SUMMARY

1. The six Organisation of Eastern Caribbean States (OECS)-WTO Members (Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines) are small and vulnerable economies with a narrow economic base. Per capita GDP ranges from about USD 8,000 in Dominica to nearly USD 20,000 in Antigua and Barbuda, and Saint Kitts and Nevis. The combined GDP of the OECS-WTO Members was around USD 6.6 billion in 2021. All six OECS-WTO Members are highly reliant on merchandise imports, and are frequently affected by natural disasters, especially hurricanes. Services, particularly tourism, and to a lesser extent financial and government services, are a major contributor to both GDP and employment. Construction also plays a significant role as a contributor to GDP. Several of the OECS-WTO Members have become increasingly dependent on income from their Citizenship by Investment Programs (CBI), which grant citizenship in exchange for investment over certain thresholds.

2. In general, their narrow economic base, their susceptibility to natural disasters, and their high reliance on imports make the OECS-WTO Members particularly vulnerable to exogenous shocks. In this respect, they were significantly affected by the COVID-19 pandemic, which halted all tourism for certain periods of time and led to real GDP contractions of up to 24%. In fact, after increasing steadily between 2013 to 2019, the real GDP of the OECS-WTO Members sharply contracted by 17% on average in 2020, due mainly to a decline in tourist arrivals. The OECS economies are currently in the process of recovery, but the pace of recovery has varied across countries, as tourism is yet to reach pre-pandemic levels. Transportation costs are high in all OECS States, and have increased since the pandemic, as several air carriers have reduced services or altogether stopped servicing the islands. The OECS-WTO Members are all facing the increasing costs of energy and have electricity supply problems, which translates to occasional electricity cuts. These adverse factors result in a high cost of doing business.

3. All OECS-WTO Members sought fiscal consolidation during the review period, with a goal to achieve primary surpluses in their Central Government accounts. Reform measures included replacing some taxes, increasing the rates and coverage of others, trimming expenditure, in particular current expenditure, rationalizing fuel prices, and debt restructuring. Although progress was achieved in the period until 2019, goals had to be revised due to the COVID-19 pandemic. As a result of the increase in spending implied by the COVID-19 stimulus packages and the economic contraction caused by the collapse of tourism, the debt-to-GDP ratio reversed its declining trend and increased by several percentage points, to some 85.3% of GDP in 2021, well above the 60% of GDP debt ceiling set in the consolidation programmes. Although all the OECS-WTO Members registered a fiscal deficit in 2020 (5.7% of GDP overall) and 2021 (3.5% of GDP), the impact varied across countries.

4. The OECS-WTO Members have a common monetary and exchange rate policy. They are all members of the Eastern Caribbean Currency Union (ECCU), which also includes Anguilla and Montserrat. The Eastern Caribbean Central Bank (ECCB), based in Saint Kitts, is the monetary authority for the ECCU. The ECCB has responsibility for monetary, credit, and exchange rate policies across the OECS, as well as for the supervision of the banking system. The ECCB's policy is anchored on maintaining monetary stability through a fixed exchange rate regime, which pegs the East Caribbean dollar (XCD) to the US dollar (USD) at a rate of XCD 2.70 per USD.

5. The OECS-WTO Members all posted current account of the balance-of-payments deficits during the review period, which led to an aggregated deficit of some USD 1 billion in 2021 (some 16% of GDP), more than double the 2019 level. The merchandise trade deficit is structural, as the OECS-WTO Members are highly dependent on merchandise imports, while the value of goods exports is low. In 2021, the overall merchandise trade deficit for the OECS-WTO Members was equivalent to around one third of their GDP. In contrast, they traditionally have posted a services account surplus, fuelled by tourism-related receipts. These surpluses have only partially offset the deficit accrued on the merchandise trade account. Merchandise exports comprise mainly food and live animals, machinery and transport equipment, and mineral fuels. OECS merchandise imports are a very broad range of products, including mineral fuels, food and live animals, and machinery and transport equipment. The main trading partners are the United States, other Caribbean Community and Common Market (CARICOM) countries, and the United Kingdom. The trade in services balance posted a surplus of USD 1.2 billion in 2021. Travel services account for the bulk of the surplus.

6. Antigua and Barbuda, Dominica, Saint Lucia, and Saint Vincent and the Grenadines are original Members of the WTO. Grenada and Saint Kitts and Nevis became WTO Members in 1996. The OECS-WTO Members belong to the following negotiating groups: ACP, G-90, Small Vulnerable Economies (SVEs)-NAMA, G-33, "W52" sponsors, and SVEs-rules (Dominica, Saint Lucia, and Saint Vincent and the Grenadines). As members of the SVEs group, the OECS-WTO Members have highlighted the need for negotiations to take account of the consequences of preference erosion for the region. The OECS-WTO Members grant at least MFN treatment to all of their trading partners. They are not parties or observers to any WTO plurilateral agreement and have not subscribed the Information Technology Agreement and its expansion. During the period under review, the OECS members ratified the Trade Facilitation Agreement (TFA). The degree of implementation of commitments in the three categories under the TFA varies across countries. Notifications to the WTO remain an issue for OECS-WTO Members. Problems with the implementation of WTO Agreements and with respect to notification compliance may be attributable to a lack of technical capacity or human resources and, more recently, to the effects of the COVID-19 pandemic.

7. The OECS was established by the Treaty of Basseterre in 1981, with Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines as members; Anguilla and the British Virgin Islands are associate members. During the period under review, Martinique become an associate member in 2015 and Guadeloupe in 2019. The process of integration among OECS States was strengthened by the signature of the Revised Treaty of Basseterre (RTB) Establishing the OECS Economic Union, which entered into force on 21 January 2011, but is still a work in progress. The OECS Economic Union, when completed, will create a single financial and economic space within which goods, services, people, and capital move freely; monetary and fiscal policies are harmonized; and members continue to adopt a common approach to trade, health, education, and the environment, as well as to sectoral development in agriculture, tourism, and energy. The OECS Authority of Heads of Government is the highest policy-making organ of the OECS. There are five main areas agreed for the exercise of exclusive power by the Authority: common market and customs union; monetary policy; trade policy; maritime jurisdiction and maritime boundaries; and civil aviation. The OECS Commission, based in Saint Lucia, provides support and coordination services; it also oversees the operations of the OECS Technical Mission in Geneva, which was set up in 2005 and acts as the OECS-WTO Members' representative to the WTO. There are also three OECS institutions: the ECCB, the Eastern Caribbean Supreme Court, and the Eastern Caribbean Civil Aviation Authority.

8. The six OECS-WTO Members are founding members of CARICOM. The Revised Treaty of Chaguaramas (RTC) established the CARICOM Single Market and Economy (CSME), which aims at creating a single market and economy among CARICOM member States through the removal of all barriers to the free movement of factors of production, including fiscal, legal, physical, technical, and administrative restrictions. The consolidation of the CSME is still work in progress.

9. Trade policy in each of the OECS-WTO Members is designed and implemented at three levels: national, subregional (OECS), and regional (CARICOM). At the CARICOM level, the RTC contains the principal institutional arrangements with respect to common trade policies, such as the Common External Tariff (CET), and provides guidelines with respect to other policies which need, however, to be incorporated in the different national legislations. National trade policies are developed generally in close consultation with other OECS and CARICOM member countries. This frequently leads to the adoption of common trade policy positions. Trade policy implementation within and among OECS members is subject to severe human resource limitations.

10. Through their participation in CARICOM, the OECS-WTO Members have bilateral trade agreements with five Latin American countries: the Bolivarian Republic of Venezuela, Colombia, the Dominican Republic, and Costa Rica, and a trade and economic cooperation agreement with Cuba. These agreements involve no commitments for the OECS-WTO Members. They also have bilateral agreements with the European Union and the United Kingdom. The Economic Partnership Agreement (EPA) between the European Union and 15 Caribbean States in the CARIFORUM group, including the OECS-WTO Members, was signed in 2008. It provides duty- and quota-free access to the EU market for CARIFORUM exports except for arms and ammunition. CARIFORUM States committed to gradual reductions in their tariffs over a period of up to 25 years, excluding certain sensitive products. A similar EPA with the United Kingdom came into force on 1 January 2021. The OECS-WTO Members also benefit from the Caribbean Basin Initiative (CBI) and Caribbean-Canada Trade Agreement (CARIBCAN), both of which grant non-reciprocal preferences.

11. The OECS-WTO Members' foreign investment regime changed in five of the six countries before or during the review period. Antigua and Barbuda repealed its Fiscal Incentives Act, ahead of the WTO-agreed deadline. Four of the other OECS-WTO Members amended their Fiscal Incentives Acts, to eliminate incentives contingent upon export performance (Dominica, Grenada, and Saint Kitts and Nevis) or to extend the scope of incentives to services (Saint Lucia). Saint Vincent and the Grenadines is in the process of revising the Act.

12. In general terms, foreign investment receives national treatment in all OECS-WTO Members, with the main exception of the requirements for obtaining alien landholding licences, which are related to limitations in land availability for commercial purposes, as well as to the need to rationalize land use and enable nationals to afford property while avoiding speculation by foreigners. During the period under review, the OECS-WTO Members amended their International Business Companies (IBCs) legislation to maintain accounting information in line with international standards. As from 1 January 2022, the preferential tax treatment for IBCs has been repealed. IBCs are now taxed at the general tax rate.

13. Customs procedures are similar across the OECS-WTO Members. A Customs entry or declaration is required for all consignments imported into the OECS-WTO Members. All of them also require an invoice, a bill of lading or an airway bill, a certificate of origin for imports from CARICOM countries and, when needed, import licences and SPS certificates. Invoices, air waybills/bills of lading, and a worksheet on the classification and value of the goods can be uploaded electronically. The use of a customs broker is not mandatory in any OECS-WTO Member, except Dominica. The OECS-WTO Members updated and modernized their customs legislation during the period under review. They all currently use the ASYCUDA World system for customs processing and clearance. Importers need to register with the customs authorities to access the system. The OECS-WTO Members have made considerable progress during the period under review as regards the implementation of trade facilitation measures. The respective customs offices run an operational risk management system. Single Windows for imports are, however, not yet in place and there are currently no authorized economic operators' schemes. All the OECS-WTO Members use the hierarchy of valuation methodology set out in the WTO Customs Valuation Agreement; according to the authorities, the transaction value is used for valuation in some 90%-95% of imports; the main exceptions are related to imports of used vehicles, where recourse to list of prices is frequently made.

14. In 2022, the OECS-WTO Members applied tariff schedules based on different revisions of the HS nomenclature. As a consequence, the number of tariff lines varies according to the country. Nearly all tariffs are applied on an *ad valorem* basis, with very few exceptions. The OECS-WTO Members apply the CARICOM CET with national exceptions. The average applied MFN tariff rate for the OECS-WTO Members in 2022 was 11.7%, up from 11% at the time of the previous Review. Average rates vary across countries, partly reflecting the different rates applied in their lists of exceptions to the CET. Individual national applied MFN rates thus range between 10.7% in Saint Lucia and 12.8% in Dominica. The average applied MFN rate for agricultural products for the six OECS-WTO Members in 2022 was 20.5%, while the average MFN rate for non-agricultural products was 9.9%. National MFN tariff averages for agricultural products ranged from 8.6% in Saint Lucia to 10.6% in Antigua and Barbuda. Tariff bindings in the OECS-WTO Members vary across countries; however, agricultural tariffs were generally bound at a ceiling rate of 100%, with some exceptions, generally bound at rates above 100%. In the case of non-agricultural goods, most OECS-WTO Members bound the majority of tariff lines at a ceiling rate of 50%, with the exception of Saint Kitts and Nevis, where they were bound at 70%. The scope of bindings also varies across countries: while Grenada has bound all its tariff lines, the other OECS-WTO Members have bound between 91.5% (Dominica) and 99.7% of the total (Saint Vincent and the Grenadines).

15. Duty-free access is granted by the OECS-WTO Members to imports from other CARICOM countries, provided these imports meet the CARICOM rules of origin criteria and barring the exceptions provided by Article 164 of the RTC, introduced in 2006. Article 164 allows the less-developed States, which includes all OECS-WTO Members, to suspend CARICOM origin treatment imports eligible on grounds of production in one or more less-developed countries. This implies adopting rates different than the CET for these products. The third edition of the Article 164 regime, which started in January 2020, covers 14 product groups across 39 tariff lines, mainly wheat or meslin flour; aerated waters and beverages; malt; beer; stout; prepared complete animal feed; oxygen and carbon dioxide; acetylene; candles of paraffin wax; solar water heaters; paint and varnishes; furniture; curry powder; and pasta. Under the regime, a 100% MFN tariff is applied on

most of the products on the list for 10 years and for 5 years for curry powder and pasta; imports from CARICOM more-developed countries are subject to a tariff rate of 70%. Some OECS-WTO Members have applied the regime since 2020, e.g. Saint Lucia, but with some exceptions. Others have only partially implemented the regime; Dominica and Saint Kitts and Nevis have delayed implementation. The OECS-WTO Members grant preferential access to their markets to most EU and UK products under the respective EPAs.

16. OECS-WTO Members rely heavily on indirect taxes for revenue purposes. Given the small scale of domestic production, these taxes fall mainly on imports. Five of the countries (Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines) apply a Customs Service Charge (CSC), which varies from 3% to 6% and is levied on all imports, including those from other CARICOM countries. Certain goods are exempt from the CSC in all countries. Antigua and Barbuda applies a revenue recovery charge (RRC) at a rate of 10% on all imports as well as on domestically produced goods. All OECS-WTO Members except Antigua and Barbuda apply a value added tax (VAT) on goods and services; rates across countries vary: in Saint Lucia it is 12.5%; in Dominica, 15%; in Grenada and in Saint Vincent and the Grenadines, 16%; and in Saint Kitts and Nevis, 17%. Antigua and Barbuda applies a sales tax at a rate of 15% on goods and services. In all OECS-WTO Members, some goods and services are VAT exempt or subject to a rate lower than the general rate.

17. All the OECS-WTO Members maintain import prohibitions and licensing requirements. The prohibitions are for health, safety, and security concerns. Import licensing requirements for certain products are also in place for the same reasons, although some licences are required for economic reasons, such as the protection of infant industries or for balance-of-payments purposes. Import licensing schemes may be tied to regional integration (e.g. products covered by Article 164 of the Revised CARICOM Treaty), such that some products are subject to licensing only when imported from outside the CARICOM region or, in some cases, from outside the OECS subregion. Most licences, other than those imposed for health and safety reasons, are granted automatically. Non-automatic licences are also required for some agricultural and agri-business goods.

18. During the period under review, there were no changes to the anti-dumping and countervailing legislation in any of the OECS-WTO Members, which in most cases pre-dates their independence. None of the OECS-WTO Members has an authority devoted to initiating and conducting investigations, and thus none has taken anti-dumping or countervailing duty actions during the review period. None of the OECS-WTO Members has national safeguards legislation.

19. Antigua and Barbuda, Grenada, Saint Lucia, and Saint Vincent and the Grenadines have legislation that provides for the operation of free zones. However, in the case of Grenada and of Saint Vincent and the Grenadines these zones are not operational. Enterprises operating in free zones are exempt from customs duty and other taxes on imports of goods used to construct and operate enterprises within the zone. Enterprises also benefit from tax benefits for a certain period, depending on the size of the investment and the number of employees. The OECS-WTO Members do not have national programmes for export credit, insurance, or guarantees.

20. All the OECS-WTO Members have a bureau of standards. During the period under review, Antigua and Barbuda, Saint Kitts and Nevis, and Saint Lucia adopted new Standards Acts. Antigua and Barbuda and Grenada also passed legislation on metrology. The OECS national standards bodies are similar with respect to their structure, mandate, and the procedures required for the adoption of technical regulations, which are developed in the same manner as standards. OECS countries generally favour the adoption or adaptation of international or regional standards as the basis for their technical regulations, which are notified to the WTO prior to implementation, with 60 days for comments. The relevant minister then publishes the technical regulation or standard in the Government Gazette. Standards and technical regulations are normally reviewed and updated every five years by the respective standard bodies. Grenada, Saint Kitts and Nevis, and Saint Lucia also undertake certification. During the period under review, Dominica, Grenada, Saint Kitts and Nevis, and Saint Lucia made notifications to the WTO Committee on Technical Barriers to Trade. No concerns have been raised in the WTO regarding measures taken or notifications made by any of the OECS-WTO Members.

21. The OECS-WTO Members did not make any notifications to the WTO Committee on Sanitary and Phytosanitary Measures during the review period. They do not have an inventory of SPS measures. Identifying and notifying existing SPS measures appears to be a challenge that requires technical assistance and no progress in this respect has been made since the previous Review.

Imports of animals and plants and their products are subject to document inspection, and any product sampling may be carried out at the border. No concerns have been raised in the WTO regarding SPS measures taken by any of the OECS-WTO Members.

22. None of the OECS-WTO Members is a party to the WTO Agreement on Government Procurement (GPA). During the period under review, Antigua and Barbuda, Grenada, Saint Vincent and the Grenadines, and Saint Lucia passed new legislation or regulations on government procurement. The respective Procurements Acts generally set out principles guiding the selection among bids, typical periods involved in the procurement process, publication and other transparency requirements, appeal and review procedures, and sanctions. The laws and regulations of the OECS-WTO Members generally provide for both public and selective tendering. Tendering is generally decentralized for acquisitions up to certain thresholds and centralized via the Ministry of Finance for tenders above those thresholds. Tenders are generally allocated choosing the bid with the lowest price. Other than in Dominica, which grants a 20% margin for domestic suppliers, local suppliers or those from CARICOM are not granted any preferences.

23. During the period under review, some of the OECS-WTO Members made amendments to their intellectual property rights (IPR) legislations. Antigua and Barbuda enacted a new Patent Act in 2018, as well as its implementing Regulations. Saint Vincent and the Grenadines passed a new Act on plant varieties protection. Legislation on geographical indications previously enacted in Saint Kitts and Nevis also entered into force during the review period. Regulations for copyright were implemented in 2018. The OECS-WTO Members have similar copyright and patent laws. They are all in force, with the exception of Saint Lucia's Patent Act, which is awaiting implementing regulations. There is no specific legislation for the protection of undisclosed information in any of the OECS-WTO Members. All the OECS-WTO Members have notified their IPR legislation to the WTO.

24. The contribution of the agriculture sector to GDP has been shrinking through the years in the OECS-WTO Members. The sector faces challenges as the OECS-WTO Members are small island economies, where resources of land and water are scarce. Competitiveness is also affected by the fact that agriculture is dominated by small farm operations, making it difficult to achieve economies of scale. The sector is susceptible to exogenous shocks such as natural disasters and global market fluctuations.

25. All OECS-WTO Members are service-oriented economies. Services contributed to some 65% of GDP and over three quarters of gross value added (GVA) in 2021. They made GATS commitments in 4 to 6 of the 12 main service areas, and in 8 to 32 of the 160 subsectors. All OECS-WTO Members made commitments in financial services, tourism and travel-related services, and recreational and sporting services.

26. Onshore (domestic) banking activities are supervised and regulated by the ECCB in the ECCU, including in the OECS-WTO Members. The domestic banking sector across all the OECS is open to foreign investment. No restrictions or limitations are placed on foreign investment, and foreign-owned banks may establish subsidiaries or branches in each of the OECS-WTO Members, as in fact they do. Although the OECS-WTO Members have the same regulator and the same banking laws, banking licences are specific to the country in which they are granted. There is no unified banking market at the OECS level. Banks, both locally incorporated and branches, of foreign financial institutions must have a place of business within the OECS member State in which they are licensed. There are no residency or citizenship requirements for bank managers or directors. There are no foreign exchange controls in the OECS-WTO Members. Credit unions play an increasingly important role in the domestic financial sector in the OECS members, especially since several commercial banks have stopped operations in the region during the review period.

27. Offshore banks may conduct banking business only in foreign currencies and are generally precluded from doing it with citizens in the country in which they are registered. Offshore companies benefit from various tax exemptions. Licensees must have a physical presence as well as a locally residing authorized agent. Some benefits have been trimmed in recent years. In 2022, there were 39 international banks in the OECS-WTO Members. Of these, 17 were incorporated in Dominica. The international financial services sector is governed by the Offshore Banking Acts in the respective countries and is primarily the responsibility of the national regulators.

28. The insurance business is also divided into onshore and offshore activities in the OECS-WTO Members. There are no limitations on foreign investment in any of the OECS countries with respect to onshore insurance; most insurance companies across the region are foreign-owned. Foreign insurance companies (parent or subsidiary) are allowed to establish as a branch or as a locally incorporated subsidiary. There are no citizenship requirements for managers or directors. There is no legal restriction on companies located abroad from offering insurance coverage to locals. Capital requirements vary according to the origin of the insurance company and are higher for foreign companies. As is the case for banking, legislation regarding insurance is relatively uniform across the OECS-WTO Members. Offshore insurance services are regulated by specific legislation in each country. These acts prescribe the conditions for the operation of offshore insurance companies, which are only allowed to manage risks and premiums originating outside the jurisdiction where they are established. Other requirements include the local incorporation of companies, the non-residence of shareholders, and a minimum paid-up capital.

29. The Eastern Caribbean Telecommunications Authority (ECTEL) acts as an advisory body at the subregional level and coordinates sectoral policies and harmonizes standards and practices among the five Contracting States, which are Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. ECTEL also promotes market liberalization and competition. The respective National Telecommunications Regulatory Commissions (NTRCs) are the national authorities for ECTEL Contracting States. During the review period, telecommunications in the OECS-WTO Members has become increasingly oriented to the mobile and broadband segments of the market. There is no restriction to foreign capital participation in telecommunications services in the OECS-WTO Members, although specific capital requirements may apply. Licences are granted by the national regulators. Interconnection agreements must be approved by national regulators. For networks operated in the ECTEL area, the maximum interconnection rates are set by ECTEL.

30. The six OECS-WTO Members are signatories to the CARICOM Multilateral Air Service Agreement (CARICOM MASA), which entered into force on 17 August 2020 with an aim of creating a single air transport market within CARICOM. In their bilateral agreements, the OECS countries may designate any CARICOM-based carrier as its national carrier when enforcing the agreements. Intraregional connectivity remains poor and has actually deteriorated as a consequence of the virtual demise of the regional carrier LIAT, which compounded the negative effects of the pandemic. The Eastern Caribbean Civil Aviation Authority (ECCAA) is the sectoral regulator for civil aviation in the OECS and is responsible for overseeing aviation safety and security matters and for certifying operators and equipment airworthiness. The major airports in the OECS are owned by the respective Governments; they are managed and operated by public entities.

31. Maritime transport policy continues to be formulated and implemented at the national level. Generally, to fly a national flag, the registered vessels must be substantially owned by OECS/CARICOM member state nationals (natural or legal persons). Vessel registration by non-locally incorporated bodies must be authorized by the minister responsible for maritime transport; the company must be established in and have its principal place of business in an OECS/CARICOM territory, with majority ownership by OECS/CARICOM citizens. Dominica has relaxed this regime and allows for foreign corporation vessels to fly the Dominican flag. Cabotage is not restricted in Saint Kitts and Nevis, nor in Dominica; it is not allowed in Antigua and Barbuda, Grenada, and Saint Vincent and the Grenadines. Cabotage in Saint Lucia requires a special permit. Commercial ports in the subregion are owned by the respective Governments.

32. Tourism is the major foreign exchange earner for the OECS-WTO Members. The sector recorded a 17% increase in total visitor arrivals from 2015 to 2019. The COVID-19 pandemic caused a plunge in tourist arrivals due to lockdowns and the interruption of air travel. The number of tourist arrivals further declined in 2021. The United States and the United Kingdom are the largest markets for tourism exports. Tourism policy is formulated at the OECS country level; marketing and promotion activities are carried out by national tourism authorities or boards. Licences to run hotels and guest houses are granted by the sectoral regulator or the minister responsible for finance/tourism. All OECS-WTO Members offer fiscal incentives for hotel development, including exemptions from customs duties and other taxes on imports, as well as corporate income tax exemptions. The maximum period for corporate income tax exemptions varies from 10 to 25 years depending on the country, and longer tax breaks are generally available for larger projects.