ANNEX 6 – SAINT VINCENT AND THE GRENADINES

CONTENTS

CHARTS

TABLES

BOXES

1 ECONOMIC ENVIRONMENT

1.1 Recent economic developments

1.1.1 Real economy

1.1. Saint Vincent and the Grenadines is an island state, located in the southeast Windward Islands of the Lesser Antilles, at the southern end of the eastern Caribbean Sea. The country consists of the main island of Saint Vincent, and two thirds of the northern part of the Grenadines, a chain of 32 smaller islands, some of which are inhabitable. As a small island developing state, Saint Vincent and the Grenadines is vulnerable to exogenous shocks such as natural disasters and global market fluctuations.

1.2. Saint Vincent and Grenadines' economy is dominated by services, mainly by tourism. The services sector accounts for over 60% of the economy, while tourism-related activities[1] (i.e. wholesale and retail; accommodation and restaurants; and transport and storage) combined contribute around 20% to GDP each year. Agriculture, together with fisheries, produces the majority of merchandise exports of the country, accounting for about 7% of GDP. The manufacturing sector is small, consisting mainly of agro-processing; it contributes around 4% to GDP (Table 1.1). The total population of the Saint Vincent and the Grenadines was 110,784 in 2021, with an annual growth rate of 0.3%; during the review period (2015-22), Saint Vincent and the Grenadines recorded a net outflow of population.[2] Saint Vincent and the Grenadines is classified as an upper middle-income country classified by the World Bank, per capita GDP was slightly over USD 8,000 in 2021.

Table 1.1 Selected economic indicator, 2015-21

	2015	2016	2017	2018	2019	2020	2021
GDP (current XCD million)	2,124	2,199	2,289	2,388	2,457	2,355	2,441
GDP (current USD million)	787	814	848	884	910	872	904
Real GDP growth (% change)	2.8	4.1	1.7	3.1	0.4	-5.3	1.4
GDP per capita (USD)	7,131	7,380	7,676	8,002	8,229	7,879	8,162
GDP by economic activity (% of GDP)							
Agriculture, forestry and fishing	6.3	6.8	6.7	7.1	7.0	8.6	6.9
Crops	4.5	5.0	4.9	5.1	5.0	6.4	5.1
Animal production	1.3	1.3	1.3	1.3	1.4	1.4	1.2
Fishing and aquaculture	0.4	0.4	0.4	0.7	0.6	0.7	0.6
Mining and quarrying	0.1	0.1	0.1	0.2	0.1	0.1	0.2
Manufacturing	4.8	5.0	5.0	4.9	4.1	3.9	4.1
Electricity, gas, steam and air conditioning supply	2.6	2.3	2.4	2.3	2.6	2.4	2.3
Water supply, sewerage, waste management and remediation activities	0.9	0.8	0.8	0.9	0.9	0.9	0.9
Construction	6.5	6.2	6.4	6.3	6.0	5.6	6.2
Services	64.7	63.7	63.6	63.5	64.3	63.0	62.7
Wholesale and retail trade; repair of motor vehicles and motorcycles	11.2	10.8	10.2	10.4	9.5	9.5	11.0
Transportation and storage	6.6	6.5	7.3	7.8	7.9	5.7	5.2
Road transport	4.3	4.4	4.8	5.0	4.8	3.7	3.6
Sea transport	0.6	0.4	0.8	1.0	1.0	0.9	0.8
Air transport	0.6	0.7	0.6	0.7	0.7	0.2	0.2
Warehousing and support activities for transportation	0.8	0.8	0.9	1.0	1.3	0.8	0.5
Postal and courier activities	0.2	0.2	0.1	0.1	0.1	0.1	0.2
Accommodation and food service activities	2.7	2.6	3.1	3.9	4.3	2.6	1.6
Accommodation	1.4	1.3	1.5	1.9	2.1	1.0	0.6

[1] Saint Vincent and the Grenadines does not have a tourism satellite account.
[2] World Bank, *Data: Saint Vincent and the Grenadines*. Viewed at: https://data.worldbank.org/country/VC.

	2015	2016	2017	2018	2019	2020	2021
Food and beverage service activities	1.3	1.3	1.6	2.0	2.2	1.6	1.0
Information and communication	4.0	3.9	3.7	3.2	3.2	3.2	3.1
Publishing activities	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Motion picture, video and television programme production, sound recording and music publishing activities	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Telecommunications	3.5	3.6	3.3	2.9	2.8	2.9	2.8
Financial and insurance activities	7.1	6.8	6.5	6.2	7.2	8.2	8.1
Financial service activities, except insurance and pension funding	6.2	5.9	5.6	5.3	5.9	6.8	6.7
Insurance, reinsurance and pension funding, except compulsory social security	0.9	0.9	0.9	0.9	1.3	1.4	1.4
Real estate activities	10.5	10.1	9.9	9.9	9.7	9.9	9.8
Professional, scientific and technical activities	1.3	1.3	1.3	1.1	1.0	1.1	1.1
Administrative and support service activities	2.1	2.3	2.2	2.2	2.0	1.9	1.8
Public administration and defence; compulsory social security	8.5	8.5	8.0	7.5	7.7	8.5	8.9
Education	6.2	6.5	7.0	6.8	7.2	7.7	7.7
Public Sector Education	4.5	4.2	4.1	4.0	4.0	4.4	4.5
Private Sector education	1.7	2.2	2.9	2.8	3.2	3.3	3.2
Human health and social work activities	2.7	2.6	2.4	2.5	2.7	3.0	2.8
Public Sector Health	2.2	2.1	1.8	1.8	2.0	2.2	2.1
Private Sector Health	0.5	0.5	0.6	0.7	0.7	0.7	0.7
Arts, entertainment and recreation	0.9	1.0	1.0	1.0	1.0	0.9	0.9
Other service activities	0.7	0.6	0.6	0.6	0.6	0.6	0.5
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Gross value added at basic prices	85.9	84.9	85.0	85.1	85.1	84.6	83.4
Taxes on products	14.1	15.2	15.1	14.9	15.0	15.5	16.7
Less subsidies on products	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Prices and interest rates							
Inflation (%, end of period)	-2.1	1.0	3.0	1.4	0.5	-1.0	3.4
Inflation (%, period average)	-1.7	-0.1	2.2	2.3	0.9	-0.6	1.6
Money supply (M1) (XCD million, end of period)	438	480	476	516	580	586	694
Monetary liabilities (M2) (XCD million, end of period)	1,476	1,521	1,539	1,565	1,720	1,643	1,854
Money supply (M1) (% growth)	2.7	9.6	-0.8	8.4	12.5	1.0	18.4
Monetary liabilities (M2) (% growth)	4.8	3.0	1.2	1.7	9.9	-4.5	12.8
Interest rates							
Deposit interest rate (%)	1.92	1.82	1.82	1.78	1.68	1.62	1.65
Lending interest rate (%)	9.22	8.90	8.58	8.41	8.3	7.8	7.5
Memorandum							
Population (persons)	110,299	110,343	110,431	110,520	110,608	110,696	110,784
Exports of goods and services (% of current GDP)	36.1	37.2	34.6	36.4	36.0	21.7	13.9
Imports of goods and services (% of current GDP)	53.0	53.9	50.7	51.2	46.7	42.8	46.0
Exchange rate (domestic currency per USD)	2.7	2.7	2.7	2.7	2.7	2.7	2.7

	2015	2016	2017	2018	2019	2020	2021
Real effective exchange rate (index)	103.1	104.2	104.2	103.9	105.9	103.6	99.8
Real effective exchange rate (% change)	5.5	1.1	0.0	-0.2	1.9	-2.1	-3.7

Note: Data of 2019-21 are preliminary data.

Source: Statistical Office of St Vincent & the Grenadines; Eastern Caribbean Central Bank (ECCB); and the International Monetary Fund (IMF).

1.3. During the review period, Saint Vincent and the Grenadines' economic performance was modest. GDP expanded by an average annual rate of 1.1% in the 2015-21 period. The major driving force of economic growth throughout the review period were services exports, in particular tourism, and construction activities (building new and rebuilding/repairing damaged infrastructure).

1.4. During the first years of the review period, the economy was still recovering from the global financial crisis and back-to-back natural disasters, but despite this, solid growth rates were achieved in both 2015 and 2016, 2.8% and 4.1%, respectively. Although real GDP growth slowed down a bit in 2017, to 1.7%, it picked up again in 2018, to 3.1%, as tourist arrivals gradually increased, boosted in particular by the significant improvement in the country's airlift capacity as the new international airport became operational in February 2017. The economy weakened in 2019, and real GDP contracted by 5.3% in 2020, when the COVID-19 pandemic hit the country. The economy's recovery from the pandemic was further complicated by the La Soufrière volcano eruption in April 2021; as a result, GDP grew by just 1.4% in 2021, and it remained below its pre-pandemic level. Reflecting the Government's response as well as assistance from the international community, the economy is expected to have experienced a mild recovery in 2022.

1.5. The COVID-19 pandemic posed a major challenge to Saint Vincent and the Grenadines' tourism-driven economy. Visitor arrivals from all major markets declined; most significantly, the number of stay-over visitors plummeted by 69%. Value added in the hotels and restaurants sector declined steeply by 55%. Tourism receipts almost dried up. The decline in tourism was compounded with negative growth in the agriculture and manufacturing sectors preceding the pandemic. All this led to a GDP contraction of 5.3% in 2020. The persistently high unemployment rate further increased by 2 percentage points due to the pandemic, reaching 21.6% in 2021, compared to 19.3% in 2019.[3]

1.6. The volcano eruption added stress on the country's economic recovery. According to a study by the authorities, economic loss from La Soufrière's eruption was equivalent to more than 18% of GDP in 2020. The eruption affected to a large extent the agricultural sector, almost wiping out all crops and livestock. It also provoked direct damage to infrastructure and buildings; this damage alone was estimated to exceed 26% of GDP (approximately XCD 622 million).[4] Moreover, the damage caused to manufacturing production and construction projects, which were temporarily disrupted by ash accumulation and the interruption of utilities is estimated to have amounted to around 11% of GDP in 2021.[5] However, the authorities estimate that the impact of volcano eruption on the tourism sector was small, partly because it was still suffering from the effects of the pandemic.[6]

1.7. In the most recent Article IV Consultations, in November 2022, IMF staff noted that, prior to the pandemic, the authorities had made great strides with strengthening fundamentals. Significant efforts were made to diversify the export base, strengthen human capital, improve the investment

[3] As reported in the IMF's Article IV Consultation with Saint Vincent and the Grenadines in 2018 and 2022, the Government estimated that the unemployment rate was 25.8% in 2017. The Ministry of Finance noted that the unemployment rate likely remains around 20%, broadly unchanged from the previous 2012 Census. See IMF (2019), *Staff Report for the 2018 Article IV Consultation*: *St Vincent and the Grenadines*. Viewed at: https://www.imf.org/-/media/Files/Publications/CR/2019/1VCTEA2019001.ashx.

[4] Ministry of Finance (2021), *La Soufrière Volcanic Eruption Sector Reports: Saint Vincent and the Grenadines*, August 2021. Viewed at: http://finance.gov.vc/finance/images/PDF/Full_Report_SVG_PDNA_Volcanic_Eruption.pdf.

[5] IMF, *World Economic Outlook*, April 2021.

[6] The authorities note that the relatively small impact of the eruption on the tourism sector can be attributed to two factors: that the majority of tourism infrastructure is in the green zone, that is an area far away from the volcano; and that the estimate methodology (the simultaneous disasters approach) already included the impact from COVID-19 on the sector in the modelling baseline. As a result, estimates were made starting from an already low baseline.

climate, and build climate resilience. However, the pandemic and 2021 volcanic eruptions had highlighted Saint Vincent and the Grenadines' significant vulnerability to external shocks and natural disasters. The report notes that the authorities' proactive policy responses, supported by two IMF Rapid Credit Facilities (RCFs) and financing from other international financial institutions, mitigated the socio-economic impact of the shocks and helped contain economic scars. The two RCF disbursements approved were if SDR 11.7 million (100% of quota) in May 2020, to address the COVID-19 pandemic and SDR 8.17 million (69.85% quota) in July 2021, to address the fallout from the volcanic eruptions. The financing helped the Government finance "two fiscal packages to provide critical support to households and firms affected by the shocks and the vulnerable".[7]

1.8. In November 2022, the IMF projected the economy to grow by 5% in 2022 supported by large-scale investment projects and recoveries in tourism and agriculture, and to strengthen further in 2023. Due to external pressures, average annual inflation was estimated in 5.8% in 2022.[8]

1.9. Inflation remained subdued during most of the review period between 0.5% and 3%, with the exception of 2015 and 2020, years in which the change in the Consumer Price Index was negative. In 2021, however, push by imported inflationary pressure, in particular a sharp increase in energy and food prices, inflation accelerated to annual average of 3.4%, and as noted above was expected to have hovered around 6% in 2022. As a response to inflationary pressure, the Government introduced a number of measures to counter it, including: (i) a temporary reduction in fuel excise taxes by half; (ii) the removal of the Customs Service Charge (CSC) on the fuel imports of the Saint Vincent Electricity Services Limited (VINLEC) from May through end-2022; (iii) fertilizer subsidies to farmers in 2022 and feed subsidies to livestock farmers; (iv) the re-introduction of the targeted food support programme from May 2022; (v) an increase in the VAT exemption threshold on monthly electricity usage from 150 kWh to 250 kWh from July through end-2022; and (vi) a waiver of half of the CSC on flour from July 2022.

1.1.2 Fiscal policy

1.10. Like other OECS-WTO Members, Saint Vincent and the Grenadines' fiscal base is narrow and highly dependent on tourism and connected activities. Most fiscal revenues come from indirect taxes, including VAT, excise taxes, tariffs, and the CSC. International trade was a major contributor to the increase in the government revenue during the review period. Customs duties and the CSC together, as direct revenues from trade, accounted for around 12% of total tax revenue. Revenue from VAT accounted for about one third of total revenue (Table 1.2).

1.11. Prior to the COVID-19 pandemic, Saint Vincent and the Grenadines had initiated a process of fiscal consolidation and structural reforms to broaden the tax base, improve tax collection, contain expenditure, and address the issue of public debt sustainability. These adjustment measures included broadening the tax base; increasing VAT rates and those of other charges, such as the CSC, airport services charge, and landholding licence fee; strengthening tax collection efficiency; and streamlining/tightening tax concessions and exemptions. Consequently, the fiscal position improved; public debt, as a share of GDP, gradually decreased to 68% in 2019, from 76% in 2015 (Table 1.2). Also, with the completion of this major infrastructure project, capital expenditure gradually decreased until 2018, though capital outlays and cash transfers (mainly for rehabilitation operations from back-to-back natural disasters) remained high.

1.12. These initiatives led to primary fiscal surpluses during the 2015-18 period, and moderate overall balance deficits, of between 0.8% and 1.9% of GDP (in 2016 there was a surplus). The fiscal responses coupled with a contraction of economic activity led to a reversal of the declining trend of public debt-to-GDP ratio prior to 2020. In 2020 the overall budget deficit, financed largely by multilateral and bilateral assistance, widened to 6.1% of GDP due to COVID-19-related spending. Total spending increased, although less than in other OECS-WTO Members, to 25.9% of GDP in 2020, up from 23.6% in 2019. However, and despite the shocks, tax revenue remained resilient in

[7] IMF (2022), *St Vincent and the Grenadines: Staff Report for the Article IV Consultation*, IMF Country Report No. 22/346, November, p. 6. Viewed at: https://www.imf.org/en/Publications/CR/Issues/2022/11/17/St-Vincent-and-the-Grenadines-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-525774.

[8] IMF Country Report No. 22/346. Viewed at: https://www.imf.org/en/Publications/CR/Issues/2022/11/17/St-Vincent-and-the-Grenadines-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-525774.

nominal terms in 2020 and 2021, and actually increased in share of GDP. The overall deficit fell as a share of GDP in 2021, to 5% of GDP, but increased in value terms. Public debt rose to 89% of GDP in 2021, from about 68% in 2019.

1.13. In accordance with the Social and Economic Development Plan, the Government identified improving connectivity as crucial for alleviating supply-side constraints to growth and enhancing the competitiveness of the country.[9] The construction of the new international airport, started in 2008 through a commercial loan, was completed in mid-February 2017, and the airport became operational. This expansion of air transport capacity facilitates the tourism sector, as it allows the country to accommodate a much larger number of arrivals.

1.14. When the first domestic COVID-19 cases were reported, the Government did not declare a state of emergency, being the only country in the region permitting all business activity to continue. In addition, the Government introduced a relief package, which included an increase in funding for the health sector, various public construction projects to generate jobs, financial support for the agriculture and fisheries sectors, and programmes to support displaced workers and the most vulnerable. The package cost approximately XCD 77 million. More particularly, the measures included: (i) an increase in health care spending; (ii) cash payments to vulnerable households; (iii) income support during the April 2020–mid-2021 period for displaced workers and firms in the tourism, agriculture, and other sectors affected; (iv) public infrastructure projects to clean and reconstruct; and (v) temporary VAT and import duty exemptions on health and aid-related products. To help finance the increased expenditure, the CSC rate was raised by 1 percentage point to 6%, effective from June 2021. Despite this, expenditure increased by 2 percentage points, and the fiscal deficit broadened to 3.9% of GDP in 2020 from 0.9% in 2019. Public debt as a share of GDP sharply rose by almost 13 percentage points, and stood at 80.9% in 2020 (Table 1.2). Against this backdrop, the authorities sought emergency financing assistance from the IMF, for an amount of SDR 11.7 million (approximately USD 16 million) under the Rapid Credit Facility (RCF) mechanism. The request was approved in May 2020.

1.15. Shortly before the La Soufrière eruption, an evacuation order was issued to nearly 20,000 persons in the affected area; approximately 20% of the country's population was displaced. Relief was provided to all affected persons; the authorities estimate that a fiscal package of USD 55.1 million was needed for the immediate relief of the humanitarian and healthcare crisis. Also, the authorities estimate that a total of XCD 561.4 million was needed in the short term for recovery from the volcano eruption. The debt-to-GDP ratio rose further to 86.7% in 2021. Given that the current account deficit was expected to widen in 2021, a financing need arose. Recourse was made to the IMF, which, in July 2021 approved a disbursement of SDR 8.17 million (approximately USD 11.6 million) as emergency financing assistance under the Large Natural Disaster Window of the RCF.

Table 1.2 Central Government fiscal accounts, 2015-21

(% of current GDP)

	2015	2016	2017	2018	2019	2020	2021[a]
GDP (current XCD million)	**2,124**	**2,199**	**2,289**	**2,388**	**2,457**	**2,355**	**2,441**
Current revenue	**24.4**	**27.0**	**25.9**	**25.0**	**24.5**	**25.0**	**27.1**
Tax revenue	20.9	22.7	22.4	21.4	20.9	22.1	23.9
Taxes on goods and services	10.8	10.7	10.7	10.7	11.4	11.7	11.3
Of which: Value added tax	6.8	7.0	7.0	7.1	7.7	7.6	7.5
Taxes on income and profits	6.1	7.1	6.6	6.2	5.7	6.1	5.9
Of which: Corporation tax	2.2	3.0	2.4	2.3	1.8	1.9	1.8
Personal income tax	3.3	3.5	3.5	3.3	3.4	3.6	3.6
Taxes on property	1.4	2.1	2.5	1.6	1.1	1.7	4.1
Taxes on international trade and transactions	2.6	2.9	2.7	2.9	2.7	2.7	2.6
Of which: Import duty	2.5	2.6	2.4	2.5	2.4	2.4	2.3
Non-tax revenue	3.5	4.3	3.5	3.6	3.6	2.9	3.2

[9] Government of Saint Vincent and the Grenadines (2013), *National Economic and Social Development Plan (2013-2025)*. Viewed at: http://finance.gov.vc/finance/index.php/economic-planning-industry-and-social-development/national-economic-a-social-development-plan.

	2015	2016	2017	2018	2019	2020	2021[a]
Current expenditure	**23.9**	**22.9**	**23.6**	**23.1**	**23.6**	**25.9**	**26.9**
Goods and services	3.4	3.1	3.4	3.2	3.2	3.8	4.0
Interest payments	2.1	1.9	2.2	2.2	2.3	2.2	2.0
Domestic interest payments	1.3	1.3	1.4	1.3	1.4	1.4	1.3
External interest payments	0.8	0.7	0.8	0.8	0.8	0.8	0.7
Personal emoluments	12.7	12.5	12.3	12.1	12.3	13.7	13.8
Transfers and subsidies	5.7	5.4	5.8	5.6	5.7	6.2	7.0
Capital expenditure	4.7	3.6	5.4	4.1	6.5	8.0	8.0
Capital expenditure and net lending	4.7	3.6	5.4	4.1	5.3	8.0	8.0
Current account balance	**0.6**	**4.0**	**2.3**	**1.9**	**0.9**	**-0.9**	**0.3**
Primary balance (after grants)	**1.3**	**3.0**	**0.2**	**0.7**	**-0.9**	**-3.9**	**-3.0**
Overall balance (after grants)	**-0.8**	**1.1**	**-1.9**	**-1.5**	**-3.2**	**-6.1**	**-5.0**
Total financing	**0.8**	**-1.1**	**1.9**	**1.5**	**3.2**	**6.1**	**5.0**
Domestic financing	-1.9	-3.0	2.3	-1.3	1.2	-9.7	-14.5
External Financing	4.0	3.0	-0.4	1.9	1.3	0.0	19.6
Arrears	-1.4	-1.1	0.0	0.8	0.7	0.0	0.0
Memorandum							
Total public debt (XCD million)	1,614	1,717	1,585	1,653	1,670	1,905	2,116
Total public debt (% of GDP)	76.0	78.1	69.3	69.2	68.0	80.9	86.7
External debt (% of GDP)	50.7	55.9	45.7	44.2	46.1	52.9	62.4
Domestic debt (% of GDP)	25.3	22.2	23.6	25.0	21.9	28.0	24.2

a Preliminary data.

Source: Eastern Caribbean Central Bank (ECCB).

1.16. The FY2022 budget restrains current spending and prioritizes spending to provide support to reconstruction and economic activity, focusing in particular on social and health spending. The IMF estimated that the primary deficit will widen to 5.7% of GDP from 3% in 2021 due to the beginning of the port construction. Although public debt is considered sustainable, it remains at high risk of distress. The authorities are committed to reaching the 2035 regional debt target of 60% of GDP. To achieve this, current spending growth needs to be contained, and revenue administration fortified.

1.17. Three large-scale investment projects are currently in the pipeline; they are expected to boost growth, but also expenditure. Two of these projects are public sector projects (port modernization and the construction of a new hospital), and one is a private sector project on the construction of the Beaches Resort. According to the IMF, these projects collectively amount to about 57% of 2022 GDP and will have significant macroeconomic impact on growth, employment, current account deficit, and fiscal outcomes in both the short and long terms. Public sector projects, financed by grants and loans on concessional terms, will add to gross financing needs and public debt in the coming years.[10]

1.18. The first project is the Port of Kingstown's modernization. In December 2019, the authorities reached an agreement with the Caribbean Development Bank (CDB) on a large-scale port modernization project with the objective to replace the existing port in Kingstown. The Government began modernizing the Kingstown Port in 2022. The cost of this port modernization project was estimated to be equivalent to approximately 25% of GDP in 2022, or some USD 238 million. It is financed by a combination of grants from the United Kingdom and loans from the CDB (about USD 110 million). The second project is the Arnos Vale Acute Referral Hospital, whose construction is expected to begin in 2023 at an estimated total cost of some 10.5% of 2022 GDP, with the financing of the World Bank at concessional terms, and multilateral and bilateral creditors at similar

[10] IMF Country Report No. 22/346. Viewed at: https://www.imf.org/en/Publications/CR/Issues/2022/11/17/St-Vincent-and-the-Grenadines-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-525774.

terms. The third project is private, a new Beaches Resort at Buccament Bay, with an estimated cost of USD 200 million (some 21% of 2022 GDP), expected to open by early 2024.[11]

1.19. Saint Vincent and the Grenadines does not operate any Citizenship-by-Investment scheme, of the kind that are in place in all other OECS-WTO Members.

1.1.3 Balance of payments, monetary, and exchange rate policy

1.20. Saint Vincent and the Grenadines, as a member of the Eastern Caribbean Currency Union (ECCU), uses the Eastern Caribbean dollar (XCD), as legal tender managed collectively by the Eastern Caribbean Central Bank (ECCB). The ECCB manages the exchange rate on a currency board arrangement throughout the ECCU, pegging the XCD with the USD at a rate of XCD 2.70 per USD. According to the authorities, Saint Vincent and the Grenadines remains strongly committed to the ECCU's convergency criteria, and the public debt-to-GDP ratio will be ambitiously brought down to 60% no later than 2030 from 86.7% in 2021.[12]

1.21. During the review period, Saint Vincent and the Grenadines' current account of the balance of payments remained in deficit. The deficit narrowed from the beginning of the review period until 2019; then the trend reversed in 2020, and the deficit became ever larger in 2021 (Table 1.3). This change in the current account deficit reflected the fluctuation of services trade and its contribution to the economy: Before 2020, the trade in services surplus covered around 40% of the merchandise trade deficit; however, the surplus shrank to one quarter of the pre-pandemic level in 2020, and turned into deficit in 2021 when La Soufrière erupted.

Table 1.3 Balance of payments, 2015-21

(USD million)

	2015	2016	2017	2018	2019	2020	2021
1. Current account	**-115.8**	**-103.7**	**-99.3**	**-89.8**	**-27.9**	**-131.5**	**-211.6**
1.A Goods and services	-132.7	-136.0	-136.2	-130.7	-97.8	-184.8	-289.9
1.A.a Goods	-248.5	-248.4	-247.0	-265.5	-250.9	-224.8	-289.6
Exports	46.3	46.8	44.0	46.3	44.6	58.2	38.2
Imports	294.8	295.1	290.9	311.8	295.4	283.0	327.8
1.A.b Services	115.8	112.3	110.8	134.8	153.1	40.0	-0.3
Exports	237.6	255.8	249.2	275.5	282.9	130.6	87.6
Imports	121.8	143.4	138.4	140.7	129.8	90.6	87.9
1.B Primary income	-18.2	-5.2	-3.5	-0.5	-7.4	-4.6	-4.8
1.B.1 Compensation of employees	-1.8	-2.7	-2.4	-0.8	-0.6	0.4	0.4
1.B.2 Investment income	-16.4	-2.4	-1.2	0.3	-6.9	-5.1	-5.2
1.B.2.1 Direct investment	-11.0	1.6	2.7	4.9	-3.0	-0.3	-0.3
1.B.2.2 Portfolio investment	3.2	2.7	3.8	2.9	3.3	2.0	2.1
1.B.2.3 Other investment	-8.7	-6.7	-7.6	-7.5	-7.1	-6.8	-7.0
1.B.3 Other primary income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.C Secondary income	35.1	37.5	40.4	41.3	77.3	58.0	83.1
1.C.1 General government	3.3	8.1	12.6	13.8	21.9	16.1	16.4
1.C.2 Financial corporations, nonfinancial corporations, households, and NPISHs	31.9	29.3	28.5	27.6	57.9	42.3	67.1
1.C.3 Adjustment for change in pension entitlements	-0.1	0.1	-0.7	-0.1	-2.5	-0.4	-0.4
2. Capital account	**11.5**	**6.4**	**76.4**	**5.7**	**4.6**	**4.9**	**17.3**
2.2 Capital transfers	11.5	6.4	76.4	5.7	4.6	4.9	17.3
2.2.1 General government	11.4	6.3	76.4	5.7	4.6	4.9	6.2
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	0.1	0.1	0.0	0.0	0.0	0.0	11.1

[11] IMF Country Report No. 22/346. Viewed at: https://www.imf.org/en/Publications/CR/Issues/2022/11/17/St-Vincent-and-the-Grenadines-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-525774.
[12] The public debt-to-GDP ratio is forecasted to reach its peak at about 89% in 2024, according to the IMF.

	2015	2016	2017	2018	2019	2020	2021
Net lending (+) / net borrowing (-) (balance from current and capital account)	-104.3	-97.4	-22.9	-84.1	-23.3	-126.6	-194.4
3. Financial account	..	..	..	..	..	..	..
Net lending (+) / net borrowing (-) (balance from financial account)	-121.8	-60.1	-74.1	-30.7	-3.0	-42.9	-26.0
3.1 Direct investment	-115.8	-88.8	-142.5	-34.2	-69.2	-28.4	-61.7
3.2 Portfolio investment	-3.4	5.2	10.5	-5.2	18.6	14.1	5.2
3.3 Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4 Other investment	-18.1	-3.1	74.8	21.1	23.8	-40.5	-53.2
3.4.2 Currency and deposits	0.5	24.0	-15.7	5.4	50.1	18.9	33.2
3.4.3 Loans	-8.5	-31.7	80.4	7.0	-29.8	-57.2	-93.8
3.4.4 Insurance, pension, and standardized guarantee schemes	1.0	1.7	-2.6	1.6	5.4	2.9	2.9
3.4.5 Trade credit and advances	-10.1	3.8	5.6	2.7	4.0	2.6	1.3
3.4.6 Other accounts receivable/payable	-0.9	-0.9	7.1	4.3	-5.9	-7.7	19.2
3.4.7 Special drawing rights (Net incurrence of liabilities)	0.0	0.0	0.0	0.0	0.0	0.0	15.9
3.5 Reserve assets	15.4	26.6	-16.9	-12.4	23.7	11.8	83.6
3.5.2 Special drawing rights	0.0	0.2	0.5	-0.6	0.5	-0.6	15.7
3.5.3 Reserve position in the IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.5.4 Other reserve assets	15.4	26.4	-17.5	-11.8	23.3	12.4	68.0
Net errors and omissions	-17.5	37.3	-51.2	53.4	20.4	83.7	168.3
Memorandum							
Current account as a share of GDP (%)	-14.7	-12.7	-11.7	-10.2	-3.1	-15.1	-23.4
External debt service ratio (XCD million)	83.6	81.7	101.6	99.3	118.7	..	..
External debt service ratio (% of exports of goods and services)	0.1	0.1	0.1	0.1	0.1	..	..

.. Not available.

Note: Data of 2019-21 are preliminary data. The aggregated data on financial account are not provided.

Source: Eastern Caribbean Central Bank (ECCB), and Central Statistical Office.

1.22. The deficit in merchandise trade during the review period is in a way the mirror image of the buoyancy of the tourism sector, which absorbs a fair share of imported merchandise. In addition to supplies to the tourism sector, other tourism-related imports of goods are capital goods for tourism infrastructure construction. Large-scale infrastructure projects that began construction during the review period, such as the new cargo terminal of the Kingstown Port and the new Beaches Resort, imply a significant increase in imports, widening the current account deficit.

1.23. During the review period, Saint Vincent and the Grenadines received international capital transfers from international financial institutions, and other grant donations. The inflows of capital transfers and the FDI destined for the tourism sector, together with other international borrowing, financed the current account deficit. With regard to the above-mentioned more recent infrastructure projects, their imports are not expected to create pressure on gross international reserves, considering that the bulk of financing stems from external sources. In the medium term, these projects would improve the country's export potential (agricultural goods and tourism), and therefore contribute to reduce the current account deficit.

1.24. In its National Economic and Social Development Plan (2013-2025), the Government committed to achieving that the current account deficit not exceed 2.5% of GDP.[13] Before COVID-19 and the volcano eruption, the current account deficit was on a declining path, having fallen from

[13] Government of Saint Vincent and the Grenadines (2013), *National Economic and Social Development Plan (2013-2025)*. Viewed at: http://finance.gov.vc/finance/index.php/economic-planning-industry-and-social-development/national-economic-a-social-development-plan.

14.7% of GDP in 2015 to 3.1% in 2019 (Table 1.3). The COVID-19 pandemic and the volcano eruption reversed the trend; the current account deficit rebounded to 23.4% of GDP in 2021.

1.25. According to the IMF, the real exchange rate is currently overvalued against Saint Vincent and the Grenadines' economic fundamentals.[14]

1.2 Trends and pattern in merchandise and services trade

1.26. In terms of merchandise trade, Saint Vincent and the Grenadines is a net importer. Merchandise exports remain limited; they totalled USD 34 million in 2021, down from USD 48 million in 2015. Food and live animals make up over two thirds of exports (Chart 1.1). More than half of merchandise exports were fruits and fish products. During the review period, exports of agro-processing goods, in particular beverages, noticeably declined, from USD 16.5 million in 2014 (approximately 11.5% of total exports) to USD 6.6 million, accounting for 6.1% of total export in 2021 (Chart 1.1). The authorities note that such a decline in agro-processing goods exports was mainly attributed to the trade disruption caused by the COVID-19 pandemic.

1.27. Merchandise imports totalled USD 373 million in 2021, slightly above the USD 361 million registered in 2020. Food and fuels are the largest spending items with regard to merchandise imports, followed by machineries and transport equipment, and manufactured goods. Saint Vincent and the Grenadines imposes high duties, taxes, and surcharges on imports of fuels and transport equipment (Sections 3.1.3 and 3.1.4).

1.28. Although there are no fully disaggregated statistics with respect to trading partners, the United States, the United Kingdom, and other countries in CARICOM continue to be Saint Vincent and the Grenadines' main trading partners, both with respect to exports and imports.

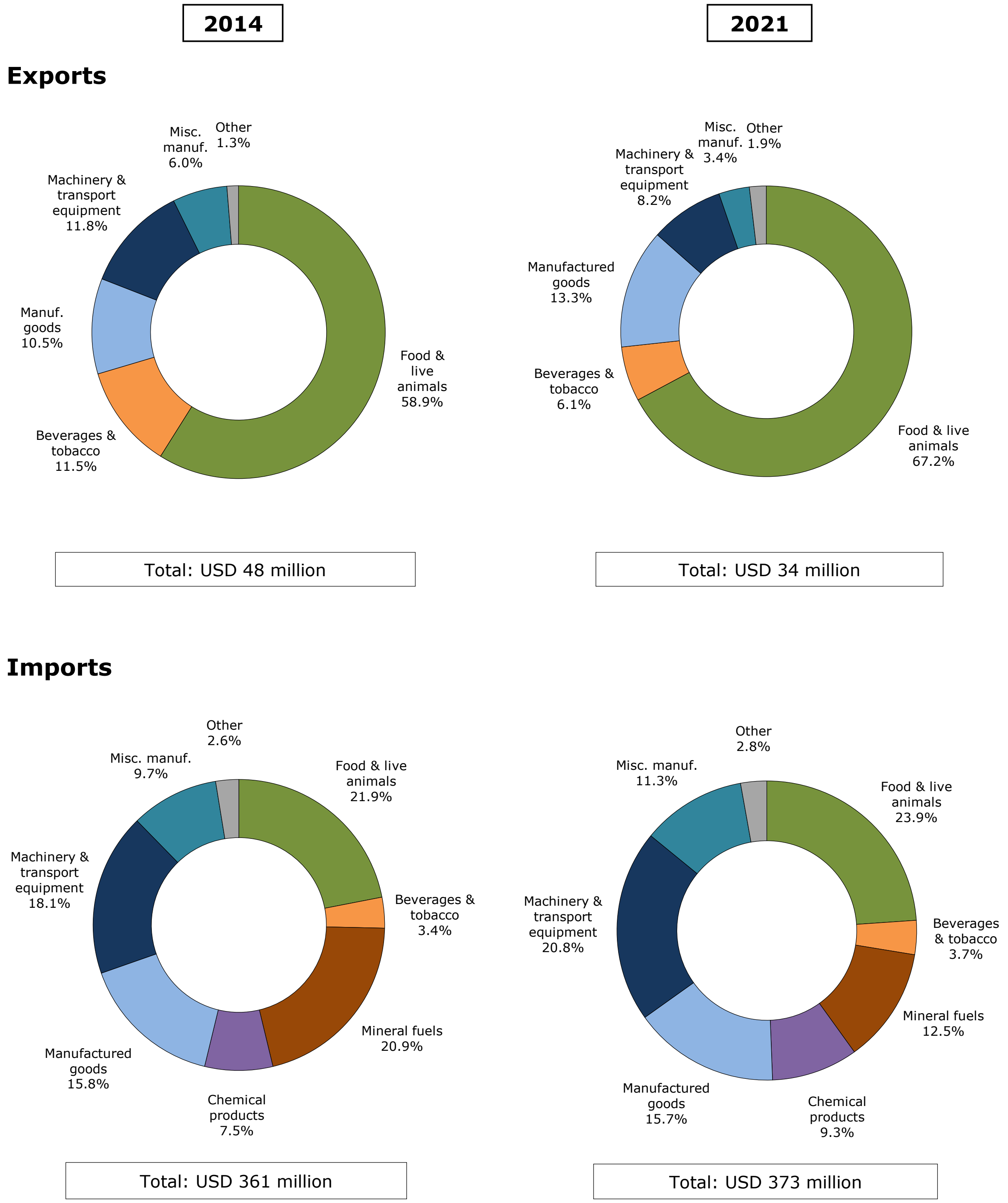
1.29. Saint Vincent and the Grenadines remained a net exporter of services throughout the review period until 2021. Before the COVID-19 pandemic hit the country in 2020, exports of services were equivalent to around 30% of GDP each year. Over 80% of services exports are travel services (i.e. tourism). As the number of tourist arrivals steadily increased until 2019, earnings from tourism exports recorded a growth of 17%, reaching USD 241.7 million in 2019, up from USD 207.1 million in 2015. Tourism-related exports dropped to one third of pre-pandemic level in 2020, and further declined to less than 20% of that level in 2021 (Table 1.4). A gradual recovery is expected starting in 2022.

1.30. Transport services and telecommunications remained significant contributors to the services balance surplus. As the tourism sector expanded before 2020, income from transport services steadily increased. Due to the COVID-19 pandemic and the volcano eruption, transport services earnings declined by more than 50% in 2021, compared to the situation before the disaster.

1.31. Technical trade-related and other business services gained importance among services exports during the review period. They reached USD 16.8 million in 2021, up from USD 5.4 million in 2015, and appeared not much affected by the pandemic.

[14] IMF (2019), *Staff Report for the 2018 Article IV Consultation*: *St Vincent and the Grenadines*. Viewed at: https://www.imf.org/-/media/Files/Publications/CR/2019/1VCTEA2019001.ashx.

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



Source: WTO Secretariat calculations, based on ECCB statistics.

Table 1.4 Trade in services, 2015-21

(USD million)

	2015	2016	2017	2018	2019	2020	2021
Services trade balance	**115.8**	**112.3**	**110.8**	**134.8**	**153.1**	**40.0**	**-0.3**
Exports of services	**237.6**	**255.8**	**249.2**	**275.5**	**282.9**	**130.6**	**87.6**
Transportation	8.3	10.5	11.9	13.6	12.7	7.5	5.1
Sea transport	2.3	2.8	2.8	4.0	4.5	4.0	2.6
Air transport	5.7	7.5	8.9	9.3	8.0	3.2	2.3
Passenger	4.1	5.3	5.2	5.4	3.5	1.7	1.2
Other	1.7	2.1	3.6	3.9	4.4	1.5	1.0
Postal and courier services	0.3	0.3	0.2	0.3	0.3	0.3	0.3
Travel	207.1	216.4	210.5	239.1	241.7	88.2	46.2
Insurance services	3.0	4.1	4.2	3.9	4.6	5.1	5.1
Direct insurance	0.3	0.1	0.1	0.1	0.2	0.1	0.1
Reinsurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary insurance services	2.7	4.0	4.1	3.8	4.4	5.0	5.1
Financial services	4.2	4.3	3.4	3.4	3.8	3.8	4.0
Telecommunications, computer, and information services (Combined)	7.6	8.2	7.9	5.4	5.5	5.1	5.2
Other business services	6.0	10.7	9.7	8.8	13.1	16.6	16.9
Professional and management consulting services	0.6	0.5	0.5	0.5	0.1	0.1	0.1
Technical, trade-related, and other business services	5.4	10.2	9.2	8.2	13.0	16.5	16.8
Personal, cultural, and recreational services	0.0	0.0	0.0	0.0	0.0	2.8	3.5
Government services, n.i.e.	1.5	1.5	1.6	1.3	1.4	1.4	1.5
Embassies and consulates	1.5	1.5	1.6	1.3	1.4	1.4	1.5
Imports of services	**121.8**	**143.4**	**138.4**	**140.7**	**129.8**	**90.6**	**87.9**
Maintenance and repair services, n.i.e.	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Transportation	51.2	52.3	54.6	51.2	49.0	34.4	34.8
Sea transport	33.4	33.5	33.0	35.4	33.5	32.1	32.8
Freight	33.4	33.5	33.0	35.4	33.5	32.1	32.8
Air transport	17.6	18.7	21.4	15.7	15.4	2.3	2.0
Passenger	17.0	17.6	20.6	14.9	14.4	2.0	1.7
Other	0.5	1.1	0.8	0.8	1.0	0.3	0.3
Postal and courier services	0.3	0.1	0.1	0.1	0.1	0.0	0.0
Travel	23.3	22.6	24.3	24.7	22.9	9.6	6.4
Construction services	7.8	10.1	5.0	3.5	7.7	1.8	2.0
Construction in the compiling economy	7.8	10.1	5.0	3.5	7.7	1.8	2.0
Insurance services	11.0	14.1	16.6	20.7	13.0	15.4	14.8
Direct insurance	10.4	12.9	14.1	14.5	9.8	13.2	13.5
Reinsurance	0.5	0.5	0.3	0.5	0.7	0.7	0.7
Auxiliary insurance services	0.0	0.5	1.8	5.5	1.5	1.1	0.3
Pension and standardized guarantee services	0.1	0.2	0.3	0.2	1.0	0.3	0.3
Financial services	1.1	1.6	0.8	1.0	0.6	1.1	1.2
Charges for use of intellectual property	3.1	3.4	2.7	2.7	2.4	2.6	2.6
Telecommunications, computer, and information services (Combined)	3.2	4.3	4.4	4.7	4.5	4.7	4.7
Other business services	18.8	33.1	26.8	29.0	27.1	18.4	18.8
Professional and management consulting services	9.4	12.4	15.2	11.3	12.7	9.1	9.3
Technical, trade-related, and other business services	9.4	20.7	11.6	17.7	14.5	9.3	9.5
Government services, n.i.e.	2.1	2.0	3.1	3.2	2.4	2.4	2.5
Embassies and consulates	1.4	1.2	2.3	2.4	2.4	2.4	2.5
Other government services	0.7	0.7	0.7	0.7	0.0	0.0	0.0

Note: Data of 2019-21 are preliminary data.

Source: Eastern Caribbean Central Bank (ECCB).

1.32. Transport accounted, on average, for almost 40% of total services imports each year. Over 60% of the transport bill was spent on transportation of goods and supplies, while almost 90% of the spending on air transport corresponded to the transportation of passengers. Similarly, around 15% of services imports were attributed to travel services. This mainly reflected the expenditure of Vincentian students studying abroad, the remittances of their tuition fees, and maintenance. Some

12% of total imports correspond to insurance, which is not surprising given that Saint Vincent and the Grenadines is prone to suffer the effect of natural disasters.[15]

[15] According to the authorities, this spending on insurance services was mainly on reinsurance.

2 TRADE AND INVESTMENT REGIMES

2.1 General 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/her Cabinet. There is no local government in Saint 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 6 senators appointed by the Governor General; 4 senators are nominated by the Prime Minister and 2 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 November 2020.

2.3. When the Executive decides that a law is needed for a specific purpose, the Attorney General's Chamber drafts a Bill at the request of a Ministry. Upon its introduction in Parliament by the relevant Minister, the draft Bill needs to be seconded by another member of the House of Assembly. After three readings, a Bill is passed on a majority vote and becomes an Act. The Act becomes law when it is published in the Government Gazette, or on a specified date stated in a proclamation published in the Gazette.

2.4. The legal system is based on English common law, with the following hierarchal order: magistrates' courts (the lowest judicial level); the Eastern Caribbean Supreme Court (the high court and the court of appeal); and the London-based Judicial Committee of the Privy Council, as the court of final appeal. The Caribbean Court of Justice in its original jurisdiction, established by CARICOM, has jurisdiction over matters pertaining to the Treaty of Chaguaramas.

2.5. Acceptance of an international treaty/agreement is subject to approval by the Cabinet. Once the Cabinet approves the agreement, the Government will submit the instrument of acceptance to the relevant international organizations. Private parties may not make use of international agreements before national courts until such agreements are transposed into domestic legislation.

2.6. Saint 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 objectives

2.7. Export-driven sustainable growth remains the main trade policy objective. Saint Vincent and the Grenadines continues to collaborate actively with other OECS and CARICOM states in the formulation of trade and trade-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.

2.8. Trade policy formulation is coordinated by the Ministry of Foreign Affairs and Foreign Trade, which has primary responsibility for WTO affairs and trade-related negotiations. The Ministry of Finance, Economic Planning and Information Technology, which defines tariff, fiscal, and investment policies, also holds a stake in trade policy formulation. Trade policy is also influenced by the Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour; the Ministry of Tourism, Civil Aviation, Sustainable Development and Culture; the Ministry of Legal Affairs; the Ministry of Health, Wellness and the Environment; and the Saint 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.

2.3 Trade agreements and arrangements

2.3.1 WTO

2.9. Saint Vincent and the Grenadines is an original member of the WTO. In the WTO, Saint Vincent and the Grenadines, like its OECS peers, is a member of the Small, Vulnerable Economies (SVEs)-NAMA group, a negotiating group comprising proponents of a proposal for flexibilities for SVEs in the NAMA negotiations. Saint Vincent and the Grenadines is also member of the ACP group, the G-90, the G-33, and the group of "W52" sponsors.[16]

2.10. During the review period, Saint Vincent and the Grenadines submitted 32 notifications to the WTO, covering regional trade agreements; agriculture domestic support measures; agriculture export subsidies; its fiscal incentives programme; intellectual property rights legislation; the import licensing regime; and implementation of the trade facilitation agreement (Table 2.1). Saint Vincent and the Grenadines also submitted a number of addenda, corrigenda, and supplements, providing additional information to the notified measures. It appears that notifications in some areas are missing, in particular in the areas of quantitative restrictions, stat trading enterprises, anti-dumping and countervailing measures, TBT measures, and SPS measures.

Table 2.1 Notifications to the WTO, 2014-21

Topic and description	Document symbol	Document date
General Agreement on Tariffs and Trade		
Article XXIV:7(a), Free Trade Areas (CARIFORUM-UK EPA)	S/C/N/1025/Add.1 WT/REG420/N/1/Add.1	05/05/2021
	S/C/N/1025 WT/REG420/N/1	07/01/2021
General Agreement on Trade and Services (GATS)		
Article V:7(a), Regional Trade Agreement (CARIFORUM-UK EPA)	S/C/N/1025/Add.1 WT/REG420/N/1/Add.1	05/05/2021
	S/C/N/1025 WT/REG420/N/1	07/01/2021
Contacts and enquiry points notified (Articles III:4 and IV:2)	S/ENQ/78/Rev.18	01/02/2019
Agriculture		
Export subsidy (DS:1) Calendar year 2012	G/AG/N/VCT/5	07/02/2014
Domestic support (ES:1) Calendar year 2012	G/AG/N/VCT/6	07/02/2014
Domestic support (ES:1) Calendar year 2012	G/AG/N/VCT/6/Corr.1	13/02/2015
Export subsidy (ES:1) Calendar year 2013	G/AG/N/VCT/7	11/05/2015
Domestic support (DS:1) Calendar year 2013	G/AG/N/VCT/8	11/05/2015
Export subsidy (ES:1) Calendar year 2014	G/AG/N/VCT/9	19/09/2016
Domestic support (DS:1) Calendar year 2014	G/AG/N/VCT/10	19/09/2016
Domestic support (DS:1) Calendar year 2015	G/AG/N/VCT/11	26/04/2017
Export subsidy (ES:1) Calendar year 2015	G/AG/N/VCT/12	26/04/2017
Export subsidy (ES:1) Calendar year 2016	G/AG/N/VCT/13	22/03/2018
Domestic support (DS:1) Calendar year 2016	G/AG/N/VCT/14	22/03/2018
Domestic support (DS:1) Calendar year 2017	G/AG/N/VCT/15	12/03/2019
Export subsidy (ES:1) Calendar year 2017	G/AG/N/VCT/16	12/03/2019
Export subsidy (ES:1) Calendar year 2018	G/AG/N/VCT/17	23/04/2020
Domestic support (DS:1) Calendar year 2018	G/AG/N/VCT/18	24/04/2020
Domestic support (DS:1) Calendar year 2019	G/AG/N/VCT/19	15/07/2022
Agreement on Subsidies and Countervailing Measures		
Notification and extension of the transition period for the elimination of export subsidies	G/SCM/N/275/VCT	20/08/2014
Notification and extension of the transition period for the elimination of export subsidies	G/SCM/N/284/VCT and G/SCM/N/290/VCT	02/10/2015
Notification and extension of the transition period for the elimination of export subsidies	G/SCM/N/299/VCT	19/01/2017
Agreement on Trade Facilitation		
Notification of Category A commitments	G/PCTF/N/VCT/1	08/06/2015

[16] WTO, *Groups in the Negotiations*. Viewed at: http://www.wto.org/english/tratop_e/dda_e/negotiating_groups_e.htm.

Topic and description	Document symbol	Document date
Notification of Category commitments	G/TFA/N/VCT/1	04/06/2018
Notification implementation dates for Category C commitments	G/TFA/N/VCT/1/Add.1	07/08/2019
Notifications on contact points for office responsible for coordinating and prioritizing trade facilitation-related assistance and support for capacity-building	G/TFA/N/VCT/2	19/02/2019
Notifications on customs brokers	G/TFA/N/VCT/3	14/10/2019
Agreement on TRIPS		
Notification of Laws and Regulation under Article 63.2	IP/N/1/VCT/2 and IP/N/1/VCT/C/2	13/10/2015
Industrial Design Act	IP/N/1/VCT/3 and IP/N/1/VCT/D/2	12/10/2015
Geographical Indications Act	IP/N/1/VCT/4 and IP/N/1/VCT/G/1	13/10/2015
Layout-Designs on Integrated Circuits Act	IP/N/1/VCT/5 and IP/N/1/VCT/L/1	13/10/2015
Patents Act	IP/N/1/VCT/6 and IP/N/1/VCT/P/1	13/10/2015
Trade Marks Act	IP/N/1/VCT/7 and IP/N/1/VCT/T/3	13/10/2015
Civil Procedure Rules 2000	IP/N/1/VCT/8 and IP/N/1/VCT/O/1	13/10/2015
Criminal Procedure Code	IP/N/1/VCT/9 and IP/N/1/VCT/O/2	13/10/2015
Agreement on Import licensing procedures		
Replies to questionnaire (Article 7.3)	G/LIC/N/3/VCT/1	23/04/2015
Transparency Mechanism for Regional Trade Agreements		
AAP.A25TM 31.1 (Article 25 of the TM80), Notification of changes affecting the implementation of a Regional Trade Agreement (CARICOM and Colombia)	WT/COMTD/RTA15/N/1/Add.148	20/03/2020
AAP.A25TM 31.1 (Article 25 of the TM80), Notification of changes affecting the implementation of a Regional Trade Agreement (Colombia and CARICOM)	WT/COMTD/RTA15/N/1/Add.148/Suppl.1	14/02/2022
AAP.A25TM 40 (Article 25 of the TM80), Notification of changes affecting the implementation of a Regional Trade Agreement (Cuba and CARICOM)	WT/COMTD/RTA15/N/1/Add.156	20/03/2020
AAP.A25TM 24 (Article 25 of the TM80), Notification of changes affecting the implementation of a Regional Trade Agreement (CARICOM and the Bolivarian Republic of Venezuela)	WT/COMTD/RTA15/N/1/Add.141	20/03/2020

Source: WTO Secretariat, based on notifications documents.

2.11. Saint Vincent and the Grenadines has not been involved in any case, as a complainant or defendant, before the Dispute Settlement Body; in the dispute *European Communities – Regime for the Importation, Sale and Distribution of Bananas*, Saint Vincent and the Grenadines joined as a third party.[17]

2.3.2 Regional and preferential agreements

2.12. Saint Vincent and the Grenadines has been a Member of the Organisation 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 Saint Lucia. The RTB created a single financial and economic space within which goods, people, and capital move freely, and monetary and fiscal policies are harmonized. The RTB was ratified on 20 January 2011; it came into force the day after, when five of OECS six members states had completed ratification.

2.13. As a founding member of both CARICOM and the OECS, Saint Vincent and the Grenadines is a party to the FTAs signed by these regional blocks. Saint Vincent and the Grenadines is also a member of the Association of Caribbean States (ACS).

2.14. Saint 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

[17] WTO, *Dispute Settlement: DS27 European Communities – Regime for the Importation, Sale and Distribution of Bananas*. Viewed at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds27_e.htm.

European Union in 2008. The EPA, although in force, is still in the process of full implementation by Saint Vincent and the Grenadines and other OECS countries, requiring a number of legal and institutional changes.

2.15. The CARIFORUM-UK EPA was signed on 22 March 2019 and notified to the WTO on 31 December 2020.[18] Covering goods and services, the Agreement was provisionally applied on 1 January 2021 in Saint Vincent and the Grenadines, although not in all signatory countries. The provisions of the Agreement and the negotiated schedule closely follow commitments of the already existing CARIFORUM-EU EPA.

2.16. Products originating in Saint Vincent and the Grenadines benefit from preferential access to the US and Canadian markets under the Caribbean Basin Initiative and the Caribbean-Canada Trade Agreement (CARIBCAN); they are also eligible for the GSP schemes of Australia, Canada, Japan, New Zealand, the Russian Federation, Switzerland, and the United States.

2.4 Investment regime

2.17. By and large, overseas investment inflows are unrestricted and foreign investors receive national treatment, except for transactions involving the holding of land. There are no restrictions on the repatriation of capital.

2.18. During the review period, the major change in the investment regime was the amendment of the International Business Companies (IBCs) Act and the International Trust Act; both amendments entered into force on 1 January 2019.[19] The Income Tax Act was amended as well during the period under review. Effective 1 January 2020, Saint Vincent and the Grenadines moved to a system of territorial taxation, whereby income tax is levied only on income accrued directly or indirectly from sources within Saint Vincent and the Grenadines; tax exemptions previously accorded to IBCs and international trusts for their offshore operations were abolished. Under the new territorial taxation system, all resident entities must satisfy "economic substance" requirements and submit economic substance annual reports to the Inland Revenue Department for review and assessment; exemptions are given to entities that carry on certain specified geographically mobile activities (i.e. relevant activities) such as banking business, distribution and service centre business, finance and leasing business, fund management business, holding entity business, insurance business, intellectual property holding business, and shipping business.

2.19. The corporate income tax rate was lowered from 32% to 30% on 1 January 2018; the corporate income tax for hotel operators was reduced by 1 percentage point to 29%.[20] Lower corporate tax rates are applicable to manufacturing enterprises dependent on where their products are sold: a 30% tax rate is applied on income from sales to the domestic and OECS markets; 25% on income from exports to non-OECS CARICOM markets; and 15% on income from exports to other markets. The authorities indicate that an overhaul of the investment regime, for instance, a draft Investment Bill, is under consideration.

2.20. Since its previous Review, Saint Vincent and the Grenadines has not entered into new double taxation treaties or investment protection agreements. As of end-October 2022, there were 22 tax information exchange agreements (TIEAs) in force. In 2016, Saint Vincent and the Grenadines signed an intergovernmental agreement in observance of the United States' Foreign Account Tax Compliance Act (FACTA).[21] In addition, Saint Vincent and the Grenadines is a party of the OECD Multilateral Competent Authority Agreement for the Automatic Exchange of Financial Account Information under the Common Reporting Standards (CRS). Under both the FACTA and CRS regimes, financial institutions in Saint Vincent and the Grenadines are required to report financial

[18] WTO documents WT/REG420/N/1, 7 January 2021; and WT/REG420/N/1/Add.1, 5 May 2021.
[19] The amendments to both acts provide a transition period until 30 June 2021.
[20] Provisional Collection of Taxes Order, 2018 (SR&O (No. 5 of 2018)). Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/SRO_VAT_AND_VEHICLE%20SURCHARGE%20AMENDMENTS%202018.pdf.
[21] U.S. Department of State, *2022 Investment Climate Statements: Saint Vincent and the Grenadines*. Viewed at: https://www.state.gov/reports/2022-investment-climate-statements/saint-vincent-and-the-grenadines/.

account information to the U.S. Inland Revenue Service annually on reportable accounts held by non-nationals.

2.21. Invest Saint Vincent and the Grenadines was established in August 2009 as the official investment agency.[22] The agency's mandate is to attract FDI to Saint Vincent and the Grenadines directed mainly to seven specific sectors (tourism development, agro-processing, renewable energy, light manufacturing, international financial services, information and telecommunications technology, and creative industries (film, music, and fashion)). Its main mission is to: (i) achieve sustainable economic development through investment promotion and export development; and (ii) be the nation's driver of economic growth through investment promotion and export development.

2.22. Non-OECS/CARICOM nationals and alien-controlled companies[23] 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.[24] 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.[25] The purchaser and the vendor must each pay 5% stamp duty on the value of the property being transferred.

2.23. Foreign nationals (except for OECS nationals) need a work permit in order to conduct business or be gainfully employed in the country. Work permits are granted on a one-time basis by the Prime Minister's Office for not more than six months; in the case that a work permit is valid for longer than six months, a resident permit is also required. The annual applicable fee for a work permit is XCD 960 for CARICOM nationals, and XCD 2,400 for all other nationalities.

[22] The Agency is overseen by a cabinet appointed Board of Directors, selected from the public and private sectors. The Board is responsible for policy guidance, strategic planning, and the accountability of the Executive Director. From August 2009 until January 2016, the agency operated under the auspices of the Prime Minister's Office, and then was transferred to the Ministry of Economic Planning.

[23] 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.

[24] A non-refundable fee of XCD 2,500 is payable to the Treasury upon filing the application.

[25] The registration fee is calculated as follows: XCD 10,000 for plots valued up to XCD 100,000; XCD 10,000 plus 6% of the value in excess of XCD 100,000 for plots in the XCD 100,001-XCD 3 million range; and XCD 184,000 plus 4% of the value in excess of XCD 3 million for plots valued above XCD 3 million.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Customs procedures, valuation, and requirements

3.1. The legislative and institutional framework for customs matters in Saint Vincent and the Grenadines has remained unchanged since the last Review in 2014. The Customs (Control and Management) Act 1999 (amended by Acts No. 4 and 33 of 2007) is the basic customs legislation.[26] The Customs and Excise Department, under the Ministry of Finance, is responsible for enforcing Customs laws; the Ministry of Health as well as the Plant Protection and Quarantine Unit under the Ministry of Agriculture have regular personnel present on the border to enforce SPS measures. The Customs (Control and Management) Act and its associated regulations and other related statutory orders are available to the public on Customs' website.[27] Customs publishes a Notice Bulletin on Customs policies and procedures, which is circulated to stakeholders for consultation. The Inter-ministerial Committee and the Trade Facilitation Committee are the bodies where consultations on Customs-related issues are held with stakeholders from governmental agencies and the private sectors, respectively.

3.2. Saint Vincent and the Grenadines ratified the WTO Agreement on Trade Facilitation (TFA) on 9 January 2017, and has submitted to the WTO its notifications on the measures under Categories A, B, and C. About 54.6% of the TFA provisions have been implemented under Category A, while about 8.4% were designated under Category B. Sixteen measures were notified in Category C and require technical assistance.

3.3. Any natural or legal person may import or export goods to/from Saint Vincent and the Grenadines, as long as they complete the business registration formalities with the Commerce and Intellectual Property Office (CIPO) and with the Inland Revenue Department. Importers must also register in the Customs computerized system and obtain an importer number before engaging in import business.

3.4. All importation, irrespective of it being commercial or non-commercial[28], must be declared when entering the country. For non-commercial imports, Customs may apply a simplified procedure, however, Customs officers have discretion to reinstate the normal procedure depending on the classification of the declared goods. The import documents required by Customs are the customs entry form (CARICOM Single Administrative Document/Simplified Customs Declaration), a commercial invoice, and the bill of lading/airway or shipping bill. Other documents such as an import licence or permit, a certificate of origin, or a concession letter may be required if applicable.

3.5. An import declaration must be lodged electronically on the platform of ASYCUDA World within 48 hours of the shipment arrival.[29] A pre-arrival declaration is encouraged by the authorities, allowing importers to submit the declaration up to six hours prior to the cargo arrival. Customs does not currently operate a Single Window for imports (nor for exports), though most governmental agencies involved with international trade are connected to ASYCUDA World.[30] The authorities note that Customs usually takes one business day to process a declaration.

3.6. All imports are potentially subject to Customs inspection based on risk profiling. According to the authorities, risk profiling for imports is conducted through ASYCUDA World. Based on their risk profiles, goods may be cleared from Customs through one of the four channels: the red channel for high-risk goods that require documentary verification and physical inspection; the yellow channel for medium-risk goods, requiring additional documentation, and possible further inspection; the

[26] The authorities indicate that a new Customs Bill in order to modernize the Customs legal framework is expected to be submitted to Parliament in 2023.

[27] Customs and Excise Department, *Customs Legislation*. Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/customs-legislation.php.

[28] Non-commercial imports include those of personal effects, or of small parcels by post. There is no value threshold in the legislation to define non-commercial imports.

[29] A paper-based declaration is accepted, but such declaration must be submitted to the Customs house at the point of entry.

[30] The authorities indicate that the Customs single window is part of the Government's Digital Transformation Plan.

green channel for goods deemed risk-free and that may be released immediately without document verification or inspection; and the blue channel for immediately released goods that are subject to post-clearance control.

3.7. Upon payment of import duties or after a duty guarantee is secured[31], imports will be delivered from Customs custody. For perishable goods, a pre-delivery system is in place to speed up the Customs clearance process. There is no provision for expedited shipments in the Customs legislation; however, Customs offers a process for expedited release of barrels and small packages arriving in the country, especially during the peak season (e.g. Christmas).[32]

3.8. Resulting from a risk management review by Customs, the Gold Card programme[33] that granted beneficiaries reduced Customs control was suspended in 2019. There is no authorized economic operator (AEO) programme in operation. The authorities indicate that a Trusted Trader Programme is under consideration as part of the Customs legislation modernization.

3.9. Customs provides advance ruling only on tariff classification, for at least seven types of goods. There are no legal provisions on advance rulings on matters of classification, origin, or valuation.

3.10. The use of Customs brokers is voluntary. Customs brokers are subject to nationality requirements; they must be citizens of Saint Vincent and the Grenadines or a CARICOM member state, and must be licensed by the Customs Comptroller.[34]

3.11. Saint Vincent and the Grenadines does not use pre-shipment inspection.

3.12. As set forth in the Customs (Control and Management) Act, the transaction value, generally in terms of c.i.f. prices, is used as basis for customs valuation. When imports are declared as uninsured, the Customs and Excise Department augments the cost of freight and any other costs incurred by the importer by 1% to arrive at the c.i.f. value. In cases of doubt, Customs may require further information and may use other valuation methods prescribed in the WTO Agreement on Customs Valuation. According to the authorities, c.i.f. prices transactions were accepted as the valuation method for around 85%-90% during the review period. The authorities further indicate that since the introduction of the risk profiling/management to the Customs system, via ASYCUDA World, the under-invoicing problem has been addressed.

3.13. There have been no changes to appeal procedures against Customs' decisions since the last Review. Traders that disagree with Customs' decisions concerning, *inter alia*, classification and duty rate/amounts may request reconsideration to the Customs Comptroller within three months from the duty payment date; aggrieved traders may appeal the Comptroller's decision/reconsideration to the Customs Appeal Commissioners within 30 days from receiving the Comptroller's notification. In the case that a party is dissatisfied with a decision by the Commission, the dispute may be heard in the High Court for judicial remedies.

3.1.2 Rules of origin

3.14. Saint Vincent and the Grenadines maintains preferential rules of origin for goods originating in the CARICOM member States; duty-free treatment is accorded only to goods shipped between member States that satisfy CARICOM origin rules. The CARICOM Treaty contains a derogation facility to the application of Common Market Rules of Origin for MDCs in CARICOM, known as the Safeguard Mechanism. Such derogations remain in place for imports of rice and coniferous wood for the manufacture of furniture.

[31] A pre-payment account with Customs may be set up to expedite the settlement of liabilities and refunds; funds deposited in the account may also be used as guarantee for the release of goods pending proper processing of the customs declaration. The guarantee should be no less than 1.5 times the estimated duty obligation.

[32] Customs and Excise Department, *Guideline for Clearing Barrels and Small Packages*. Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/barrels-sml-pkgs.pdf.

[33] Customs and Excise Department, *Customs Gold Card – Memorandum of Understanding*. Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/GoldCardMOU.pdf.

[34] Customs and Excise Department, *List of Brokers*. Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/list_of_brokers.pdf.

3.15. The EPAs with the European Union and with the United Kingdom contain specific rules of origin.

3.16. Saint Vincent and the Grenadines has not notified to the WTO its preferential rules of origin, or its use (or non-use) of non-preferential rules of origin.

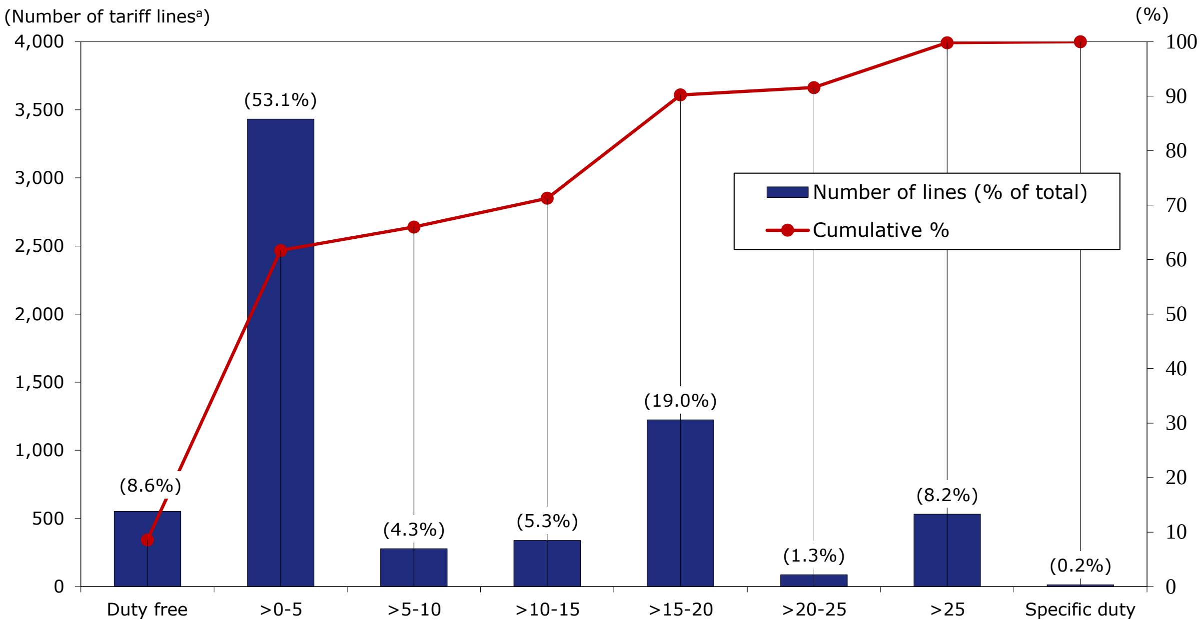
3.1.3 Tariffs

3.1.3.1 MFN applied tariff

3.17. Saint Vincent and the Grenadines offers at least MFN treatment to all of its trading partners.

3.18. With regard to the applied MFN tariff, Saint Vincent and the Grenadines applies the CARICOM Common External Tariff (CET), with exceptions as listed in Lists A, C, and D of the CET.[35] The nomenclature of MFN tariff and preferential tariffs for 2020 are HS17. The 2022 MFN schedule contains a total of 6,456 lines at 8-digit level, among which 8.6% of total lines are duty-free; some 53% of total lines are rated 5% or below, and 19% of total lines are rated between 15% and 20%; and about 10% of total line bear rates higher than 20% (Chart 3.1).

Chart 3.1 Frequency distribution of MFN tariff rates, 2022



a The total number of lines is 6,456.

Source: WTO Secretariat calculations, based on the WTO IDB.

3.19. All tariff lines, except for 12 lines, are at are *ad valorem* rates. The authorities did not provide the *ad valorem* equivalents (AVEs) for those non-*ad valorem* tariff rates. There are no seasonal duties, nor tariff quotas in operation (Table 3.1). During the period under review, applied MFN tariff rates remained largely unchanged; changes occurred mainly in reflection of the implementation of suspension of the CET for 9 tariff lines as provided by Article 164 of the Revised Treaty of Chaguaramas. The simple average MFN tariff in 2022 was 11.3%, slightly up from 10.9% in 2013.

[35] List A contains items on which suspension of the CET has been granted for an indefinite period subject to review, with the rates determined by member States; List C contains items in respect of which minimum rates have been agreed, showing the actual rates to be applied by individual member States; List D contains two parts – Part I lists products of tariff headings ex 73.21, ex 84.18, and ex 85.16, for which suspension of the CET has been granted to Belize for an unspecified period; and Part II contains products of tariff headings ex 30.03 and ex 30.04 (medicaments), for which suspension of the CET has been granted to Saint Kitts and Nevis, other OECS member States, and Belize.

The simple average tariff for WTO-defined agricultural goods was 19.1%, while the average for non-agricultural goods was 9.7%.

Table 3.1 Structure of the tariff schedule, 2013 and 2022

	2013	2022
Total number of tariff lines	6,333	6,456
Non-*ad valorem* tariffs (% of all tariff lines)	0.2	0.2
Non-*ad valorem* with no AVEs (% of all tariff lines)	0.2	0.2
Lines subject to tariff quotas (% of all tariff lines)	0.0	0.0
Duty-free tariff lines (% of all tariff lines)	8.8	8.6
Dutiable lines tariff average rate (%)	12.0	12.4
Simple average tariff (%)	10.9	11.3
WTO agriculture	17.6	19.1
WTO non-agriculture (incl. petroleum)	9.6	9.7
Domestic tariff "peaks" (% of all tariff lines)[a]	6.6	7.1
International tariff "peaks" (% of all tariff lines)[b]	27.7	28.6
Overall standard deviation	10.3	11.2
Nuisance applied rates (% of tariff lines)[c]	0.0	0.0
Bound tariff lines (% of all tariff lines)	99.7	99.7

Note: Non-*ad valorem* duty applies to 13 lines.

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

Source: WTO Secretariat calculations, based on data from the WTO IDB.

3.20. The highest applied tariff rate, at 100%, is applicable to agricultural products (agro-processing, durum wheat, and beverages). The highest applied rate for non-agricultural goods is 40%, applicable to fish and fish products; minerals, machineries, and transport equipment are subject to tariff rates of up to 35% (Table 3.2).

Table 3.2 Summary analysis of the MFN tariff, 2022

Description	MFN				Bound range (%)
	No. of lines	Average (%)	Range (%)	Coefficient of variation	
Total	**6,456**	**11.3**	**0-100**	**1.0**	**50-250**
HS 01-24	1,218	21.1	0-100	0.8	100-250
HS 25-97	5,238	9.0	0-35	0.8	50-206
By WTO category					
WTO Agriculture	1,119	19.1	0-100	0.9	50-250
- Animals and products thereof	155	15.4	0-40	1.0	100-130
- Dairy products	41	5.0	0-20	1.1	100
- Fruit, vegetables and plants	307	23.4	0-40	0.7	100-250
- Coffee and tea	28	17.7	0-40	0.8	100-130
- Cereals and preparations	129	17.4	0-100	0.9	100-160
- Oil seeds, fats and oils and their products	95	16.8	0-40	1.0	100-175
- Sugars and confectionery	21	22.4	5-40	0.7	100-130
- Beverages, spirits and tobacco	184	29.7	5-100	0.7	100-182
- Cotton	6	5.0	5	0.0	100-100
- Other agricultural products n.e.s.	153	9.3	0-40	1.3	50-182
WTO Non-agriculture (incl. petroleum)	5,337	9.7	0-40	0.9	50-206
- WTO Non-agriculture (excl. petroleum)	5,311	9.7	0-40	0.9	50-206
- - Fish and fishery products	177	26.7	0-40	0.6	100-130
- - Minerals and metals	1,126	7.6	0-30	0.9	50-153
- - Chemicals and photographic supplies	1,025	7.1	0-30	0.8	50-103.5
- - Wood, pulp, paper and furniture	333	10.2	0-25	0.7	50-170

Description	MFN				Bound range (%)
	No. of lines	Average (%)	Range (%)	Coefficient of variation	
- - Textiles	638	7.7	0-30	0.7	50-113
- - Clothing	280	19.9	5-20	0.1	50-93
- - Leather, rubber, footwear and travel goods	179	10.2	0-25	0.7	50-103
- - Non-electric machinery	590	6.2	0-35	0.9	50-100
- - Electric machinery	289	11.1	0-35	0.7	50-163
- - Transport equipment	186	10.1	0-35	1.0	50-143
- - Non-agriculture articles n.e.s.	488	13.4	0-35	0.7	50-206
- Petroleum	26	8.1	0-35	0.9	50-120
By HS section					
01 Live animals & prod.	356	19.8	0-40	0.9	100-130
02 Vegetable products	386	21.4	0-100	0.8	100-250
03 Fats & oils	53	25.7	5-40	0.7	100-175
04 Prepared food, etc.	423	21.2	0-100	0.8	100-182
05 Minerals	187	6.5	0-35	0.7	50-120
06 Chemical & prod.	950	7.0	0-30	0.8	50-105
07 Plastics & rubber	250	7.6	0-25	0.9	50-103.5
08 Hides & skins	80	10.5	5-20	0.7	50-100
09 Wood & articles	134	10.8	0-20	0.5	50-103
10 Pulp, paper, etc.	176	8.5	0-25	0.8	50-153
11 Textile & articles	905	11.1	0-20	0.7	50-100
12 Footwear, headgear	60	16.1	0-20	0.4	50
13 Articles of stone	185	10.1	0-25	0.7	50-153
14 Precious stones, etc.	74	16.7	0-25	0.6	50-113
15 Base metals & prod.	712	6.8	0-20	0.8	50-93
16 Machinery	899	8.0	0-35	0.9	50-163
17 Transport equipment	197	9.9	0-35	1.0	50-143
18 Precision equipment	229	11.3	0-30	0.8	50-113
19 Arms and ammunition	24	24.2	0-35	0.5	50-123
20 Miscellaneous manufactures	167	15.0	0-20	0.4	50-206
21 Works of art, etc.	9	20.0	20	0.0	50

Note: Bound rates are provided in the HS12 Nomenclature.

Source: WTO Secretariat calculations, based on data from the WTO IDB.

3.21. In general terms, tariff rates applicable to food are below CET rates while rates for manufactured goods are higher. Saint Vincent and the Grenadines applies higher rates than the CET on products such as alcoholic beverages (including beer, wine, and spirits); tobacco products (including cigars and cigarettes); petrochemical products (e.g. fuels, lubricants); articles related to motor vehicles repairs (e.g. windscreens, breaks); and luxury goods (e.g. precious stones, jewellery).

3.1.3.2 Tariff bindings

3.22. Almost all (99.7%) tariff lines are bound. For WTO-defined agricultural products, Saint Vincent and the Grenadines bound its tariffs at rates between 50% and 250%, with about three quarters of lines at 50%. The highest bound tariff rate (250%) is on fruits; rates for manufactured goods are bound at 50% and above.

3.1.3.3 Tariff preferences and concessions

3.23. Duty-free access is granted to imports from other CARICOM countries, provided they meet CARICOM rules of origin. Exceptions include articles subject to licensing under Article 164 of the revised CARICOM Treaty (see below). Under the CARIFORUM-EU EPA, almost 18% of tariff lines were duty-free as of 2020, leaving 9.6% as the average tariff rate for goods originating from the European Union, compared to 11.6% of the average MFN rate.

3.24. Under Article 164 of the Revised Treaty of Chaguaramas, CARICOM less-developed countries, among which the OECS-WTO Members, may request the temporary suspension of Community origin treatment for certain products as a measure to promote the development of an industry, upon consent by the Council for Trade and Economic Development (COTED). On 18 August 2015, Saint Vincent and the Grenadines suspended the application of the CARICOM CET on nine tariff lines until 17 August 2025, covering aerated and alcoholic beverages. This temporary suspension of the CET resulted in an increase in applied MFN rates to 70% for such products imported from "more developed CARICOM countries", and to 100% for imports from elsewhere.[36]

3.25. As provided by the Fiscal Incentives Act, imports of equipment, spare parts, raw materials, or components for "approved enterprises" under the Act are exempted from import duties.[37] The authorities estimate that forgone duty revenue due to the concessions by the Fiscal Incentives Act during the period under review totalled XCD 20.1 million, accounting for 56% of total forgone tariff revenue over the same period. Exemption or reduction of import duties may also be granted by the Cabinet, on public interest grounds.[38] For example, on public interest grounds, various sectoral support programmes enjoy tariff reductions or exemptions. These include the Farmers Incentives Programme (75% reduction of import duties for inputs, material, or equipment), the Tour Operators Incentives Programme (up to 90% reduction), the Manufacturing and Agro-processing Programme (100% exemption), and the Restaurants and Bars and Bakery Programme (50% reduction). All tariff concessions are valid for one year.

3.1.4 Other charges on imports

3.26. A Customs Service Charge (CSC) is collected on imports, including goods originating from CARICOM countries.[39] Effective 4 February 2015, the CSC rate was increased to 5% of the c.i.f. value[40], compared to 4% before. In the wake of the COVID-19 pandemic, the CSC rate was raised again by 1 percentage point to 6%, effective from June 2021. Saint Vincent and the Grenadines has not included other duties and charges applied on imports in its WTO tariff schedule of bindings.

3.27. Used motor vehicles that are four years or older are subject to a Vehicle Surcharge. On 1 May 2018, the Surcharge was increase by at least XCD 1,000.[41]

3.28. Beverages imported in non-returnable bottles or cans are subject to a bottle deposit levy of XCD 0.50 per bottle or can.[42] The deposit is refundable to traders upon presentation of proof that the bottles or cans have been exported or destroyed.

3.29. VAT and excise tax are also collected on imports at the border. The authorities maintain that taxes are equally applied to domestically produced goods and imports. Both VAT and the excise tax are levied on the value of goods[43]; for imports, they are based on the c.i.f. value plus custom duties, other taxes, and the CSC.

3.30. In May 2017, the standard VAT rate was increased by 1 percentage point to 16% for most goods and services. A reduced rate of 11% is applied to hotel and holiday accommodation. VAT on some supplies is either zero-rated or exempted, as listed on the Third and the Fourth Schedules of the VAT Act. Goods used to produce exempted supplies are also exempted from VAT. Zero-rated VAT is applicable to, *inter alia*, fuels (gasoline, kerosene, diesel, and LPG), certain agricultural inputs (e.g. ventilated boxes, packing film), books and newspapers, certain computer hardware, invalid carriages, and orthopaedic appliances. VAT exemption is granted on supplies of medicaments and contraceptives, printed matters, unprocessed agricultural products, baking powder and bakery products, toilet paper, sanitary towels and tampons, napkins for babies, and undergarments.

[36] Customs Duties (Amendment) Act 2015. Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/Article_164.pdf.

[37] Fiscal Incentives Act, Article 7. Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/fiscal-incentives-act.pdf.

[38] Duties and Taxes (Exemption in the Public Interest) Act. Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/act-duties-taxes-exemption.pdf.

[39] 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).

[40] Provisional Collection of Taxes Order 2015 (SR&O (No. 3 of 2015)).

[41] Provisional Collection of Taxes Order 2018 (SR&O (No. 5 of 2018)). Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/SRO_VAT_AND_VEHICLE%20SURCHARGE%20AMENDMENTS%202018.pdf.

[42] Environmental Levy Act, 1991.

[43] The excise tax on alcoholic beverages and fuels are at specific rates, while *ad valorem* rates are applied to other excisable goods.

3.31. During the review period, some products that were previously zero-rated were made subject to VAT at the standard rate. These products include white rice, sugar (brown sugar and cane sugar), whole chicken and chicken parts, turkey legs, and margarine. Also, some products previously exempted from VAT are now subject to it. Such is the case for pigeon peas, lentils, cooking oil (except coconut oil), shortening, salt, and yeast, which are no longer exempted from VAT, but subject to the standard rate.[44] VAT on biodegradable containers and on phosphate-free detergents became zero-rated in 2017 and 2018, respectively.[45]

3.32. Products subject to excise tax include alcoholic beverages, tobacco products, fuels, motor vehicles, used tyres, and incandescent bulbs.[46] Non-alcoholic beverages, ethyl alcohol and other spirits (HS heading 220720), aromatic bitters, lubricating oils and greases, new pneumatic tyres, non-incandescent bulbs, and special purpose motor vehicle including tractors are exempted.[47]

3.1.5 Import prohibitions, restrictions, and licensing

3.1.5.1 Import prohibitions

3.33. Import prohibitions are implemented on grounds of public safety and morals, human life and protection, environment protection, and compliance with international obligations. In accordance with the Customs (Control and Management) Act, imports of products listed in Part I of Third Schedule are prohibited. The prohibition list covers products including opium or other narcotic drugs, firearms or ammunitions, counterfeit coins, indecent or obscene prints, and foods that are unfit for human consumption.

3.34. The Import and Export (Control) Regulations, 2008 prohibits importation of jet skis, toy guns, and military style camouflage material or uniforms.[48]

3.35. Effective 27 April 2017, the importation of expanded polystyrene food containers (such as disposable plastic plates, spoons, forks, bowls, cups; Styrofoam food boxes, plates, bowls, cups, and egg boxes) is prohibited.[49] Also, effective on 27 April 2018, motor vehicles of 12 years or more since its manufacture date are no longer allowed to be imported.[50]

3.36. Saint Vincent and the Grenadines has not notified to the WTO any quantitative restriction measure.

3.1.5.2 Import restriction

3.37. Importation of goods listed in Part II of Third Schedule of the Customs (Control and Management) Act is not allowed, unless importers acquire prior permits from the relevant authorities.

3.38. Import restrictions are applied on goods that have safety concerns to the public (e.g. arms and ammunition, explosives, tear gas, cannabis sativa or other narcotic substances, left-hand-drive vehicles, and chainsaws), endangered species of animals or plants (CITES-protected items), alcoholic beverages, and tobacco products (including exacts and essences).

3.39. The importation of products subject to sanitary and phytosanitary (SPS) measures, such as animals and animal products, as well as plants and plant products, is also restricted. A permit by

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[44] Provisional Collection of Taxes Order, 2016 (SR&O (No. 2 of 2016)), and Provisional Collection of Taxes (Amendment) Order, 2016 (SR&O (No. 7 of 2016)). These measures were confirmed by Finance Act, 2016 (No. 9 of 2016)

[45] See the VAT (Amendment) Act, 2017 (No. 9 of 2017) and the Provisional Collection of Taxes Order, 2018 (SR&O (No. 5 of 2018)).

[46] Excise Tax Act, First Schedule.

[47] Excise Tax Act, Second Schedule.

[48] Except for imports for police- or military-personnel use.

[49] Environmental Health (Expanded Polystyrene Ban) Regulation, 2017 (SR&O (No. 21 of 2017)). Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/polystreneACT.pdf.

[50] Customs (Control and Management) (Amendment of Schedule) Order, 2018 (SR&O No. 8 of 2018)). Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/Vehicle_Prohibition.pdf.

the Ministry of Agriculture, Forestry and Fisheries is a prerequisite for applying for an import licence for such products from the Ministry of Trade (Section 3.1.5.3).

3.1.5.3 Import licensing

3.40. The import licensing regime is set out in the Import and Export (Control) Regulations, 2008.[51] Certain goods are subject to import licensing requirements dependent on their country of origin. Import licensing requirements have two layers (Box 3.1). First, a licence is required for the importation of 18 goods listed in Schedule I of the Regulations if the goods originate from countries outside the OECS and Belize; second, a licence is needed for the importation of 58 products listed in Schedule 2 when such products do not originate in other CARICOM member states. Half of the Products on Schedule 1 are agro-processed goods, while products on Schedule 2 include agricultural products and manufactured consumer goods.

Box 3.1 Import licensing requirements, 2022

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)[a]; solar water heaters (HS 8419.19.00)[a]; chairs and other seats (HS 9401.61.00); other furniture of wood and upholstered fabric (HS 9403)[a].
Goods originating outside 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)[a]; 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)[a]; 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)[a]; peppers dried, crushed or ground (HS 0904); cinnamon (HS 0906)[a]; cloves (HS 0907.00.00); rice (HS 1006); starches (HS 1108); groundnuts, shelled or unshelled (HS 1202)[a]; 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); cheezees and corn curls (HS 1904)[a]; 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)[a]; 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)[a]; PVC pipes (HS 3917.23.00)[a]; poly foam (HS 3920-3921)[a]; plastic bags (HS 3923.20.00)[a]; rethreaded and remolded tyres (HS 4012)[a]; wooden doors (HS 4418.20.00); grass mats (HS 4601)[a]; corrugated cartons (HS 4819.10.00)[a]; exercise books (HS 4820.20.00); carpets, carpeting, rugs and mats of vegetable plaiting materials (HS 5720)[a]; T-shirts (HS 6109)[a]; bed linens (HS 6302)[a]; mattresses and mattress supports (HS 9404)[a].

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 2008.

3.41. According to the authorities, the import licensing regime is automatic and is maintained mainly for statistical purposes. All import licences are administered by the Ministry responsible for trade; a prior permit from the Ministry of Agriculture, Forestry and Fisheries is required for all meat and fishery products[52], and a permit from the Saint Vincent and the Grenadines Bureau of Standards for beers, stouts, and malts is a prerequisite for applying for an import licence from the Ministry of Trade. Import licences stipulating quantitative restrictions continue to be required for some imports, including beer and malt, from more developed CARICOM countries and third countries. The authorities note that this licensing requirement is in line with the provisions of Article 164 of the Revised Treaty of Chaguaramas.

[51] Import and Export (Control) Regulations, 2008. Viewed at: http://asycudaw.Saint Vincent and the Grenadinescustoms.net/downloads/act-import-export-2008.pdf.

[52] WTO document G/LIC/N/3/VCT/1, 23 April 2015.

3.42. An import licence is valid for three months. Licences are not transferable.

3.1.6 Contingency measures

3.43. Saint Vincent and the Grenadines has not submitted to the WTO any notifications regarding anti-dumping, countervailing, and safeguards measures or and the relevant legislation.

3.44. The legislation on trade remedy measures is the Customs Duties (Dumping and Subsidies) Act No. 21 of 1958, as amended by Statutory Rules and Orders No. 38 of 1980. According to the authorities, no anti-dumping or countervailing actions were taken during the review period.

3.45. On a regional level, the Revised Treaty of Chaguaramas specifies that CARICOM members should harmonize their laws and administrative practices with respect to anti-dumping and countervailing measures.

3.2 Measures directly affecting exports

3.2.1 Export procedures, taxes, and levies

3.46. In general, procedures applied to exports are similar to those applied to imports. Exporters must obtain a tax registration number from the Inland Revenue Department and an exporter number from Customs. Pre-departure declarations for exports must be submitted to Customs in order to request inspection. After processing, Customs issues export approvals to exporters. All shipments are inspected at the port of exit. The authorities indicate that inspections are usually done on the grounds of suspicions of illicit trade and VAT fraud.

3.47. 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 taxes, charges, and levies

3.48. Saint Vincent and the Grenadines does not charge any taxes or levies on exports.

3.49. VAT on exports is zero-rated, and exports are exempted from any internal taxes.

3.2.3 Export prohibitions, restrictions, and licensing

3.50. As listed in Part IV of Schedule III of the Customs Act 2015, exports of narcotic and psychotropic substance; ginger and dry coconuts; bananas; copper; and endangered species of animals, and plants (including live or dead, or their products/derivatives) are restricted, unless the exporters obtain a licence/permit from the relevant authorities.

3.51. As set out in the Import and Export (Control) Regulations, 2008, exports of lobsters (live, fresh, chilled, frozen, prepared or preserved) and conch (fresh or chilled) require an export licence from the Ministry responsible for trade. Prior to applying for a licence, exporters must obtain a permit from the Fisheries Division of the Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour. The authorities maintain such requirements on the grounds of wildlife and environmental protection.

3.2.4 Export promotion and assistance

3.52. As part of its responsibilities, Invest Saint Vincent and the Grenadines acts as an export development agency. During the review period, the export promotion activities of Invest Saint Vincent and the Grenadines were limited to funding local companies' participation in trade fairs and organizing training events; these activities were mainly funded by overseas donors.

3.53. Saint Vincent and the Grenadines 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).

3.54. Although the relevant legislation dates from 1999[53], there are still no free zones in operation in Saint Vincent and the Grenadines.

3.3 Measures affecting production and trade

3.3.1 Incentives

3.55. Under the Fiscal Incentives Act[54], Saint Vincent and the Grenadines offers a corporate income tax holiday to manufacturing enterprises for up to 15 years, depending on their local value-added performance or their export performance (Table 3.3).

Table 3.3 Category of tax holiday beneficiaries under the Fiscal Incentives Act

Enterprises	Eligible criteria	Tax holiday length
Group I	Local value added >= 50%	15 years
Group II	25%<= Local value added < 50%	12 years
Group III	10%<= Local value added < 25%	10 years
Enclave	Export 100%	15 years
Capital intensive	Investment >= USD 25 million	15 years

Source: Information provided by the authorities.

3.56. For export enterprises, income tax relief may be accorded when their tax holidays elapsed. Tax relief is in the form of tax credit, and contingent on the enterprises' export profits.[55] If a firm generates more than 61% of its profit from exports, up to 50% of its income tax liability is relieved (Table 3.4).

Table 3.4 Tax relief for exporting enterprises, 2022

Export profits criteria	Maximum percentage of tax relief
10% or more but less than 21%	25%
21% or more but less than 41%	35%
41% or more but less than 61%	45%
61% or more	50%

Note: Export profit criterion is expressed as a percentage of the entire profit of the enterprise.

Source: WTO document G/SCM/N/299/VCT, 19 January 2017.

3.57. Import duties on raw materials, plant, and equipment imported are exempted for manufacturing and agro-processing enterprises, under the same conditions as those set out in the Fiscal Incentives Act. In the case of agro-processing producers, import duty exemptions granted in accordance with the Public Interest Act (No. 6 of 1980). These import duty concessions are valid for one year.

3.58. In its latest notification to the WTO's Committee on Subsidies and Countervailing Measures, Saint Vincent and the Grenadines indicated that it had taken action taken to inform beneficiaries that said export subsidies would not be provided after 2016. It also notified the WTO that review of existing legislation was underway with a view of aligning the Act with Saint Vincent and the Grenadines' international obligations.[56] As of November 2022, however, new legislation had not yet put in place, and legal references to export performance-related incentives have not yet been removed. In this respect, the authorities note that the request for amending the Fiscal Incentives Act had been submitted to the Attorney General's Chamber; the authorities further note that revision of the incentives regime was expected to be completed by 2024 due to the slow legislative process.

[53] Export Free Zones Act, No. 15 of 1999.
[54] Fiscal Incentives Act, No. 5 of 1982, as amended by Act No. 20 of 1987 and Act No. 16 of 1991.
[55] If the profits are generated from exporting to Guyana, Jamaica, and Trinidad and Tobago, the tax relief period is only five years immediately following the expiration of the tax holiday period.
[56] WTO document G/SCM/N/299/VCT, 19 January 2017.

3.3.2 Technical regulations and standards

3.59. During the review period, the institutional framework for technical regulations remained unchanged. The basic legislation is the Standards Act (No. 70 of 1992, amended by Act No. 28 of 2001). The Saint Vincent and the Grenadines Bureau of Standards (SVGBS) is the national standards body, responsible for developing standards and coordinating inputs from stakeholders during the process.[57] The SVGBS is the national enquiry point and notification authority under the WTO Agreement on Technical Barriers to Trade (TBT). 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), the Commonwealth Standards Network (CSN), and the Inter-American Metrology System (CARIMET/SIM). It is also the national contact point for the Codex Alimentarius Commission.

3.60. As of end-September 2022, there were 104 national standards in Saint Vincent and the Grenadines, of which 6 had become technical regulations and were in force (Table 3.5). During the review period, Saint Vincent and the Grenadines did not make any notification to the WTO on any TBT matters.

Table 3.5 Technical regulations, 2022

Standard No.	Title of standards
Saint Vincent and the Grenadines National Standard NS 1: PART 1: 2000	Requirements for Labelling: General Principles
Saint Vincent and the Grenadines NS 1: PART 2: 2000	Requirements for Labelling: Prepackaged Goods
Saint Vincent and the Grenadines NS 1: PART 3: 2010 (Rev)	Requirements for Labelling: Prepackaged Foods
Saint Vincent and the Grenadines NS 1: PART 4: 2001	Requirements for Labelling: Domestic Electrical Appliances
Saint Vincent and the Grenadines NS 1: PART 5: 2002	Requirements for the Labelling of Retail Packages of Cigarettes
Saint Vincent and the Grenadines NS 2: 2001	Requirements for the Labelling of Brewery Products

Source: Information provided by the authorities.

3.61. Saint Vincent and the Grenadines standards are formulated by a SVGBS technical committee, which coordinates inputs from stakeholders; where applicable, they replicate or are based on regional and international standards. Once a "committee draft" is finalized, it will be published on the SVGBS' website for public consultation and comments for a period of three months. If comments are received, the draft is sent back to the technical committee for review; the draft is then forwarded to the National Standards Council for approval and published in the Government Gazette. The authorities indicate that standards are normally reviewed every five years. They note that, as Saint Vincent and the Grenadines national standards are generally formulated on the basis of international standards, over 75% of national standards are aligned with international standards.

3.62. At the CARICOM level, the CARICOM Regional Organization for Standards and Quality (CROSQ) is mandated to establish and harmonize standards within the CARICOM.[58] These standards and technical regulations are drafted by special committees within the CROSQ. Participation in committee work is open to all interested parties. Standards and technical regulations adopted by the CROSQ[59] also require approval from CARICOM's Council for Trade and Economic Development (COTED). CARICOM countries must transpose community standards and technical regulations into national standards and regulations through domestic legal procedures. As of end-October 2022, there were 23 national standards adopted in Saint Vincent and the Grenadines from CROSQ specifications.

3.63. The authority to designate a standard mandatory (i.e. a technical regulation) is vested in the Minister in charge of the SVGBS; typically, decisions to that effect are taken in consultation with

[57] In addition, the SVGBS is responsible for enforcing the Weights and Measures Act (No. 16 of 2003). This legislation gives the SVGBS responsibility for regulating all weighing and measuring devices used for trade in Saint Vincent and the Grenadines.
[58] Detailed functions of CROSQ can be found at https://www.crosq.org/.
[59] Adoption is decided by the Council of CROSQ, comprising the executive heads of national standards bodies of CARICOM countries.

other relevant ministries. According to the authorities, the primary purpose of technical regulations is to ensure health and safety protection, as well as the prevention of fraud or deception, and quality maintenance. Notices of all technical regulations and standards are published in the Government Gazette.

3.64. Under the recently implemented Consumer Protection Act, 2020, which entered into force on 1 September 2022, the SVGBS shares responsibility with other agencies for consumer safety. The SVGBS exercises this responsibility by enforcing all applicable technical regulations.

3.65. All products subject to technical regulations require conformity assessment. According to the authorities, imported and domestically produced goods are assessed under the same terms and conditions. Conformity certificates must be issued by an SVGBS-recognized certifying body, otherwise samples are taken for examination by the SVGBS. The producer's declaration of conformity is generally accepted for the purposes of importation into the country, while inspections at the point of entry are carried out on notice of suspicious goods from Customs. Market surveillance for compliance with technical regulations is carried out on the basis of random samples.

3.3.3 Sanitary and phytosanitary measures

3.66. During the review period, the institutional framework for SPS measures remained unchanged. The Ministry of Agriculture, Industry, Forestry, Fisheries, Rural Transformation, Industry and Labour 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.

3.67. During the review period, Saint Vincent and the Grenadines did not maintain any import bans on the grounds of SPS concerns. Saint Vincent and the Grenadines has not notified any SPS measures to the WTO.

3.68. Imports of live animals and animal products are subject to licensing requirements (Section 3.1.5.3). Prior to application for an import licence, a permit from the Animal Health and Production Division (AHPD) under the Ministry of Agriculture must be obtained. The issuance of a permit is subject to risk assessment carried by the AHPD. The authorities indicate that risk assessment follows the guidance provided by international standards-setting bodies.

3.69. Imports of plants and plant products are also subject to licensing requirements. In this case, the Plant Protection and Quarantine Unit under the Ministry of Agriculture is responsible for issuing an import permit before the application for a trade licence can be submitted.

3.70. In general, imports of agricultural and fishery commodities, including food items, must be accompanied by a sanitary/phytosanitary certificate from the competent authorities of the exporting country. 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. A permit from the Pesticides Control Board is necessary for importation of approved pesticides; some pesticides are prohibited, based on their active ingredients.

3.71. All consignments of imports, regardless of animals (and animal parts/products) or plants, are subject to inspection at the point of entry. Exports of bananas must be treated before departure.

3.72. Saint Vincent and the Grenadines does not have any legal provisions with respect to genetically modified organisms (GMOs) or hormone-fed animals.

3.3.4 State trading enterprises

3.73. Saint Vincent and the Grenadines has submitted only one notification on state trading enterprises to the WTO, dating back to December 2000[60]; no updates have been provided.

3.74. According to the authorities, currently state trading is carried out only by the Agricultural Input Warehouse (AIW), which has had a monopoly on imports of bulk sugar since 2005; the AIW

[60] WTO document G/STR/N/6/VCT, 19 December 2000.

has no exclusive rights on the importation of packaged sugar. 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 that it offers in onward trading is solely financed by the profits made on bulk sugar imports and is not subject to Cabinet approval; no funds are received from the Budget.

3.3.5 Competition policy and price controls

3.75. Saint Vincent and the Grenadines does not have a national competition authority; instead it has agreed with other OECS member States to establish a regional competition agency responsible for competition enforcement within the OECS jurisdiction.[61]

3.76. Price controls continue to apply, *de jure*, to approximately 100 goods.[62] 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, and 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.

3.3.6 Government procurement

3.77. Saint Vincent and the Grenadines is not a party to, nor an observer of, the WTO plurilateral Agreement on Government Procurement.

3.78. During the review period, Saint Vincent and the Grenadines established a new public procurement regime. On 4 November 2019, the Public Procurement Act, 2018 and its implementing Public Procurement Regulations entered into force. As set forth in the Act, the objectives of public procurement regime include promoting transparency and encouraging competition in public procurement; fostering participation in procurement proceedings; ensuring fairness, equitability, and integrity; and promoting sustainable procurement.

3.79. The Central Procurement Board was established in 2020 to administer the Act. The Board is responsible for approving prequalified suppliers or contractors, and awards contracts for the procurement projects whose values are above the thresholds set by the law and its regulations. The Ministry of Finance monitors public procurement operations.

3.80. Procurement above XCD 45,000 by all governmental agencies and statutory bodies (including government-controlled companies) is subject to the rules set out in the Act. Defence and security-related contracts, procurement under cooperative and pooled agreements, and procurement funded by donors are exempted from application of the Public Procurement Act.

3.81. In accordance with the Public Procurement Act, all public procurement must be conducted by open competitive bidding.[63] An invitation to participate in a competitive bidding or to prequalify for it must be published in at least one newspaper of national circulation and on the Internet, for at least 20 days, and for at least 40 days for open competitive bidding advertised internationally.[64]

3.82. Exceptions to the open competitive bidding procurement method may be used under specific circumstances detailed in the law and its regulations. Limited competitive bidding may be used when a procurement project can be supplied by a limited number of bidders, or the time and cost required to evaluate a large number of bids would be disproportionate to the value of the procurement. Two-stage bidding may be used in cases where the complex nature of the works/services/goods so requires. Single source procurement may be used when there is only one supplier or when there is an urgent need to fulfil the procurement.

3.83. Procuring entities are not allowed to package, divide, or structure procurements to circumvent the approval thresholds. For procurement below the approval thresholds, the procuring entity in

[61] CARICOM Competition Commission, *Competition Authorities – St. Vincent and the Grenadines*. Viewed at: http://www.caricomcompetitioncommission.com/en/competition/competition-authorities?id=45.
[62] Price and Distribution of Goods Act, Cap 161.
[63] Public Procurement Act, Article 44.
[64] Public Procurement Act, Schedule 3.

question has the authority to approve the procurement. For procurement above the thresholds, the procuring agency must obtain an Approval Certificate from the Public Procurement Board. Procurement of small items such as stationery is carried out centrally by the Ministry of Finance.

3.84. For procurement not funded by donors, national preference must be given in any bidding for supplies sourced from Saint Vincent and the Grenadines, as well from other OECS member States.[65] However, the authorities note that national preferences have in practice not been used since the entry into force of the Public Procurement Act.

3.85. Challenges to contract decision may be submitted to the procuring entity or the Public Procurement Board for reconsideration of a decision (or action) any time before the procurement contract enters into force; the Challenge must be answered within 15 days. If the challenge was dismissed or the procuring entity failed to answer the Challenge, the aggrieved party may submit an application to the Central Procurement Board for review by the Procurement Review Commission within five days from the date the challenger became aware of the circumstances.

3.3.7 Intellectual property rights

3.86. During the period under review, the legal and institutional framework concerning intellectual property rights (IPRs) remained unchanged. The Commerce and Intellectual Property Office (CIPO) is the national authority for the administration, enactment, and protection of intellectual property.

3.87. Saint Vincent and the Grenadines is a member of the World Intellectual Property Organization (WIPO). It is also a signatory to eight international IPR treaties administered by WIPO (Table 3.6).[66]

Table 3.6 Participation in WIPO-administered treaties, 2022

Treaty	Accession	In force
Beijing Treaty on Audiovisual Performances	5 September 2016	28 April 2020
Berne Convention	29 May 1995	29 August 1995
Marrakesh VIP Treaty	5 September 2016	5 December 2016
Paris Convention	29 May 1995	29 August 1995
Patent Cooperation Treaty	6 May 2002	6 August 2002
UPOV Convention	22 February 2021	22 March 2021
WIPO Convention	29 May 1995	29 August 1995
WIPO Performances and Phonograms Treaty	12 November 2010	12 February 2011

Source: WIPO, *Country Profiles: Saint Vincent and the Grenadines*.

3.88. Under the Patent Act, an invention (or a new improvement to existing invention) may be protected through a patent for 20 years since the filing date of a complete specification. The Act allows for a non-voluntary licence to be granted on the grounds that a market for the patented invention in Saint Vincent and the Grenadines is not being supplied on reasonable terms or at all[67]; 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. This has, however, never happened. 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/her licensee is anti-competitive.

3.89. Under the Layout-Designs of Integrated Circuits Act, the topography of an integrated circuit intended for manufacture is protected for 10 years, non-renewable.

3.90. An industrial design is protected by the Industrial Designment Act for five years, renewable for another consecutive period of five years.

3.91. A registered trademark is protected under the Trade Marks Act for 10 years, renewable. Trademark protection is based on the first filing principle. Opposition to a registered trademark may

[65] Public Procurement Act, Article 71.
[66] WIPO, *WIPO-Administered Treaties*. Viewed at: https://wipolex.wipo.int/en/treaties/ShowResults?code=VC.
[67] This compulsory licensing provision does not apply to any patent relating to an integrated circuit.

be raised by third parties during the publication of the mark. There is no provision on protection of well-known marks.

3.92. A geographic indication (GI) is provided with indefinite protection by the Geographic Indications Act. As of end-October 2022, there were no GIs registered in Saint Vincent and the Grenadines. Trademarks have the largest number of registrations for protection in Saint Vincent and the Grenadines among industrial property (Table 3.7).

Table 3.7 Intellectual property registration, 2014-21

	2014	2015	2016	2017	2018	2019	2020	2021
Industrial design	0	1	0	0	0	0	0	0
Patent	0	0	0	6	10	2	1	0
Trademark	249	226	206	202	155	134	94	86

Source: Information provided by the authorities.

3.93. There is no legislation pertaining to protection of undisclosed information/trade secrets.

3.94. The Copyright Act was amended in 2018. The authorities note that the amendment was to align its provisions with Saint Vincent and the Grenadines' international obligations. Copyright of literary, dramatic, musical, or artistic work is protected for 75 years from the author's death (if authorship is unknown, the protection period is of 50 years after first public availability of the work). For sound recordings and films, rights are protected for 50 years from the creation or 75 years after first public availability. Rights for broadcasts and cable programmes last 50 years from broadcasting. The typographical arrangement of editions is protected for 25 years from first publication.

3.95. Protection of plant varieties is provided under the Plant Breeders Act, 2019. As of end-October 2022, the Act's implementation regulations had still not been issued.

3.96. 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 parallel imports from other CARICOM countries. In contrast, the Industrial Designs Act provides for the national exhaustion of rights; the domestic intellectual property owner may restrict the importation of original goods marketed abroad. Parallel imports of trademarked goods are not allowed.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture and fisheries

4.1. The agriculture sector traditionally was the backbone of the Saint Vincent and the Grenadines economy, though tourism overtook it in the 1990s. In 2021, the agricultural sector accounted for around 7% of GDP, and employed 26% of the labour force. Agriculture in Saint Vincent and the Grenadines faces challenges as land and water resources are scarce. The country has 39,000 hectares (ha) of land, but only 7,000 ha are usable for agriculture.[68] In addition, the agricultural sector is vulnerable to adverse natural conditions such as tropical storms, hurricanes, and volcanic eruptions.

4.2. The agricultural sector is predominantly composed of small farms. Outputs are concentrated on a small number of crops, which makes the sector susceptible to global market fluctuations. Bananas are Saint Vincent and the Grenadines' traditional crop; they used to benefit from preferential access to the EU market. In addition to bananas, the main crops are root vegetables, arrowroot starch, coconuts, and spices. The sector suffered from chronic underinvestment in the last decade.

4.3. The agricultural sector was adversely affected by the COVID-19 pandemic, despite the fact that Saint Vincent and the Grenadines did not declare a state of emergency and its borders remained open. The pandemic caused an interruption of trade: exports were significantly reduced, and access to imported inputs became limited.

4.4. The eruption of the La Soufrière volcano in April 2021 had a devastating impact on the Saint Vincent and the Grenadines' agricultural sector. Thick volcano ash blanketed half the country, including some of the best agricultural lands, where approximately 70% of the country's food is normally produced. The volcanic ash destroyed all vegetable crops and 80% of the root crops in the red zone (the most dangerous area) and 75% of the crops overall in the orange zone (dangerous area). As a result of the evacuation order, a significant number of the country's registered farmers were displaced – 2,875 registered farmers and 278 fishers were displaced and evacuated from the red and orange zones.

4.5. Saint Vincent and the Grenadines remains a net food importer; at least 80% of the food locally consumed is imported. Food imports accounted for over 20% of total imports each year during the review period. The recent hike in global food prices has put more stress on the Saint Vincent and the Grenadines' external accounts (Section 1).

4.6. The policy objectives of Saint Vincent and the Grenadines' agriculture and fisheries sectors include food security, employment creation, and the sustainable use of the country's natural resources. Given its vulnerability to external shocks, Saint Vincent and the Grenadines places food and nutrition security and food sovereignty as its agriculture policy priorities.[69] In this regard, together with its CARICOM partners, Saint Vincent and the Grenadines supports the "Twenty-five by 2025 Initiative", which aims at reducing agri-food imports from outside CARICOM by 25% by the end of 2025.

4.7. The Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour is responsible for devising and implementing policies on agriculture, forestry, and fisheries. The Ministry provides farmers and fishers in the country with financial support, through the Farmers' Support Company (FSC), a statutory entity whose operation is financed by the Government's consolidated budget. Support is granted in the form of a 50% discount on purchases of inputs, feed, and fishing gear, as well as on tractors. The FSC also provides a seven-year interest-free loan of up to XCD 70,000 for the purchase of fishing boats.

[68] Food and Agriculture Organization, *Country Profile: Saint Vincent and the Grenadines*. Viewed at: https://www.fao.org/countryprofiles/index/en/?lang=en&iso3=VCT&subj=5.

[69] Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour, *Ministerial Statement*. Viewed at: http://www.agriculture.gov.vc/agriculture/images/stories/PDF_Documents/Ministerial_Statement_COVID_19_Hon_Saboto_Caesar.pdf.

4.8. In response to farmers' hardship caused by natural disaster (a drought in 2020, and the volcano eruption in 2021), the Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour provided recovery relief to registered farmers in the form of a cash transfer. Also, through the FSC, farmers have access to support in the form of subsidized agricultural inputs such as feed, seeds, and fertilizers. Between 2020 and 2022, the Government spent XCD 24.7 million on hardship support in response to the drought, the COVID-19 pandemic, and the volcano eruption (Table 4.1).

Table 4.1 Hardship support, 2020-22

(XCD)

	2020	2021	2022
Love/care box	2,572,951	1,179,836	2,502,531
Income support	0	14,096,000	1,730,705
Production support	0	1,970,289	676,358
Total	2,572,951	17,246,125	4,909,594

Source: Information provided by the authorities.

4.9. Other support from the Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour during the review period included field sanitation (spraying with pesticides) and technical assistance. Saint Vincent and the Grenadines notified to the WTO its spending on (green box) domestic support measures for five years within the review period (Table 4.2).

Table 4.2 Spending on domestic support measures, 2015-19

(XCD)

Measure type	2015	2016	2017	2018	2019
General services					
(a). Research	2,660,062	2,972,455	3,294,449	3,528,375	2,923,152
(b). Pest and disease control	1,806,870	1,864,715	2,085,076	2,271,481	2,016,165
(d). Extension and advisory services	2,257,920	2,337,538	2,520,337	2,568,994	2,026,542
Total	**6,724,852**	**7,174,708**	**7,899,862**	**8,368,850**	**6,965,859**

Source: WTO documents G/AG/N/VCT/11, 26 April 2017; G/AG/N/VCT/14, 22 March 2018; G/AG/N/VCT/15, 12 March 2019; G/AG/N/VCT/18, 24 April 2020; and G/AG/N/VCT/19, 15 July 2022.

4.10. Farmers have traditionally been exempted 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).

4.11. The Agricultural Input Warehouse (AIW), which has had in the past a monopoly on imports of bulk sugar, also imports agricultural inputs duty-free, mainly fertilizer blends and diothene sheeting (protective bags for bananas). Imports by the AIW are for onward sale to farmers at discounted prices (Section 3.3.4).

4.12. Saint Vincent and the Grenadines notified to the WTO that it did not provide export subsidies to agricultural products for the period of 2015-18.

4.13. With regard to fisheries, the overall policy objective is to maintain "sustainable use of all fisheries resources to maximise benefits to all Vincentians in the present and future", contributing to national food security, and helping alleviate the nation's under-nutrition.[70]

4.14. Fishers must apply for a fishing licence annually from the Fisheries Division in the Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour. Fishing quotas are set. The licence specifies the catch amount for each vessel. According to the authorities, around 95% of the annual fishing quota is used. The Fisheries Division uses a vessel monitoring system (VMS) to monitor the fishing fleet's activities, and makes random inspections of a vessel's licensed activities.

[70] Ministry of Agriculture, *Fisheries: Policy*. Viewed at: http://www.agriculture.gov.vc/agriculture/index.php?option=com_content&view=article&id=365&Itemid=342.

In 2017, Saint Vincent and the Grenadines established a Task Force against Illegal, Unregulated and Underreported (IUU) fishing.

4.15. In 2020, the Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour applied a "small fisher fleet expansion" programme to facilitate the modernization of the fleet of small-scale fishers. Also, the Ministry distributed fishing gear at subsidized prices. The authorities note that this is part of an FSC project to modernize the fishing fleet, and to improve the fleet's seaworthiness and safety; the authorities also note that such a project is not intended to actually expand the fleet capacity, as Saint Vincent and the Grenadines almost reaches its fishing quota limits every year, but rather to modernize it and replace vessels for more efficient ones. As a result of this modernization project, the number of high seas fishing vessels decreased to 4, down from 32 in 2019.

4.16. Exports of lobster and conch are subject to licensing requirements (Section 3.2.3).

4.2 Manufacturing

4.17. The manufacturing sector is small, as domestic demand is not conducive to economies of scale. During the review period, it accounted for 4% of GDP on average. Locally manufactured goods include steel rods, PVC pipes, galvanized sheets, animal feed, cardboard boxes, door frames, flour, soft drinks, and beer.

4.18. 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. The sector is dominated by small and medium-sized enterprises; incentives and assistances are provided to manufacturing enterprises through the different incentives schemes, such as the Fiscal Incentives Act (Section 3.3.1).

4.19. The simple average tariff on manufactured goods (ISIC classification) was 11% in 2020, but it was highly dispersed, with a coefficient of variation of 1. Clothing, electric machinery, transport equipment, and footwear are subject to some of the highest tariff levels. All 13 tariff lines with specific rates are on alcoholic beverages. Moreover, tariff rates for alcoholic beverages are higher than the CARICOM CET rates, as Saint Vincent and the Grenadines lists these products as "sensitive" on List C of the CARICOM CET Schedule. Also, effective from 18 August 2015, the application of the CARICOM CET on nines tariff lines regarding aerated and alcoholic beverages, was suspended.

4.3 Services

4.3.1 Financial services

4.20. The Financial Services Authority (FSA) is the regulator of all financial institutions, except for commercial banks and securities businesses that are under the OECS regulatory regime. Institutions regulated by the FSA include credit unions/cooperative societies, insurance companies, building societies, mutual funds, international trust, and money services. Commercial banks are regulated by the ECCB, while securities are regulated by the Eastern Caribbean Securities Regulatory Commission.

4.21. As of end-September 2022, there were seven banks licensed to operate in Saint Vincent and the Grenadines, among which two are branches of foreign banks, and the other five are locally incorporated.[71] There are two non-bank financial institutions operating in the country.[72]

4.22. The Eastern Caribbean Central Bank (ECCB) has primary responsibility for the supervision of domestic banks. The ECCB Agreement Act, 1983 and its amendments give the ECCB power to regulate banking business on behalf of and in collaboration with participating governments. Saint Vincent and Grenadines' onshore banking legislation is uniformized with that of the rest of OECS member States. The Banking Act No. 4 of 2015, is the main domestic law governing onshore

[71] ECCB, *Saint Vincent and the Grenadines*. Viewed at: https://www.eccb-centralbank.org/p/saint-vincent-and-the-grenadines-1.

[72] ECCB, *Licensed Financial Institutions Under the Banking Act*. Viewed at: https://www.eccb-centralbank.org/p/licensed-financial-institutions-under-the-banking-act.

banking. The Banking Act, 2015 was drafted within the context of developing of a single banking space in the ECCU. The Act introduced a framework for the licensing and regulation of financial holding companies, and strengthened the remedial action tools and adopted mechanisms that would allow for the resolution of troubled banks at least cost.

4.23. Offshore banks and other financial institutions are governed by the International Business Companies Act, as amended, which entered into force on 1 January 2019. Following this amendment, all international banks and international trusts, except for the ones grandfathered, must be locally incorporated, and the income tax exemption accorded to them was abolished. The transition period for grandfathered service providers ended on 30 June 2021.

4.24. The amended Act allows financial institutions to continue their offshore financial services, though these institutions are tax liable for any income that are generated within the territory of Saint Vincent and the Grenadines; income generated from offshore operations is not taxed. As of end-September 2022, there were two "international banks" in operation, and other three were listed as under liquidation. The authorities note that the impact of the legislative changes on the segment of international finance services remained to be seen; the authorities also note that about 20% of financial institutions have left the country since the amendment's entry into force.

4.25. Companies that provide insurance services in Saint Vincent and the Grenadines may be locally incorporated or be incorporated in any CARICOM member State and operate locally through agencies or branches. Insurance companies are regulated by the Insurance Act and supervised by the FSA. In general, non FSA-registered insurers may not unwrite local risks.

4.26. If the insurance company is engaged in long-term insurance business, the minimum paid-up share capital is set at XCD 2 million for local companies, and XCD 5 million for foreign companies; this amount must be fully paid-up in cash. Mutual companies must have uncommitted reserves of at least XCD 5 million; this is the case for long-term and other classes of insurance business. If the company is engaged in general insurance business, minimum paid-up capital requirements are half of those for long-term insurance, but foreign companies are still subject to a higher amount.

4.27. Insurance (excluding reinsurance) companies are required to deposit cash, assets, or a combination of both with the FSA. The deposit for long-term insurance businesses is XCD 500,000; insurers for motor vehicles are required to deposit XCD 500,000 or 30% of the previous year's gross premium income, whichever is greater; the deposit for general insurance businesses companies except for the foresaid types of insurance business is the larger of XCD 200,000 or 30% of the previous year's gross premium income. There is no difference in deposit requirements between local or foreign insurance companies.[73]

4.28. As of end-September 2022, there were 24 insurance companies registered with the FSA operating in Saint Vincent and the Grenadines, among which 10 were long-term insurers; 4 insurance companies are domestically owned, while the other 20 are foreign owned. The total assets of the insurance sector stood at XCD 182.7 million at the same date.

4.29. Insurance intermediaries (e.g. brokers and agents) must be registered with the FSA. As of end-September 2022, there were 6 insurance brokers, 15 insurance agents, and 97 insurance representatives. In practice, only Saint Vincent and the Grenadines citizens or nationals of CARICOM member States may be registered as insurance intermediaries.

4.30. There are also five international insurance companies registered with the FSA. These international insurance companies write risks outside Saint Vincent and the Grenadines. The authorities indicate that a separate regulatory regime for international insurance companies is in the process of being established.

4.31. During the review period, Saint Vincent and the Grenadines strengthened its legal framework on international financial services. The Foreign Accounts Tax Compliance Act (FATCA) 2015 entered into force on 18 August 2015. FATCA is expected to combat tax evasion; it allows Saint Vincent and the Grenadines financial institutions to report information on accounts valued more than USD 50,000

[73] FSA, *Domestic Non-Bank: Insurance and Pension Plans*. Viewed at: https://Saint Vincent and the Grenadinesfsa.com/insurance-and-pension-plans/.

to those competent foreign authorities with which Saint Vincent and the Grenadines has an Intergovernmental Agreement (IGA). Currently, Saint Vincent and the Grenadines has an IGA with the United States. In addition, Saint Vincent and the Grenadines signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters on 25 August 2016.

4.32. In the summer of 2022, Saint Vincent and the Grenadines passed a number of new laws providing the regulatory framework for specific financial services, namely, the Virtual Asset Service Providers Act, the Micro-finance Service Providers Act, and the Mobile Payment Service Providers Act. As of end-November 2002, these Acts had not yet entered into force yet, as their implementing regulations were still in the drafting process.

4.3.2 Telecommunications

4.33. During the review period, fixed-line voice service penetration continued declining gradually while mobile service penetration hovered around 90%. On the other hand, there was an increase in broadband services subscriptions. Both fixed-line and the mobile broadband penetration grew by 50% during the review period: fixed-line penetration stood at 22.9% in 2021 up from 16.2% in 2015, while mobile broadband penetration reached 75.1% in 2020. The percentage of people in the country with access to broadband services expanded remarkably by 35 percentage points; in 2020, 98% of Vincentians have access to broadband internet (Table 4.3)

Table 4.3 Telecommunications statistics, 2015-21

Key indicator	2015	2016	2017	2018	2019	2020	2021
Revenue (XCD million)	138	133	125	117	120	118	..
Investment (XCD million)	25	17	18	24	13	15	..
Employment	143	195	161	188	148	164	..
Fixed voice service penetration (%)	19	19	19	18	16	16	..
Fixed broadband penetration (%)	16.2	16.7	17.5	18.9	19.6	22.9	..
Mobile service penetration (%)	106	99	102	102	87	91	..
Mobile broadband penetration (%)	40.2	46.8	47.7	14.9	78.1	75.1	..
Broadband Internet service penetration (%)	..	63.5	65.2	33.8	97.7	98.0	..
Local traffic (million minutes)	152	105	81	100	122	88	..
International outgoing traffic (million minutes)	61	30	26	26	28	16	..

.. Not available.

Source: ECTEL (2021), *Annual Electronic Communication Sector Review 2019-20*.

4.34. Investment in the telecommunications sector was generally in decline during the review period, except for a spike in 2018, which reflected the fibre optic deployment by an operator.

4.35. During the review period, the regulatory framework for telecommunications remained largely unchanged. The basic legislation is the Telecommunications Act and the ECTEL Treaty. The National Telecommunications Regulatory Commission (NTRC) is the national regulatory agency, while the Eastern Caribbean Telecommunications Authority (ECTEL) has an advisory role in the national regulatory regime.

4.36. Anyone who wishes to provide public telecommunications services must apply for a licence from the NTRC. If a service provider wishes to operate its own infrastructure (e.g. network or cable landing stations), an "individual" licence must be obtained from the regulator; a "class" licence is usually issued to service providers who provide particular types of services on top of providing existing infrastructure. There are no restrictions to foreign capital participation in telecommunications services. According to the authorities, telecommunications licences and spectrum authorizations are technology-neutral.

4.37. As of end-September 2022, there were four network operators offering fixed voice and broadband, mobile cellular and broadband, subscriber television, and submarine cable services. Cable & Wireless Limited is the only operator that has licences for providing all types of services.

There are three carriers in the fixed-line service and two providers in the mobile services market; Cable & Wireless Limited is the sole provider of Internet networks.[74]

4.38. Telecommunications infrastructure, including satellite earth stations as well as submarine cable landing stations, is privately owned. In addition to the last mile connection to end users, each of the licensed operators has its own telecom network. A licensed network operator must treat any other operators connecting to its network on a fair, reasonable, and non-discriminatory basis; this obligation is also applied to the branches or subsidiaries of a dominant provider. Currently, Cable & Wireless is classified as the dominant provider in fixed-line voice service. Companies may freely negotiate, amend, or modify interconnection agreements, but the approval of the NTRC is required. Maximum interconnection rates are set by ECTEL. On 1 June 2018, the NTRC approved a new set of interconnection rates; compared to the previous schedule, rates on the 2018 schedule are lower. According to the authorities, co-location requirements are mandatory for operators.

4.39. Service providers are free to set tariffs for services; tariffs must be notified to the NTRC and be published for the public.[75] Price of "regulated services" are capped; currently, only fixed-line voice services have been designated as provider of "regulated services". The NTRC is also the authority for consumer protection in the telecommunications sector.

4.40. Telephone numbers are allocated to licensed operators according to the National Numbering Plan.[76] The NTRC manages the National Numbering Plan in conjunction with ECTEL. Numbers of mobile services became portable across operators in the ECTEL region from 13 May 2019, while numbers of fixed-line services will become portable later when alternative fixed-line services are available across the region.[77] Service providers must obtain a Frequency Authorization from the NTRC to be granted radio frequency allocation for mobile telecommunications services. The NTRC manages the spectrum plan in conjunction with ECTEL and allocates frequency bands to operators based on need. The authorities state that frequency allocations are based on technical assessments and the applicant's needs, which are dependent on the stage of technology development the applicants are in. If the band is in high demand, the allocation is conducted on a first-come, first-served basis.

4.41. Universal service obligations include the provision of public voice telephony, Internet access, and telecommunication services to schools, hospitals, and similar institutions serving public needs. The Universal Service Fund (USF) compensates any provider required to provide or promote the service; the USF is financed through contribution by licensed operators. Effective 31 January 2017, the operator's contributions were increased to 2% of their gross annual revenue[78], up from 1%.

4.42. 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. 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 must apply to the NTRC for overseas approval recognition.[79]

4.3.3 Transport

4.3.3.1 Air transport

4.43. Air transport is the main mode of transportation for people entering in and departing from the country. During the review period, a new airport, Argyle International Airport, was inaugurated, on 14 February 2017. With this expanded capacity, Saint Vincent and the Grenadines experienced an expansion of air transport reflecting rapid growth in the tourism sector. This was the situation until

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[74] National Telecommunications Regulatory Commission (NTRC), *Licence Register*. Viewed at: https://www.ntrc.vc/providers/licence-register/.

[75] NTRC, *Retail Tariffs.* Viewed at: https://www.ntrc.vc/consumer/tariffs/.

[76] NTRC, *Numbering.* Viewed at: https://www.ntrc.vc/providers/numbering/.

[77] NTRC, *Mobile Number Portability*. Viewed at: https://www.ntrc.vc/mnp/.

[78] Telecommunications (Universal Service Fund Contribution) Order 2017 (SR&O No. 4 of 2017). Viewed at: https://ntrc.vc/docs/legislations/USF%20Fund%20Contribution.pdf.

[79] NTRC, *Type Approvals*. Viewed at: https://www.ntrc.vc/general/type-approvals/.

the onset of the COVID-19 pandemic in 2020. Starting in May 2020, passenger traffic declined sharply, despite Saint Vincent and the Grenadines not declaring a lockdown.

4.44. During the review period, the legal and institutional framework for air transport remained unchanged. The main legislation for the sector is the Civil Aviation Act. The Ministry of Tourism, Civil Aviation, Sustainable Development and Culture is responsible for formulating policies related to civil aviation. The Eastern Caribbean Civil Aviation Authority (ECCAA) has the responsibility, at the regional level, for safety and security matters such as issuing Air Operator Certificates (AOCs).

4.45. Anyone wishing to provide air transport services must obtain an Air Transport Service Licence (for business authorization) from the Air Transport Licence Board, and an air operator certificate (AOC, for safety compliance) from ECCAA. Air Transport Service Licences are issued only to applicants who are a Saint Vincent and the Grenadines or CARICOM national. In order to maintain a valid AOC, applicants must have their principal business address registered within the territory of any CARICOM member State, and the business must be effectively controlled by Saint Vincent and the Grenadines /CARICOM nationals.

4.46. There are two privately owned carriers in the country, Saint Vincent and the Grenadines Air and Mustique Airways. Saint Vincent and the Grenadines is the flag carrier.

4.47. Saint Vincent and the Grenadines maintains nine bilateral air service agreements (BASAs) with its trading partners; the BASAs offer up to fourth freedom with restrictions on ownership and designate. In its BASAs, Saint Vincent and the Grenadines applies CARICOM ownership criteria, designating any CARICOM-based carrier as its carrier when enforcing the agreements. Also, Saint Vincent and the Grenadines is a signatory to the CARICOM Multilateral Air Services Agreement (CARICOM MASA); this Agreement confers third and fourth freedom route rights to airlines owned and operated by Caribbean nationals, while fifth freedoms are exchanged on a bilateral basis, and day tour regimes may also be negotiated. Cabotage is not allowed.

4.48. There are five public airports, four of which are owned by the State. Argyle International Airport (AIA) became fully operational in February 2017, replacing the decommissioned ET Joshua Airport. AIA is the main international gateway in the country, with a design capacity of 1.2 million passenger-throughput per year. AIA is managed and operated by AIA Inc., a state-owned enterprise; AIA Inc. also manages and operates three other state-owned airports. According to the authorities, private sector operators are welcome to participate in airport operations. Ground handling services such as passenger processing, cargo handling, catering, and ramp operations are provided currently by AIA Inc. Saint Vincent and the Grenadines Air has its own ground handling staff at AIA for ground operations for its own flights but is not allowed to provide services to other flights that are serviced by AIA.

4.3.3.2 Maritime transport

4.49. During the review period, the legislative framework for maritime transport remained unchanged. The main legislation on merchant shipping is the Shipping Act, 2004 (as amended in 2007 and 2014); the Department of Maritime Administration under the Ministry of National Security is the enforcement agency for the Act.

4.50. Pursuant to the Shipping Act, for a vessel to be Saint Vincent and the Grenadines-registered it must be substantially owned by Saint Vincent and the Grenadines/CARICOM member state nationals (natural or legal persons); non-incorporated companies may be authorized by the Minister, conditional upon the company being established in and having its principal place of business in Saint Vincent and the Grenadines, where the majority of the ownership of the company is vested in Saint Vincent and the Grenadines citizens, and the company is managed by Saint Vincent and the Grenadines citizens.

4.51. Cabotage is not permitted.

4.52. Kingstown Port and Campden Park are the main commercial ports; Kingstown Port is fully owned by the Government, while Campden Park is a government joint venture with 49% private equity. The Port Authority, a statutory body, has a monopoly on the provision of port services, and sets fees. Pilotage is compulsory for vessels exceeding 100 gross registered tonnes. 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.

4.3.4 Tourism

4.53. The tourism sector is the largest foreign exchange earner for Saint Vincent and the Grenadines, and is one of the priority sectors for development identified by the Government. The Government's policy objective for tourism is to ensure an inclusive and sustainable development of the tourism resources. A Tourism Master Plan is being developed by the Government. The authorities indicate that the Tourism Master Plan will focus on climate change, and aim to enhance the sector's disaster preparedness.

4.54. Total visitor arrivals almost doubled between 2014 and 2019, while arrivals of stay-over visitors increased by 21% for the same period. The COVID-19 pandemic in 2020, plus the La Soufrière volcano eruption in 2021, caused a sharp reduction of tourist arrivals. Total visitor arrivals in 2021 were only 14% of those in 2019, while the number of stay-over visitors declined to 28% of the 2019 level.

4.55. The main bottleneck constraining the recovery of tourism is airline capacity and connectivity. Usually, around 30% of the arriving visitors stay at least one night in the country. The United States and the United Kingdom are the largest markets for tourism exports; tourists combined from both countries accounted for more than half of the stay-over visitors each year (Table 4.4).

Table 4.4 Tourism statistics, 2014-21

	2014	2015	2016	2017	2018	2019	2020	2021
Total visitors	204,934	206,662	223,156	303,044	356,069	404,097	154,828	56,759
Stay-over visitors	70,713	75,381	79,395	75,972	80,080	85,546	26,550	24,230
United States	19,838	22,063	23,086	23,320	26,351	29,737	9,515	10,909
Canada	7,203	7,515	7,905	8,690	9,822	10,483	3,975	2,053
United Kingdom	15,960	17,045	16,974	11,870	12,959	13,132	5,635	5,376
Caribbean	19,886	21,566	24,390	24,924	23,807	24,027	4,282	3,219
Other countries	7,826	7,192	7,040	7,168	7,141	8,167	3,143	2,673
Excursionists	2,152	1,732	1,340	1,485	1,287	1,275	668	139
Cruise ship passengers	85,170	82,079	94,151	174,236	217,876	255,225	101,579	24,311
Yacht passengers	46,899	47,470	48,270	51,351	56,826	62,051	26,031	8,079
Number of cruise ship calls	222	231	261	280	261	260	92	47
Total visitor expenditure (XCD million)	249.44	258.51	270.34	256.78	281.84	318.32	118.15	98.04

Source: ECCB, *Real Sector Statistics – Selected Tourism Statistics*.

4.56. The Ministry of Tourism, Civil Aviation, Sustainable Development and Culture is the policy maker for the tourism sector. The Product Development Unit under the Ministry facilities the development of products. The Saint Vincent and the Grenadines Tourism Authority is the sector's regulator, with the responsibility of promoting the country as a tourist destination, developing standards[80], and regulating the quality of the local tourism service providers.

4.57. The authorities note that there are no restrictions on foreign capital participation in the tourism sector, including in hotel accommodation, restaurant and culinary services, recreational facilities, and tourism operators. Foreign investment in the tourism sector including in tourism accommodation and tourism services are eligible for the fiscal incentives provided by the Fiscal Incentives Act and the Hotels Aid Act. These 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. Income tax holidays are available for the development of new hotels and

[80] The Authority has developed standards for service providers of spa and wellbeing; tourism craft vending; short-term vehicle rentals; hotels and accommodations; and tour guides.

apartment-hotels (of not less than 5 rooms for Saint Vincent and the Grenadines citizens, and not less than 10 rooms for other persons) or for improvement and expansion; the income tax holiday period is of 9 to 15 years, depending on the number of rooms created.[81]

4.58. In addition to processing duty-free concessions, the Product Development Unit provides recommendations regarding the opportunity of granting concessions for tourism operators and hoteliers. During the review period, the Unit recommended concessions for operators of tour buses, and of boats and sea tours.

4.59. In order to encourage tourist stays, a lower VAT rate of 11% is imposed on hotel and holiday accommodation.[82] Accommodation for a continuous period of 45 days is VAT-exempt.

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[81] Income tax exemptions for expansion of hotels apply only to the profits attributable to the expansion.
[82] The VAT rate was raised from 10% in May 2017.