, plant material, and feed); tax concessions; field sanitation (spraying with pesticides); technical assistance; and financial transfers to producer associations. Farmers have traditionally been exempt from income tax, and are eligible for a 75% import duty relief on farm vehicles. Import tariff concessions may also be granted on items used in the fishing industry (fishing nets, marine engines, and other equipment). Statistical information on domestic support to the agriculture sector and estimates of forgone fiscal revenue were not available.

4.5. The Banana Growers Association, which controlled banana production and marketing, was dissolved in 2009; a considerable portion of its debts were assumed by the state (section 3.3.3). The provision of extension and disease-control services was transferred to a newly established Banana Services Unit in the Ministry of Agriculture; the Unit received some EC\$4 million from the state budget in fiscal year 2012. In parallel, the Windward Islands Banana Development Company (WIBDECO), partially owned by the Government of St. Vincent and the Grenadines, has been restructured and rebranded as WINFRESH, to market fresh agricultural produce, including bananas. Under its expanded mandate, WINFRESH will operate as a strategic partner in agricultural diversification and agri-processing in the Windward Islands. WINFRESH and the state-owned National Properties Limited have entered into an agri-processing joint venture, VincyFresh Limited, in St. Vincent and the Grenadines.

4.6. The Agricultural Input Warehouse (AIW) retains a legal monopoly on the importation of bulk sugar; it also trades in agricultural inputs without any exclusive rights. Profits from AIW's sugar operations are used to subsidize the prices of the agricultural inputs it sells to farmers (section 3.3.3).

## 4.2 Manufacturing

4.7. St. Vincent and the Grenadines remains a net importer of manufactures (section 1). Its manufacturing sector is relatively small, as domestic demand is not conducive to economies of scale. Locally manufactured goods include steel rods, PVC pipes, galvanized sheets, animal feed, card-board boxes, door frames, flour, soft-drinks, and beer. The sector's contribution to GDP contracted from 4.3% in 2007 to 3.1% in 2012. Domestic manufacturing enterprises continue to struggle with high electricity, transport and telecommunications costs, as well as the erosion of preferential access to key export markets. According to the authorities, fiscal incentives and protected national and sub-regional markets are essential for the survival of most manufacturers based in the country.<sup>56</sup>

4.8. The average tariff on imports of manufactured goods was 10.2% in 2013 (up from 10.1% in 2006); the average bound tariff is 63.1% (Table 3.3). Clothing, electric machinery, transport equipment, and footwear have continued to benefit from some of the highest tariff protection levels. Tariff and tax concessions may be granted to approved manufacturers for the production of specific goods; some incentives are conditional on local value addition (section 3.3.1). There are no operational free-trade zones, although the relevant legislation dates from 1999.

## 4.3 Services

### 4.3.1 Telecommunications

4.9. The Ministry of Foreign Affairs, Foreign Trade, Commerce and Information Technology has overall responsibility for the telecommunications sector. The National Regulatory Telecommunications Commission (NTRC), the sectoral regulator, works in conjunction with the Eastern Caribbean Telecommunications Authority (ECTEL) to ensure policy harmonization on a regional level (Common Report). The NTRC is responsible for setting technical standards; reviewing applications for licences<sup>57</sup>; monitoring licensees' compliance with relevant terms; approving interconnection agreements; resolving interconnection and infrastructure-sharing disputes; regulating prices for telecommunications services; and managing the universal service fund. The NTRC also shares competence with ECTEL over the management of radio frequency spectrum. According to the authorities, telecommunications licences and spectrum authorizations are technology-neutral.

4.10. In addition to a non-refundable application fee (EC\$1,000) and a one-time initial fee (EC\$20,000), telecommunication providers are required to pay a 3% licence fee and a 1% contribution to a universal service fund (USF), based on their annual gross revenues.<sup>58</sup> Frequency authorizations are subject to an application fee and an annual fee depending on the type of service provided and the bandwidth.<sup>59</sup> During the review period, the authorities contemplated introducing incentives for the ICT subsector (section 3.3.1).

4.11. No universal service obligations are imposed on incumbent operators. The USF is used to finance relevant projects; project proposals may be put forward by the general public and must be approved by the NTRC. Contracts for the implementation of approved projects are generally awarded through an open bidding procedure; although not part of the selection criteria, winning bidders must hold a telecommunications licence at the time of signing the contract.

4.12. All radio or telecommunications equipment, whether used in the deployment of networks or by end-users, requires type approval before it may be sold, imported, installed, or used in St. Vincent and the Grenadines. Virtually all such equipment is imported; consignments without type approval would normally be held at customs and undergo a documentary check by the NTRC before clearance is authorized. Type approvals are issued by the NTRC within six weeks of

<sup>56</sup> Government of St. Vincent and the Grenadines (2012).

<sup>57</sup> In cases involving the provision of a public telecommunications service through a proprietary network/facility, licence applications are forwarded for evaluation to ECTEL; applications for provision of a public telecommunications service through non-proprietary infrastructure and applications for private use of own network/facility are evaluated by the NTRC.

<sup>58</sup> Universal service fund contributions for the first and second year of obtaining a licence are 0.25% and 0.5%, respectively.

<sup>59</sup> Telecommunications (Fees) Regulations No. 3 of 9 January 2007.

submission of the application<sup>60</sup>; once granted, the approval is valid for subsequent importations of the same equipment. Exemptions from local type approval may be granted for equipment certified under recognized overseas regulations (e.g., those issued or applied by the U.S. Federal Communications Commission, Industry Canada, and the European Telecommunications Standards Institute), but importers are required to apply for recognition of the overseas approval.<sup>61</sup> All resellers of telecommunications equipment require a dealer's licence issued by the NTRC.

4.13. There was no competition in the fixed-line telephony segment until the entry of a second operator in 2009. According to the available statistics, mobile and internet penetration rates rose during 2008-13, whereas fixed-line subscriptions declined; investment in the sector seems to have contracted significantly (Table 4.1). A price cap plan, similar to those implemented in other ECTEL states, continues to apply to certain fixed-line services provided by the incumbent operator; the plan was last renewed in 2010. All interconnection rates, as well as wholesale mobile telephony (call and SMS) rates, are regulated at ECTEL level (Common Report); retail mobile telephony rates are not regulated. According to the authorities, wholesale mobile telephony rates have been declining, but the decline has not been fully passed on to consumers.

**Table 4.1 Telecom market evolution, 2008-13**

	2008	2009	2010	2011	2012	2013
Subscriptions (including pre-paid) per 100 inhabitants						
Fixed-line telephony	23	23	23	22	22	19
Mobile telephony	110	118	118	119	122	121
Internet	10	11	13	13	14	14
Telecom sector revenue (EC\$ million)	148	123	159	134	129	126
Investment (EC\$ million)	25	23	17	11	11	15

Note: Information is provided for year ending on 31 March.

Source: ECTEL, *Electronic Communications Sector Review 2011-12*. Viewed at: <http://ectel.int/index.php/resources/publications>.

4.14. Liberalization of the telecommunications sector in St. Vincent and the Grenadines started in 2001; by 2003, all market segments were open to competition. No overseas ownership restrictions are applied, and foreign and domestic operators benefit from the same rights. According to the ITU, all major telecommunication markets are fully open to competition.<sup>62</sup> Nevertheless, additional regulatory provisions could foster competitive dynamics in the sector by establishing or clarifying, *inter alia*: (fixed and mobile) number portability; domestic mobile roaming; local loop unbundling; secondary spectrum trading; and independent carrier selection for certain types of calls. The authorities are developing legislation that would enable the entry of virtual network operators; it is expected to be enacted in the near future.

#### 4.3.2 Financial services

4.15. St. Vincent and the Grenadines' GATS commitments are limited to reinsurance services.<sup>63</sup> Commercial presence is subject to the Insurance and Insurance Premium Acts, the Commercial Code, and the Exchange Control Act (listed as limitations on market access), and a withholding tax (listed as a limitation on national treatment). Its horizontal commitments specify that insurance business on the domestic market may only be conducted by corporate entities; all entities must be registered by the Registrar of Insurance.

4.16. The Financial Services Authority (FSA), operational since November 2012, supervises the offshore financial services segment, domestic non-bank financial institutions (NBFI) and domestic insurance companies.<sup>64</sup> Previously, regulatory competence over these segments was exercised by

<sup>60</sup> Applications for type approval are subject to a fee: EC\$100 for local applicants and EC\$117 for overseas applicants.

<sup>61</sup> NTRC online information. Consulted at: <http://www.ntrc.vc/index.php/type-approval>.

<sup>62</sup> ITU (2012).

<sup>63</sup> WTO document GATS/SC/74, 15 April 1994.

<sup>64</sup> Financial Services Authority Act No. 31 of 2011.



the International Financial Services Authority and the Ministry of Finance. There were no other changes to the legislation governing onshore and offshore financial institutions during the review period. Domestic (onshore) commercial banks remain regulated by the ECCB; and the Financial Intelligence Unit, a statutory body reporting to the Minister of Finance, remains in charge of investigating money laundering and terrorism financing.

#### 4.3.2.1 Onshore financial services

4.17. At end-September 2013, the onshore segment comprised 4 banks, 1 building society, 8 credit unions, 16 motor and short-term (general) insurance companies (4 local and 12 CARICOM) and 6 long-term (life insurance) companies (all CARICOM).<sup>65</sup>

4.18. The ECCB continues to supervise commercial banks operating on the domestic market and non-bank financial institutions carrying on banking business on behalf of member countries' governments (Common Report). There are no limitations on foreign investment in onshore banks in St. Vincent and the Grenadines; licensing and prudential supervision requirements apply equally to all locally incorporated banks, including foreign-owned banks. When applying for a licence, branches of foreign banks must provide evidence that they are subject to effective supervision in their home jurisdiction and that the relevant regulator does not object to the application. No residency or citizenship requirements apply to bank managers or directors.

4.19. All onshore insurance companies must be registered with the FSA and comply with the deposit and insurance fund requirements corresponding to the type of insurance provided. There have been no modifications to deposit and insurance fund requirements or licence fees during the review period. According to the authorities, there are no restrictions on the type of insurance business for which a foreign company may register. Minimum paid-up share capital thresholds vary for local and foreign firms seeking registration: EC\$2 million and EC\$5 million, respectively, for long-term insurance business; and EC\$1 million and EC\$2.5 million, respectively, for general insurance business.

4.20. In general, non-registered insurers may not insure risks in St. Vincent and the Grenadines; exceptions may be made when it is impossible to obtain similar protection at a comparable cost from a registered insurer.

#### 4.3.2.2 Offshore financial services

4.21. At end-September 2013, the international financial services (offshore) segment comprised 4 international banks, 2 international insurance companies, 1 international insurance broker, 1 international insurance manager, 134 international trusts, 6,706 international business companies (IBC), 14 limited liability companies (LLC), 103 mutual funds (public, private, and accredited managers), and 16 registered agents.<sup>66</sup> The international entities registered in St. Vincent and the Grenadines are not subject to taxation.

4.22. International banks are precluded from conducting banking business with residents of St. Vincent and the Grenadines, from investing in any asset that represents a claim on any resident, and from buying bonds or other securities issued by the State. In order to obtain a licence, they must establish a physical presence in the country, have at least two local employees (one at management level), and have at least one resident director approved by the FSA. There are two kinds of licence: class A imposes no restrictions on the international bank's offshore business activities; class B allows the international bank to conduct business only with non-resident persons specifically named in an undertaking accompanying the licence application. All international banks are subject to onsite inspections at least once every 18 months. Minimum paid-up capital and deposit requirements, as well as licence fees, remain unchanged since the last TPR of St. Vincent and the Grenadines.

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<sup>65</sup> Building societies are self-contained entities formed for the purpose of accepting member subscriptions and extending loans to their own members in return for real property pledged as collateral; they may not conduct any other forms of business.

<sup>66</sup> Registered agents and trustees provide corporate services to the other entities in the offshore segment; they are subject to income tax and must be licensed under the Registered Agent and Trustee Licensing Act No. 15 of 27 June 1996.

4.23. There are no nationality or residency requirements for managers or directors of international insurance companies. International insurers are precluded from providing insurance for residents or onshore companies; property in transit to or from St. Vincent and the Grenadines; and vehicles, vessels, aircraft or other moveable property based in the country. There are five classes of international insurer licences, granted for up to one year (renewable); there have been no changes to the corresponding licence fees or capital and solvency requirements during the review period. A decision to refuse a licence is final; it cannot be appealed and no reason for refusal need be given.

### 4.3.3 Transport

#### 4.3.3.1 Air transport

4.24. There were no changes to the legal and institutional framework governing air transport services during the review period. Most international air transport agreements concluded by St. Vincent and the Grenadines are bilateral and are based on reciprocity. Information on these agreements and the terms stipulated therein, was not made available. According to the authorities, cabotage is restricted to St. Vincent and the Grenadines carriers.

4.25. Air transport licences are granted at the discretion of the Ministry in charge of civil aviation, which takes into account, *inter alia*, the conditions in which the applicant intends to operate (number of flights, type of aircraft), and insurance and financial soundness criteria. In principle, the granting of a licence is not conditional on nationality or domestic incorporation considerations. Applicants must demonstrate that maintenance of their aircraft would be carried out by OECS-certified mechanics. Regulatory oversight for safety and security issues is provided by the Eastern Caribbean Civil Aviation Authority (ECCAA).

4.26. In 2013, two privately owned air carriers were incorporated in St. Vincent and the Grenadines (St. Vincent and the Grenadines Air and Mustique Airways). The Government is a shareholder in LIAT, along with the Governments of Antigua and Barbuda, Barbados. At end-2012 the average age of LIAT's fleet was 19 years, implying high maintenance costs.<sup>67</sup> According to the authorities, ground-handling services are generally open to competition, but lack of space at the current main airport (E.T. Joshua) effectively restricts entry until the new international airport opens for operations.

4.27. St. Vincent and the Grenadines has five public airports, four of which are owned and operated by the State. There are no direct flights to major international hubs, although the completion of Argyle International Airport, currently under construction, is expected to greatly improve international air links. The new airport would be able to handle the types of large aircraft commonly used on long-haul routes. Once that airport is operational, the authorities plan to discontinue flights to E.T. Joshua Airport and build a city at its site through a public-private partnership.

4.28. The Airports Department, within the Ministry of National Security, Air and Sea Port Development, is responsible for the regulation of public airports, as well as the provision of air traffic and meteorological services. The construction and subsequent management of the Argyle International Airport are primarily the responsibility of the International Airport Development Company (IADC), whereas negotiations on its prospective international routes are led by the St. Vincent and the Grenadines Tourism Authority. In January 2013, the IADC lacked an estimated US\$80 million to finish the construction of the airport and equip it for operation; the authorities have secured the requisite resources and envisage completion by the end of 2014.<sup>68</sup>

#### 4.3.3.2 Maritime transport

4.29. There were no changes to the legal and institutional framework governing maritime transport during the review period. Cabotage remains reserved for domestically registered ships that have a trading licence; details on licensing requirements were not available.

<sup>67</sup> Government of St. Vincent and the Grenadines (2013).

<sup>68</sup> Government of St. Vincent and the Grenadines (2014).

4.30. Domestically registered ships may be owned by nationals of St. Vincent and the Grenadines; CARICOM citizens resident in a CARICOM state where the ship is engaged in international voyages; individuals or corporations owning ships hired out on bareboat charter to nationals; individuals or corporations in joint-venture shipping enterprise relationships with nationals; a body corporate, partnership or other association of individuals registered in accordance with the domestic laws and having their main office in St. Vincent and the Grenadines; and such other persons as the Minister may by Order determine.

4.31. Port management and regulation is the responsibility of the St. Vincent and the Grenadines Port Authority, a statutory body, which has a monopoly on the provision of port services, and sets fees. Pilotage is compulsory for vessels exceeding 100 gross registered tonnes; pilots are employees of the Port Authority. According to the authorities, domestic and foreign companies may provide certain auxiliary services under licensing arrangements; such arrangements are at the discretion of the Port Authority and the Government. One company has been licensed as a monopoly tugboat operator; the licence also regulates the fees for tugging services and stipulates exemptions for certain types of ships. The use of tugboats is mandatory for container ships but optional for cruise ships. Stevedoring services have been outsourced; no details were made available on the licensing arrangement.

4.32. St. Vincent and the Grenadines has several ports. According to the authorities, around 95% of cargo arrives at the two main commercial ports, Kingstown port and Campden Park. Kingstown Port is the property of the Government as set out in Port Authority Act, No. 26 of 1987, and Campden Park is partly owned by the private sector (49% of shares) and partly by the Government. While annual cargo volumes remained relatively stable during the review period, average container movement increased from 12/hr. to 18/hr. due to the installation of a new gantry crane at Campden Park port in 2008, with lifting capacity of 100 tonnes. A recent port rationalization study has recommended building a new port facility on reclaimed land, as the Campden Park port is far away from the island's main commercial district and its road link is of limited capacity. The authorities also plan to relocate and upgrade Kingstown port through a public-private partnership.

#### 4.3.4 Tourism

4.33. An archipelago of 32 islands, of which only nine are inhabited, St. Vincent and the Grenadines has a rich diversity of flora and fauna across rainforests, mountains, and coral reefs that make it an interesting eco-tourism destination. Visitors are also drawn by annual regattas, music festivals, etc. Tourism has the potential to become the central pillar of the economy, as well as a primary source of foreign exchange and employment. Accordingly, the sector was one of the main recipients of public and private sector investment during the review period.

4.34. Limited and expensive air access remains a core constraint to the development of the tourism industry. Additional drawbacks are the relatively undeveloped tourism product and the existing accommodation limitations (both in terms of quality and number), particularly on St. Vincent. During the review period, the sector's performance was also affected by the global economic crisis, which caused a marked decline in stay-over visitors.

4.35. Conscious of these limitations, the authorities have persevered in their efforts to upgrade tourism sites and facilities, and to build an international airport capable of handling long-range aircraft (section 4.3.3). Plans to construct a Hospitality and Maritime Training Institute are also at an advanced stage. In 2009, the Government established the St. Vincent and the Grenadines Tourism Authority with a mandate to manage the sector and to bring marketing efforts into focus. The Tourism Authority is expected, *inter alia*, to develop: codes of practice, standards and licensing requirements for accommodation providers, tour operators, travel agents, and taxi drivers; and grading scales for accommodation facilities. At end 2013, the hospitality industry remained largely unregulated, the only requirement being the presentation of proof of liability insurance upon registering a business.

4.36. A lower VAT rate (10%) is imposed on hotel and holiday accommodation; accommodation for a continuous period of 45 days is VAT-exempt (section 3.1.3). Other sector-specific incentives include the waiver of customs duties and other taxes on imports of building materials and

equipment, as well as on tourism-related advertising and promotional material.<sup>69</sup> Income tax holidays are available for the development of new hotels and apartment-hotels (of not less than five rooms for citizens of St. Vincent and the Grenadines, and not less than ten rooms for other persons) or for improvement and expansion. The income tax holiday is for 9 to 15 years, depending on the number of rooms created. Income tax exemptions for expansion of hotels apply only to the profits attributable to the expansion. Applications for fiscal incentives are reviewed on a case-by-case basis by the Ministry of Tourism, Sport and Culture, which forwards them to Cabinet for approval.

4.37. St. Vincent and the Grenadines continues to levy: a travel tax of 5% of the cost of passage (by air or sea) for travel originating from its territory; a departure tax of EC\$40 on passengers leaving the country by air (included in the airfare); and a head tax of US\$10 per cruise passenger.

#### 4.3.5 Professional services

4.38. St. Vincent and the Grenadines does not have overarching legislation governing the regulation and licensing of professional services; service providers may have to comply with profession-specific requirements upon registration with Inland Revenue. An Act regulating the architecture profession, based on the CARICOM model bill, was passed in 2011; the authorities are planning to apply the same model in adopting profession-specific laws for nurses, accountants, and engineers.

4.39. Apart from a legal obligation to comply with anti-money-laundering requirements, there are no statutory provisions regulating accountants, auditors or lawyers.<sup>70</sup> According to the authorities, the licensing of lawyers is carried out by the Bar Association, and the licensing and practice of medical doctors is overseen by the Medical Board. In principle, no professions are explicitly reserved for nationals of St. Vincent and the Grenadines, and no residence requirements apply to professional service providers. St. Vincent and the Grenadines has not signed any mutual recognition agreements on professional services with any third country.

4.40. CARICOM nationals who are university graduates, as well as media workers, sportspersons, artists, musicians, artisans, and domestic workers (with a CARICOM vocational qualification), may enter and work in St. Vincent and the Grenadines without a work permit, but need to obtain a skills certificate (EC\$250). Certain foreign accountancy and actuarial bodies in the United Kingdom, United States, Canada, and the Caribbean have been approved by the Government of St. Vincent and the Grenadines to provide auditing and actuarial services as required under St. Vincent and the Grenadines' offshore legislation.

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<sup>69</sup> Hotels Aid Act No. 16 of 1988.

<sup>70</sup> Lawyers and accountants who act as financial fiduciaries for offshore financial services entities are required to obtain licences from the FSA and are similarly regulated.

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## 5 APPENDIX TABLES

Table A1.1 Merchandise exports and re-exports by SITC section, 2006-12

(US\$ million and %)

Description	2006	2007	2008	2009	2010	2011	2012
Total exports and re-exports	38.1	47.7	52.2	50.1	41.1	38.3	42.6
Domestic exports	33.8	36.4	38.4	39.3	34.7	33.0	38.3
Re-exports	4.3	11.3	13.8	10.7	6.3	5.4	4.4
	(% of total exports and re-exports)						
0 Food and live animals	72.6	62.0	57.5	60.5	64.2	63.5	65.1
1 Beverages and tobacco	4.5	4.0	4.2	5.9	6.3	7.7	10.3
2 Crude materials, inedible, except fuels	0.5	0.5	0.7	1.4	2.2	3.4	2.6
3 Mineral fuels and related materials	0.1	-	1.4	0.7	-	0.2	0.2
4 Animal and vegetable oils, fats and waxes	-	-	-	-	-	-	-
5 Chemicals and related products	0.6	0.6	0.3	0.6	0.4	0.6	0.4
6 Manufactured goods classified by material	8.8	8.7	9.1	10.5	12.8	13.3	11.7
7 Machinery and transport equipment	9.2	20.4	23.0	16.7	10.4	7.6	5.9
8 Miscellaneous manufactured articles	3.8	3.8	3.7	3.6	3.7	3.8	3.8
9 Commodities and transactions not classified elsewhere in SITC	..	..	..	..	..	..	..

.. Not available.

- Trade share less than 0.05%.

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

**Table A1.2 Merchandise imports by SITC section, 2006-12**

(US\$ million and %)

Description	2006	2007	2008	2009	2010	2011	2012
Total imports	269.3	326.8	373.1	333.6	338.0	331.7	357.2
	(% of total imports)						
0 Food and live animals	17.2	18.5	19.7	19.4	20.3	23.1	23.0
1 Beverages and tobacco	2.7	2.8	3.0	3.5	3.7	3.9	3.7
2 Crude materials, inedible, except fuels	2.7	2.8	2.7	2.4	2.5	2.3	2.2
3 Mineral fuels and related materials	14.7	16.1	14.8	18.1	14.7	17.8	21.0
4 Animal and vegetable oils, fats and waxes	0.4	0.4	0.4	0.5	0.4	0.4	0.5
5 Chemicals and related products	8.0	7.6	7.7	8.2	7.9	7.6	7.5
6 Manufactured goods classified by material	19.9	19.1	18.0	18.2	16.8	16.9	16.4
7 Machinery and transport equipment	23.2	21.7	23.1	18.4	21.5	17.8	16.4
8 Miscellaneous manufactured articles	11.1	11.0	10.7	11.2	12.2	10.2	9.4
9 Commodities and transactions not classified elsewhere in SITC	0.1	-	-	-	-	-	..

.. Not available.

- Trade share less than 0.05%.

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

**Table A1.3 Merchandise exports and re-exports by trading partner, 2006-12**

(US\$ million and %)

Description	2006	2007	2008	2009	2010	2011	2012
Total exports and re-exports	38.1	47.7	52.2	50.1	41.1	38.3	42.6
	(% of total exports and re-exports)						
America	73.3	79.0	89.5	91.0	86.7	95.5	95.7
United States	5.0	4.2	3.9	5.8	4.2	4.8	3.4
Other America	68.4	74.8	85.6	85.2	82.4	90.7	92.4
St Lucia	12.0	22.5	14.7	18.5	20.6	22.2	25.6
Trinidad and Tobago	14.7	14.7	17.4	20.6	16.1	15.3	15.7
Barbados	13.9	9.6	10.7	9.5	11.3	11.9	14.3
Antigua and Barbuda	7.9	8.0	8.4	7.9	7.4	11.8	12.4
Dominica	4.6	4.0	5.0	4.2	6.5	8.5	7.6
St Kitts and Nevis	4.1	3.9	5.3	5.2	6.8	6.7	6.3
Grenada	4.0	6.2	18.2	12.6	3.3	3.7	3.5
Suriname	0.5	0.5	0.7	1.2	2.0	2.6	1.8
Jamaica	2.3	2.2	2.6	1.4	1.9	2.1	1.5
Guyana	0.4	0.6	0.8	1.2	2.2	2.7	1.0
British Virgin Islands	0.7	0.9	0.7	0.6	1.0	0.9	1.0
Montserrat	0.5	0.1	0.3	0.5	0.6	0.8	0.7
Canada	0.4	0.2	0.2	0.2	0.2	0.6	0.2
Haiti	0.0	0.2	0.0	0.0	0.0	0.0	0.2
Anguilla	0.2	0.4	0.4	0.4	0.2	0.2	0.1
Turks and Caicos Islands	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Dominican Republic	0.1	0.3	0.1	0.6	0.4	0.0	0.1
Bolivarian Republic of Venezuela	1.8	0.1	0.0	0.1	0.2	0.2	0.1
Europe	26.0	20.2	9.8	8.0	12.5	2.9	2.0
EU(27)	26.0	20.2	9.6	8.0	12.4	2.9	2.0
United Kingdom	25.4	19.7	9.0	7.5	10.9	2.4	1.8
France	0.4	0.3	0.4	0.3	0.2	0.3	0.1
Belgium-Luxembourg	0.0	0.0	0.0	0.1	0.0	0.1	0.1
Latvia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	0.0	0.0	0.0	0.0	0.0	0.1	0.0
EFTA	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Other Europe	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Commonwealth of Independent States (CIS) <sup>a</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Africa	0.0	0.0	0.0	0.3	0.3	0.2	0.1
Middle East	0.0	0.0	0.0	0.0	0.0	0.0	0.1
United Arab Emirates	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Asia	0.2	0.2	0.1	0.0	0.6	1.0	1.6
China	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Japan	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Six East Asian Traders	0.1	0.0	0.1	0.0	0.2	0.7	1.2
Thailand	0.0	0.0	0.0	0.0	0.0	0.0	0.7
Malaysia	0.0	0.0	0.0	0.0	0.1	0.3	0.4
Chinese Taipei	0.1	0.0	0.1	0.0	0.1	0.3	0.1
Singapore	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hong Kong, China	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Korea, Republic of	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other Asia	0.0	0.1	0.0	0.0	0.2	0.3	0.4
Viet Nam	0.0	0.0	0.0	0.0	0.2	0.3	0.2
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Other	0.5	0.6	0.6	0.7	0.0	0.4	0.4

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

Note: 0.0% in the table represents negligible trade.

Source: UNSD, Comtrade database (SITC Rev.3); and Eastern Caribbean Central Bank.



**Table A1.4 Merchandise imports by trading partner, 2008-12**

(US\$ million and %)

Description	2008	2009	2010	2011	2012
Total imports (authorities)	368.4	332.4	340.1	328.9	355.7
Total imports (Comtrade)	373.2	333.5	379.5	383.5	403.2
Total imports (ECCB)	373.1	333.6	338.0	331.7	357.2
	(% of total imports)				
America	76.6	77.7	78.9	81.2	82.6
United States	38.0	34.9	36.8	40.1	40.1
Other America	38.6	42.9	42.1	41.0	42.5
Trinidad and Tobago	22.0	25.8	21.3	24.5	22.6
Bolivarian Republic of Venezuela	3.3	1.6	2.6	1.7	5.6
Barbados	2.7	3.4	2.9	3.0	2.4
Canada	2.1	2.1	5.6	3.0	1.7
Jamaica	0.6	0.8	1.4	0.8	1.4
Guyana	1.1	0.9	1.5	1.2	1.2
Brazil	1.1	1.2	0.7	1.0	1.1
Colombia	0.9	0.9	0.8	1.4	1.0
Dominican Republic	0.6	1.5	1.1	0.5	1.0
Mexico	0.4	0.6	0.6	0.6	0.8
St Lucia	0.7	0.7	0.7	0.6	0.7
Guatemala	0.3	0.4	0.2	0.3	0.4
Peru	0.4	0.3	0.4	0.3	0.3
British Virgin Islands	0.1	0.1	0.1	0.0	0.3
Grenada	0.2	0.2	0.3	0.4	0.3
Panama	0.1	0.2	0.2	0.3	0.2
Argentina	0.4	0.2	0.2	0.2	0.2
Bahamas	0.0	0.0	0.0	0.0	0.2
Dominica	0.2	0.2	0.3	0.1	0.2
Chile	0.2	0.2	0.3	0.3	0.2
Costa Rica	0.2	0.2	0.1	0.1	0.2
Europe	13.4	13.4	10.5	11.1	10.0
EU(27)	13.0	12.5	10.2	9.8	9.8
United Kingdom	6.0	6.3	5.9	5.9	5.0
Italy	1.6	2.3	0.9	0.7	2.1
France	0.6	0.9	0.7	0.6	0.5
Netherlands	0.4	0.6	0.4	0.6	0.5
Germany	2.2	0.7	0.9	0.9	0.4
EFTA	0.3	0.2	0.2	0.4	0.1
Switzerland	0.1	0.2	0.1	0.1	0.1
Other Europe	0.1	0.7	0.2	0.9	0.1
Turkey	0.1	0.6	0.2	0.9	0.1
Commonwealth of Independent States (CIS) <sup>a</sup>	0.0	0.0	0.0	0.0	0.0
Africa	0.4	0.5	0.1	0.1	0.1
Swaziland	0.1	0.0	0.0	0.1	0.0
South Africa	0.3	0.0	0.1	0.0	0.0
Middle East	0.0	0.0	0.1	0.0	0.0
Asia	9.5	8.3	10.4	7.6	7.3
China	2.7	3.0	5.8	3.4	3.6
Japan	2.8	2.7	2.2	1.5	1.3
Six East Asian Traders	1.0	1.0	1.0	0.7	0.9
Korea, Republic of	0.1	0.1	0.2	0.2	0.3
Hong Kong, China	0.3	0.3	0.2	0.1	0.2
Thailand	0.2	0.1	0.2	0.1	0.2
Chinese Taipei	0.2	0.2	0.3	0.2	0.1
Malaysia	0.1	0.2	0.1	0.1	0.1
Singapore	0.0	0.1	0.1	0.0	0.1

Description	2008	2009	2010	2011	2012
Other Asia	3.1	1.7	1.3	2.0	1.4
New Zealand	0.2	0.4	0.3	0.6	0.5
Australia	0.6	0.6	0.6	0.8	0.3
India	0.5	0.3	0.2	0.2	0.3
Indonesia	0.3	0.2	0.1	0.3	0.2
Other	0.0	0.0	0.0	0.0	0.0

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

Note: 0.0% in the table represents negligible trade.

Source: UNSD, Comtrade database (SITC Rev.3); and Eastern Caribbean Central Bank.