

**ANNEX 3 - GRENADA**

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## 1 ECONOMIC ENVIRONMENT

### 1.1 Main Macroeconomic Developments

#### 1.1.1 Real economy

1.1. The importance of the services sector in Grenada increased during the period under review, as the agriculture sector continued to shrink. This trend is more pronounced than in other OECS Members, as the manufacturing sector is relatively small, and construction less important. Services accounted for slightly over 80% of GDP at current prices in 2012 and 2013 (Table 1.1). Construction accounted for some 6.3% of GDP in 2013, water and electricity for 4.5%, agriculture for 4.0%, and manufacturing for just 3.5%. As in most of the rest of the OECS, tourism is the major activity in terms of foreign exchange and employment, and has the largest direct and indirect impact on GDP. Education services, also of major importance in Grenada, accounted for 22.5% of GDP in 2013, twice its level in the last decade. This is due mainly to the activities of St. George's University, which has become a regional and international education hub. Other services activities of relevance include transportation and communications, real estate, banking and insurance, and wholesale and retail trade, all of which are linked, to a large extent, to the tourism industry.

**Table 1.1 Composition of GDP by economic activity, 2000 and 2007-13**

(% of GDP at market prices)

	2000	2007	2008	2009	2010	2011	2012	2013 <sup>a</sup>
Agriculture, livestock, and forestry	5.4	2.9	3.0	3.8	3.8	3.8	4.0	4.0
Crops	4.8	2.2	2.3	3.1	2.9	3.0	3.1	3.1
Livestock	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7
Forestry	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Fishing	1.2	1.2	1.3	1.4	1.4	1.3	1.6	1.8
Mining and quarrying	0.6	0.6	0.5	0.4	0.4	0.3	0.2	0.2
Manufacturing	4.0	4.2	3.8	3.8	4.0	3.9	3.6	3.5
Electricity and water	3.6	4.4	4.6	4.4	4.5	4.4	4.6	4.5
Electricity	2.2	3.1	3.6	3.3	3.6	3.5	3.7	3.6
Water	1.5	1.4	1.0	1.1	0.9	0.9	0.9	0.9
Construction	9.6	12.6	11.2	8.2	8.2	6.9	5.6	6.3
Wholesale and retail trade	7.8	8.6	8.5	7.5	7.9	8.2	8.2	8.6
Hotels and restaurants	5.1	5.1	5.0	5.0	4.0	4.4	4.4	4.3
Transport, storage, and communications	13.2	14.6	13.5	14.2	13.1	12.9	12.2	12.0
Transport and storage	10	10.0	9.2	9.9	9.2	8.7	8.1	8.0
Communications	3.1	4.7	4.3	4.2	3.9	4.2	4.1	4.0
Financial intermediation	5.6	7.3	7.5	7.6	7.2	6.5	7.1	6.8
Banks	4.5	5.5	5.8	5.8	5.9	5.2	5.8	5.6
Insurance	1.0	1.8	1.6	1.7	1.2	1.2	1.2	1.2
Activities auxiliary to financial intermediation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real estate, renting and business activities	12.8	13.6	12.7	13.4	13.6	14.1	13.7	13.3
Owner occupied dwellings	9	9.1	8.6	9.3	9.4	9.7	9.5	9.2
Real estate activities	1.2	1.2	1.1	1.2	1.2	1.2	1.2	1.2
Renting of machinery and equipment	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.2
Computer and related activities	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Business services	2.3	3.0	2.8	2.7	2.7	2.9	2.7	2.7
Public administration, defence, and compulsory social security	5.6	6.7	7.7	7.8	8.3	8.5	8.4	8.0
Education	8.6	14.5	16.9	18.9	19.5	20.5	22.5	22.5
Public	4.1	4.1	5.0	4.8	4.6	4.8	4.7	4.5
Private	5.1	10.4	11.9	14.1	14.9	15.6	17.8	18.0
Health and social work	2.0	2.0	2.2	2.2	2.5	2.6	2.5	2.4
Other community, social and personal services	2.0	2.1	2.0	2.0	2.0	1.8	1.9	1.9

	2000	2007	2008	2009	2010	2011	2012	2013 <sup>a</sup>
Activities of private households as employers	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0
Less: FISIM	1.5	1.5	1.5	1.5	1.5	1.3	1.4	1.2
<b>GVA in basic prices</b>	<b>86.3</b>	<b>86.1</b>	<b>86.7</b>	<b>87.6</b>	<b>86.3</b>	<b>85.8</b>	<b>86.3</b>	<b>87.1</b>
Taxes minus subsidies	13.7	13.9	13.3	12.4	13.7	14.2	13.7	12.9
<b>GDP in market prices</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

a Estimate.

Note: 0.0 = Less than 0.05%.

Source: Grenada Central Statistical Office and ECCB. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp> [12.12.13].

1.2. Agriculture's contribution to GDP fell to 4% in 2013 from over 5% in 2000 (Table 1.1). The sector has not fully recovered from the devastation left by hurricane Ivan in 2004, which caused the destruction of 90% of Grenada's nutmeg trees (section 4.1). Grenada is the world's second largest producer of nutmeg. Since the previous TPR of Grenada, the production of nutmeg has been recovering although, affected by the nutmeg wilt disease, the industry barely reached 10% of its pre hurricane level. Nevertheless, the share of agricultural exports in total exports has been growing and reached 46.5% of total exports in 2011; nutmeg accounts for some 35% of agricultural exports.

1.3. The contribution of manufacturing (including agri-industry) continues to be very small. The manufacturing sector consists primarily of light manufactures exported mainly to the United Kingdom, the United States, and other CARICOM countries.

1.4. Grenada was seriously affected by the global economic crisis: GDP contracted by 6.6% in 2009, and the average annual GDP contraction rate for the 2009-12 period was 1.7% (Table 1.2). Economic activity in Grenada is estimated to have expanded in the first six months of 2013 relative to the corresponding period of 2012, and to have continued to expand during the rest of the year. However, growth has been modest, estimated by the IMF at just 0.8% for 2013 and forecasted to reach just 1% in 2014.<sup>1</sup>

**Table 1.2 Basic macroeconomic indicators, 2007-13**

(In percentage of GDP unless otherwise specified)

	2007	2008	2009	2010	2011	2012	2013 <sup>a</sup>
<b>Real sector</b>							
Nominal GDP at market prices (EC\$ million)	2,048.5	2,230.1	2,082.5	2,081.7	2,102.4	2,164.1	2,242.4
Nominal GDP at basic prices (EC\$ million)	1,763.6	1,934.1	1,825.0	1,797.3	1,803.9	1,868.3	1,952.7
Real GDP at market prices (2006 EC\$ million)	2,002.0	2,021.0	1,887.3	1,877.7	1,892.0	1,857.5	1,886.4
Real GDP at basic prices (2006 EC\$ million)	1,723.6	1,752.7	1,654.0	1,621.1	1,623.4	1,603.7	1,642.7
GDP per capita at market prices (EC\$)	22,750	24,240	21,915	21,680	21,670	21,640	22,240
GDP growth (real, market prices)	6.1	1.0	-6.6	-0.5	0.8	-1.8	1.6
GDP growth (real, basic prices)	6.3	1.7	-5.6	-2.0	0.1	-1.2	2.43
<b>GDP components (current price)</b>							
Consumption	94.5	98.5	98.6	103.4	105.7	107.3	105.1
Private	81.2	83.5	83	87.2	89.8	91.2	89.5
General government	13.3	15	15.6	16.2	15.9	16.1	15.6
Gross capital formation	35.4	31.1	23.9	22	19.9	16.3	18.6
Construction	21.8	19.5	14.3	14.1	11.8	9.7	11
Transport equipment	1.4	1.2	1.1	0.7	0.8	0.7	0.7
Other equipment	12.2	10.3	8.5	7.1	7.3	6	6.8
Goods and non-factor services (NFS)	-29.9	-29.5	-22.5	-25.4	-25.6	-23.6	-23.6
Exports of goods	5.4	4.9	4.6	4	4.8	5.3	5.4

<sup>1</sup> IMF online information. Consulted at: <http://www.imf.org/external/country/grd/index.htm>.

	2007	2008	2009	2010	2011	2012	2013 <sup>a</sup>
Exports of NFS	22.3	20.3	19.7	19.8	20.4	20.4	19.6
Imports of goods	43.2	41	34.1	37	37.9	37.5	36.7
Imports of NFS	14.3	13.7	12.7	12.2	12.9	11.9	11.9
Gross national savings	3.6	0.6	-1.6	-4.4	-6.7	-7.8	-5.2
Foreign savings	31.9	30.5	25.6	26.4	26.6	24.1	23.8
<b>Prices (in percentage)</b>							
Consumer price index (end of period)	7.4	5.2	-2.3	4.2	3.5	1.8	1.6
Consumer price index (period average)	3.9	8.0	-0.3	3.4	3.0	2.4	..
Implicit gross value added deflator (end period)	..	..	..	..	..	..	..
<b>General government finance</b>							
Current revenue	20.9	20.8	19.3	19.9	20.2	19.7	19.8 <sup>b</sup>
Tax revenue	19.7	19.5	18.2	18.7	19.2	18.6	..
Income and profits	3.0	4.2	4.2	3.5	3.5	3.5	..
Property	1.4	1.2	0.9	0.8	0.7	0.8	..
Domestic goods and services	2.7	2.9	2.8	8.1	8.6	8.4	..
International trade and transactions <sup>c</sup>	9.3	9.3	7.8	4.2	4.2	3.9	..
Import duties	2.5	2.5	2.1	2.3	2.4	2.2	..
Consumption tax	4.9	4.8	4.1	0.3	0.0	0.0	..
Customs service charge	2.0	2.0	1.6	1.6	1.8	1.6	..
Non-tax revenue	1.3	1.4	1.1	1.2	1.1	1.0	..
Total public debt	84.4	86.0	96.9	99.5	106.0	107.6	..
<b>Money and interest rates</b>							
Broad money, M2 (end of period), million EC\$	1,703.2	1,767.2	1,820.0	1,837.4	1,849.7	1,862.3	1,908.7
Weighted deposit rate	3.0	3.2	3.0	2.7	2.9	2.7	2.5 <sup>b</sup>
Weighted lending rate	9.7	9.2	10.7	9.5	10.3	9.2	9.1 <sup>b</sup>
Prime lending rate	8.5	8.5	8.5	8.5	8.5	8.5	8.5

.. Not available.

a Estimations.

b As of September 2013.

c Does not include the VAT.

Source: ECCB online information. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp> [12.12.13].

1.5. The 2013-14 modest expansion was influenced mainly by developments in construction and manufacturing, with agriculture also contributing positively to economic growth.<sup>2</sup> Construction activity rebounded in the first half of 2013, recording positive growth for the first time since 2006 due to some large private commercial projects, namely the Sandals La Source Resort renovation and the new National Insurance Scheme commercial complex, as well as the resumption of work at the Bailles Bacolet Resort and Spa. The expansion in construction was also supported by growth in the public sector capital programme, primarily maintenance and rehabilitation of roads, schools, and other public buildings. On the other hand, construction activity was moderate in the private residential subsector. After a period of contraction, and partly driven by domestic demand, production in the manufacturing sector is estimated to have increased in 2013. Among the most dynamic industries were beverages, in particular beer, rum, malt, and stout, and, to a lesser extent, soft drinks. Other expanding activities included the production of paints and poultry feed, while there were declines in the production of flour and toilet paper.<sup>3</sup> The estimated increase in agricultural production was driven mainly by improved planting conditions and higher domestic demand. Among the traditional crops, banana production rose by over 18% and nutmeg output grew by 30%, although the levels remain well below those attained prior to Hurricane Ivan. By contrast, production of cocoa and fruits and vegetables contracted. Fish production increased in 2013, as more boats were put out to sea. Activity in the tourism industry declined in the first half of 2013, largely as a result of a contraction in both stay-over visitors and cruise ship arrivals.

<sup>2</sup> ECCB (2013a).

<sup>3</sup> ECCB (2013a).

1.6. In the medium run, Grenada faces the challenge of increasing competitiveness, by overhauling its institutional and regulatory framework and simplifying business practices. Some measures have been adopted in this respect, including some trade facilitation measures, such as the introduction of ASYCUDA World, the repeal of the Fiscal Incentives Act and its replacement by more sectorally neutral incentives legislation (the Investment Incentives Act, see below), and the passing of long-awaited legislation on intellectual property rights, including new patents, copyright and trademark laws, to replace the obsolete colonial legislation. However, further regulatory changes need to be introduced, such as fully fledged competition policy, intellectual property laws in areas such as trade secrets, and customs valuation legislation to apply the WTO Agreement and stop the use of the Brussels Valuation system.

1.7. In the 2012, Article IV Consultations with Grenada<sup>4</sup>, the IMF emphasized Grenada's sizeable competitiveness gap, products of higher energy costs and wages, and lower productivity. The IMF noted that, as this has put downward pressure on profit margins and stifled investment, achieving higher growth and sustained employment generation will require the implementation of key structural reforms, including "wage discipline to reflect productivity combined with efforts to enhance labour skills, improving flexibility of labour and product markets, facilitating access to credit, fostering small enterprise development, addressing high energy costs by using alternative sources, better exploiting the linkages between the agricultural and tourism sectors, and more effective monitoring and implementation of efficiency-enhancing reforms at state-owned enterprises".

1.8. In the near future, the authorities expect the pace of economic activity to accelerate triggered by increased activities in the construction sector, both private and public, and expansion in the tourism industry with the opening of the Sandals La Source Resort and Spa. Risks to the prospects include natural disasters/unfavourable weather conditions and weaker economic growth, particularly in the United States, a major trading partner and source of tourists and students.

1.9. During the period under review, consumer price inflation was moderate, rising at an annual average rate of 2% on an end-of-period basis between 2008 and 2012. Consumer prices are estimated to have decreased by 0.1% in 2013 and are forecast to remain moderate in 2014, expanding by some 1.7%, according to the IMF.

### 1.1.2 Fiscal policy and structural reform

1.10. The Ministry of Finance is responsible for fiscal policy formulation and implementation in Grenada. Due to the lack of an independent monetary policy as a consequence of the common currency and the exchange rate peg to the U.S. dollar, fiscal policy is the main domestic policy instrument used. As with other OECs countries, there is still a high dependency on taxes on foreign trade for revenue (Section 3.1.4).

1.11. Grenada's fiscal accounts deteriorated as a consequence of the global economic crisis, and its impact on tourism. The overall fiscal deficit before grants reached 6.3% of GDP in 2009 and declined in subsequent years, to 3.1% of GDP in 2012 (2% after grants). The deficit is mostly in the capital account; the current account was in surplus in some years of the period.

**Table 1.3 Grenada fiscal accounts, 2007-12**

(EC\$ million)

	2007	2008	2009	2010	2011	2012
<b>CURRENT REVENUE</b>	<b>428.44</b>	<b>464.51</b>	<b>401.80</b>	<b>414.90</b>	<b>425.71</b>	<b>425.27</b>
Tax revenue	402.83	433.78	379.94	389.89	403.03	403.18
Taxes on income and profits	74.83	94.56	87.23	73.19	73.89	75.49
of which:						
Personal	16.31	23.39	28.22	24.42	25.27	27.95
Company	45.80	71.17	59.01	48.77	48.62	47.54
Taxes on property	29.04	25.96	18.84	17.40	14.92	16.42
Taxes on domestic goods & services	71.27	78.66	75.97	178.19	189.79	189.48
of which:						
Licences	14.13	17.21	16.36	14.84	15.75	15.51

<sup>4</sup> IMF Press Release No. 12/198, "Statement by the IMF Mission to Grenada", May 30, 2012.



	2007	2008	2009	2010	2011	2012
Stamp duties	5.39	5.54	4.27	3.52	3.83	12.81
Consumption tax	36.12	40.88	37.53	8.78	1.46	0.31
Value added tax	-	-	-	140.58	159.94	152.63
Taxes on international trade & transactions	227.68	234.60	197.89	121.12	124.43	121.79
of which:						
Import duties	50.98	56.03	44.32	47.88	49.51	48.04
Consumption tax	100.10	108.06	84.55	6.27	0.27	0.27
Customs service charge	40.12	44.02	33.33	33.67	37.55	35.66
Non-tax revenue	25.61	30.74	21.87	25.01	22.67	22.09
<b>CURRENT EXPENDITURE</b>	<b>346.04</b>	<b>413.60</b>	<b>416.65</b>	<b>408.55</b>	<b>420.76</b>	<b>458.13</b>
Personal emoluments	158.40	200.81	191.24	199.43	221.59	227.22
Goods and services	79.08	84.68	85.95	91.89	75.09	86.40
Interest payments	33.02	34.88	45.31	43.01	51.60	73.64
Domestic	11.22	9.72	14.47	8.80	18.02	23.09
External	21.79	25.15	30.84	34.21	33.59	50.55
Transfers and subsidies	75.55	93.24	94.14	74.21	72.48	70.87
Pensions	18.72	24.93	23.35	22.67	25.34	26.62
<b>Current account balance</b>	<b>82.39</b>	<b>50.91</b>	<b>-14.85</b>	<b>6.36</b>	<b>4.94</b>	<b>-32.86</b>
Capital revenue	0.09	0.10	0.14	0.17	0.11	0.09
Current grants	0.21	16.75	16.45	17.47	0.00	0.73
Capital grants	19.64	34.80	12.71	33.18	60.07	20.81
Capital expenditure and net lending	211.27	213.88	117.07	107.95	131.53	108.36
Of which: capital expenditure	211.27	213.88	117.07	107.95	131.53	108.36
<b>Primary balance before grants</b>	<b>-95.77</b>	<b>-127.99</b>	<b>-86.46</b>	<b>-58.41</b>	<b>-74.88</b>	<b>-67.49</b>
<b>Primary balance after grants</b>	<b>-75.92</b>	<b>-76.44</b>	<b>-57.31</b>	<b>-7.76</b>	<b>-14.80</b>	<b>-45.95</b>
<b>Overall balance before grants</b>	<b>-128.79</b>	<b>-162.86</b>	<b>-131.77</b>	<b>-101.42</b>	<b>-126.48</b>	<b>-141.13</b>
<b>Overall balance after grants</b>	<b>-108.94</b>	<b>-111.32</b>	<b>-102.62</b>	<b>-50.77</b>	<b>-66.40</b>	<b>-119.59</b>
Financing	108.94	111.32	102.62	50.77	66.40	119.59
Domestic	102.41	90.03	90.27	16.20	79.70	113.15
ECCB-net	11.90	2.12	-36.90	22.71	35.60	2.26
Commercial banks-net	54.44	17.12	12.87	-11.59	4.79	-45.14
Other	36.07	70.78	114.31	5.09	39.31	156.03
External	6.52	21.29	12.35	34.57	-13.30	-27.80
Net amortization	6.77	17.29	12.35	34.57	-13.30	-27.80
Disbursement	29.54	51.36	39.15	72.36	16.44	25.08
Amortization	-22.78	-34.07	-26.80	-37.79	-29.74	-52.88

Source: ECCB online information. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp> [12.12.13].

1.12. The fiscal operations of central government are estimated to have resulted in an overall deficit of EC\$134.1 million in 2013, compared with EC\$116.3 million in 2012. The widening of the deficit resulted primarily from an expansion in capital expenditure, despite a 24.8% reduction in current spending. This reflected the Government's strategy to achieve fiscal consolidation mainly by cutting current expenditure. At the end of the first quarter of 2013 the Government decided to suspend interest payments as a result of a declared debt restructuring intent. As at March 2014, interest payments were still suspended. Current revenue fell by 4% in 2013 as there was a decline in tax receipts.

1.13. The disbursed outstanding debt of the public sector totaled EC\$2.33 billion, some 109% of GDP, at the end of 2012. The outstanding debt of the Central Government totaled EC\$1.92 billion; the outstanding debt of public corporations was EC\$2.3 billion.

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

1.14. Grenada's current account section of the balance of payments traditionally posts a deficit, due to the large size of its merchandise trade deficit, as imports of goods largely exceed exports, and the surplus in services, although considerable, is insufficient to cover the difference. Current account deficits, although still large, declined somewhat as a percentage of GDP during the period under review, falling from 31.9% of GDP in 2007 to 23.8% in 2013 (Table 1.4). This was mainly on account of a reduction in imports, which in 2013, were still below pre-crisis levels. The large deficits require considerable capital inflows for their financing. The deficits were largely financed by foreign direct investment before the global crisis, but in recent years financing has relied more on

other types of investment, such as investment in foreign securities, and on sizeable capital inflows, of some US\$150 million a year. The global crisis also affected Grenada's balance of payments through a sharp decline in tourism receipts.

**Table 1.4 Balance of payments, 2007-13**

(EC\$ million)

	2007	2008	2009	2010	2011	2012	2013
<b>Current account</b>	<b>-652.6</b>	<b>-680.3</b>	<b>-532.3</b>	<b>-550.5</b>	<b>-558.9</b>	<b>-521.7</b>	<b>-533.4</b>
Goods and services	-612.5	-658.6	-469.1	-528.7	-538.2	-510.8	-530.1
Goods	-775.3	-805.4	-614.5	-687.0	-697.0	-695.3	-701.1
Merchandise	-795.1	-833.0	-631.0	-703.6	-712.7	-717.4	-724.5
Credit	90.2	81.7	78.8	67.4	84.6	93.4	98.5
Debit	-885.3	-914.7	-709.8	-771.0	-797.3	-810.9	-823.0
Repair on goods	0.0	0.01	0.0	0.0	-	-	-
Goods procured in ports by carriers	19.8	27.6	16.5	16.6	15.7	22.2	23.4
Services	162.9	146.8	145.4	158.3	158.8	184.4	171.0
Credit	455.8	451.8	410.3	412.1	429.4	441.9	438.5
Debit	-292.9	-305.0	-264.9	-253.8	-270.5	-257.5	-267.5
Transportation	-113.5	-119.5	-93.5	-96.3	-95.1	-86.9	-88.9
Travel	306.6	311.9	274.1	273.1	287.5	299.3	292.6
Insurance services	-28.1	-26.2	-24.9	-23.8	-27.4	-30.8	-31.5
Other business services	5.1	-3.7	3.4	12.3	12.4	12.3	8.6
Government services	-7.3	-15.8	-13.7	-6.9	-18.6	-9.5	-9.7
Income	-111.0	-115.3	-170.2	-107.7	-85.8	-92.6	-74.7
Compensation of employees	0.7	0.5	0.5	0.5	0.4	0.4	0.5
Investment income	-111.6	-115.8	-170.7	-108.1	-86.2	-93.0	-75.1
Current transfers	70.8	93.7	107.0	85.8	65.0	81.7	71.4
General Government	13.4	44.0	62.2	40.0	18.7	29.9	19.6
Other sectors	57.4	49.6	44.8	45.8	46.3	51.9	51.9
<b>Capital and financial account</b>	<b>711.9</b>	<b>677.2</b>	<b>638.1</b>	<b>515.8</b>	<b>563.6</b>	<b>466.7</b>	<b>556.4</b>
Capital account	104.8	110.7	104.4	160.2	140.5	158.3	159.4
Financial account	607.1	566.5	533.7	355.6	423.1	308.4	396.9
Direct investment	422.7	364.1	276.9	163.1	115.2	85.0	167.8
Portfolio investment	-6.9	-0.7	37.8	7.8	27.2	-8.3	12.9
Other investment	191.3	203.2	219.0	184.7	280.8	231.8	216.3
<b>Net errors and omissions</b>	<b>-30.3</b>	<b>-18.2</b>	<b>-36.0</b>	<b>8.7</b>	<b>0.7</b>	<b>49.5</b>	<b>27.2</b>
<b>Overall balance</b>	<b>29.0</b>	<b>-21.3</b>	<b>69.8</b>	<b>-26.0</b>	<b>5.4</b>	<b>-5.4</b>	<b>50.2</b>
<b>Financing</b>	<b>-29.0</b>	<b>21.3</b>	<b>-69.8</b>	<b>26.0</b>	<b>-5.4</b>	<b>5.4</b>	<b>-50.2</b>
Change in SDR holdings	-	-	-47.3	-	-	-	-
Change in Government foreign assets	-0.2	4.0	-	-	-	-	-
Change in imputed reserves	-28.8	17.3	-22.5	26.0	-5.4	5.4	-50.2
<b>Memorandum items</b>							
Current account balance (% of GDP)	-31.9	-30.5	-25.6	-26.4	-26.6	-24.1	-23.8
Estimated visitor expenditure (EC\$ million)	..	..	..	..	..	..	..
Outstanding external public debt (% of GDP)	..	..	..	..	..	..	..
Import cover ratio (months)	..	..	..	..	..	..	..

Note: - = zero; 0.0 = less than EC\$50,000.

Source: ECCB online information. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp> [12.12.13].

1.15. Together with the other OECS states, Grenada is a member of the Eastern Caribbean Currency Union (ECCU). The Monetary Council of the Eastern Caribbean Central Bank (ECCB) is responsible for monetary policy for the whole OECS. The exchange rate is pegged to the U.S. dollar, at a rate of EC\$2.70 per US\$1. The nominal effective exchange rate has followed the movement of the U.S. dollar vis-à-vis the currencies of other trading partners due to the peg, but, since inflation has differed, and due to an average CPI increase higher in Grenada than in the United States, there has been a real currency appreciation vis-à-vis the U.S. dollar, which has implied a loss of international competitiveness for Grenada during the period under review.

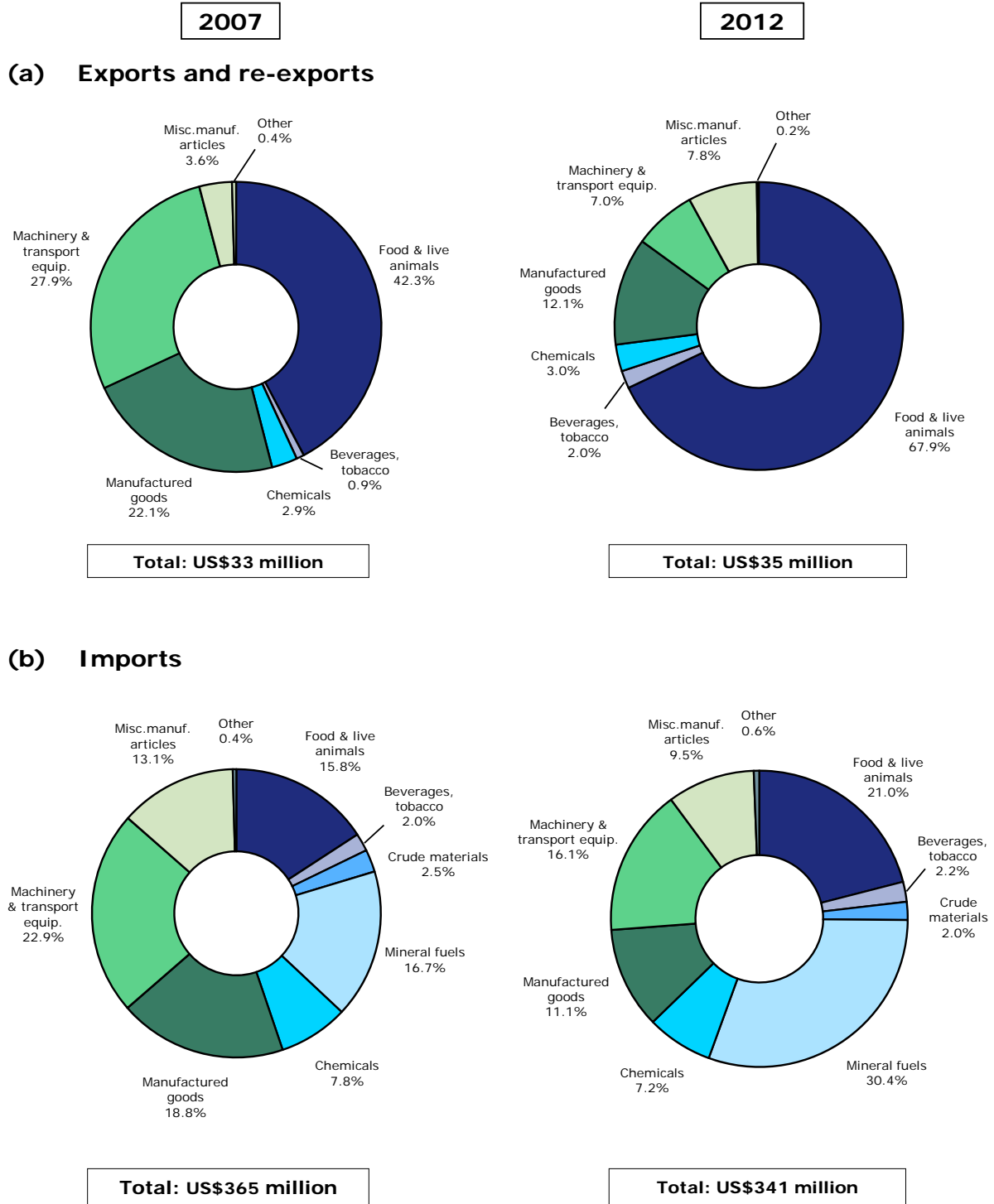
1.16. The growth in monetary aggregates was moderate during the period under review, in particular since 2009, moving *pari passu* with the general weakness of the economy. Broad money supply (M2) expanded at an annual average rate of just 1.1% between 2008 and 2012; M2 expanded by 2.5% in 2013, triggered by a sharp increase of the net foreign assets of the banking system. The net indebtedness of the Central Government to the banking system declined in 2013. In the first half of 2013, the weighted average interest rate on deposits declined by 0.12 percentage points to 2.55% at the end of June 2013, while the weighted average interest rate on loans was 9.07%. As a result, the weighted average interest rate spread was 6.52% in June 2013, the same as in 2012. Private sector credit growth has been sluggish since 2009, as banks have been cautious to lend, especially to extend to mortgages; standards have been tightened.

## 1.2 Trade and Investment Flows

1.17. Exports of goods are highly concentrated in agricultural products, particularly nutmeg, bananas, mace, and fish (Chart 1.1). Exports of manufactures consist mainly of flour, paper, animal feed and beverages (Table A1.1). Exports of agricultural products accounted for around 55.5% of total exports. Some 30% of all imports are fuels and minerals, 21% foodstuff, and other agricultural products; imports of machinery of transport equipment accounted for some 16% of total imports in 2012, while imports of other manufactured goods (SITC 6 and 8) accounted for another 11% (Table A1.2).

1.18. Grenada's main trading partners for its exports continue to be the other OECS countries, followed by the United States, and the European Union. Over half of imports originate in the United States and Trinidad and Tobago, followed by the United Kingdom, Antigua and Barbuda and other OECS countries, Jamaica and Canada (Chart 1.2 and Tables A1.2 and A1.3).

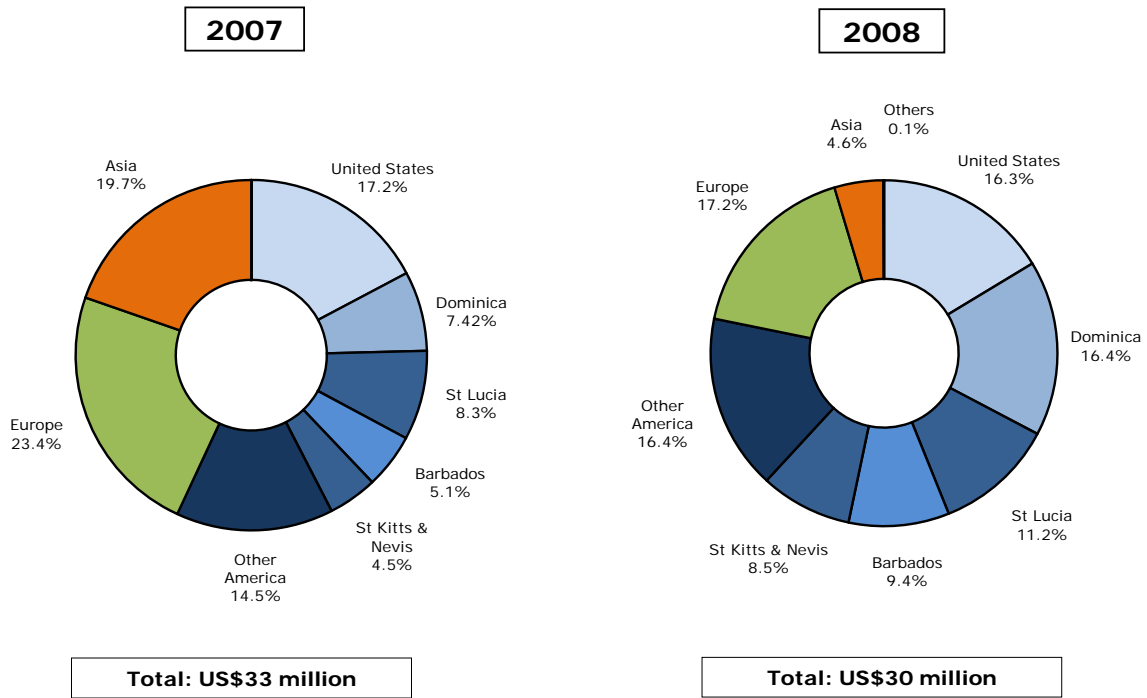
Chart 1.1 Merchandise trade by SITC section, 2007 and 2012



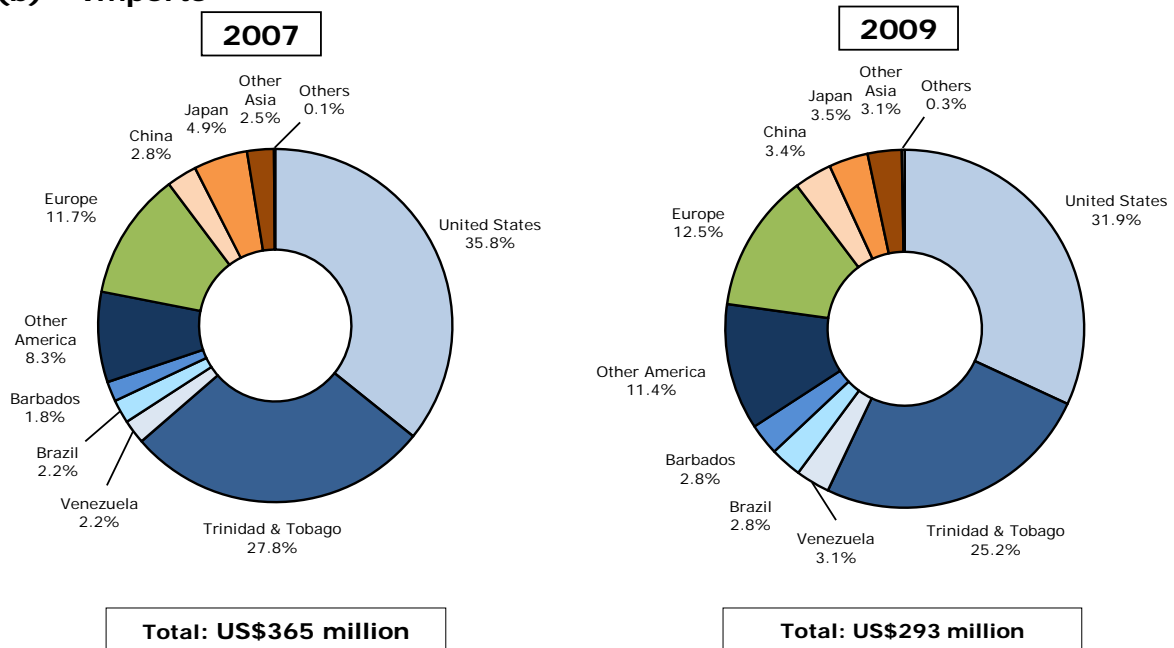
Source: ECCB online information. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp> [12.12.13].

**Chart 1.2 Merchandise trade, by main origin and destination, 2007, 2008 and 2009**

**(a) Exports and re-exports**



**(b) Imports**



Source: ECCB online information. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp> [12.12.13]. And UNSD Comtrade database.

1.19. Total foreign direct investment during 2007-12 amounted to EC\$1,427 million. The main foreign investment inflows in the period were in construction, hotel development and reconstruction, and other services (Table 1.5).

**Table 1.5 FDI inflows, 2006-11**

(US\$ million unless otherwise specified)

	2006	2007	2008	2009	2010	2011
Foreign capital inflow	95.6	172.4	148.1	104.0	63.4	40.8
In % of GDP	15.9	27.0	22.8	17.0	10.5	6.7
<b>FDI by country/region of origin (share)</b>						
North America	3.4	1.9	1.0	2.6	12.8	0.0
Europe	94.1	87.9	98.1	89.9	77.0	99.9
Caribbean	2.3	3.6	0.3	13.5	10.1	0.1
China	0.2	6.6	0.65	0.0	0.0	0.0
Number of jobs created	171	223	132	174	333	214

Source: Central Statistics Office, and Grenada Industrial Development Corporation.

**1.3 Outlook**

1.20. No government economic forecasts were available for the current review. The IMF forecasts GDP growth of 1.25% in 2014; consumer prices are expected to increase by 1.7%. Over the medium-term, the IMF notes that to resume sustained growth Grenada would need to deal with its sizeable competitiveness gap, and that achieving higher growth and sustained employment generation will require the implementation of key structural reforms. These include improving the business climate, implementing wage discipline, addressing high energy costs, reforming state-owned enterprises, and streamlining tax incentives, as well as putting public debt on a sustained downward trajectory.

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## 2 TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES

### 2.1 General Constitutional and Legal Framework

2.1. Grenada is a parliamentary democracy closely modelled on the Westminster model. The Head of State is the British Monarch, represented in Grenada by a Governor General, appointed on the recommendation of the Prime Minister after consultation with the Leader of the Opposition. Under the Constitution, the Governor General enjoys residuary powers that include the appointment of the Prime Minister and Ministers, and the dissolution and prorogation of the Parliament.

2.2. Executive authority is vested in the Prime Minister and the Cabinet. The Prime Minister is normally appointed by the Governor General on the basis that he or she appears to command the majority of the support of the House of Representatives. He has exclusive authority to nominate elected members of his party to ministerial posts, although the Governor General makes such appointments, acting on his advice. The Cabinet is collectively responsible to Parliament for advice to the Governor General. The current Governor General was appointed in May 2013, and the Prime Minister, in February 2013.

2.3. The legislative branch is composed of a Senate and a House of Representatives. The Senate consists of 13 members appointed by the Governor General. Of the 13 senators, 7 are appointed on the advice of the Prime Minister; three on the advice of the Leader of the Opposition, and three on the advice of the Prime Minister, after consultation with organizations or interests groups that he considers should be represented. The House of Representatives consists of 15 members directly elected for a five-year term through a simple majority or first-past-the-post system. Grenada's last elections were held in February 2013. Either chamber may initiate or amend legislation. However, the initiation of legislation related to public finances is subject to the Prime Minister's consent.

2.4. The judicial system is independent from the other branches of Government, and has four levels. At the lowest level, Magistrates Courts deal with routine matters, minor civil and criminal cases. Appeals may be brought to the Magisterial Court of Appeals or the High Court, which also deals with more serious cases. If necessary, appeals may be taken to the Eastern Caribbean Supreme Court, an itinerant court, based in Saint Lucia (see Common Report). Grenada is party to the Agreement Establishing the Caribbean Court of Justice, a regional court with both original and exclusive jurisdiction for interpreting provisions of the Revised Treaty of Chaguaramas 2001, and appellate jurisdiction for municipal appeals from the member states. However, it has not made the required constitutional modifications to make its appellate jurisdiction the final court of appeal.<sup>5</sup> The court of last resort remains the Judicial Committee of the Privy Council (in London).

2.5. The Constitution is the supreme law in Grenada.<sup>6</sup> International agreements have no direct effect: they must be incorporated into domestic law before they may be invoked before the courts. Bills are normally introduced in the House, usually by a senior Minister. After passage in both chambers of Parliament, bills must receive the assent of the Governor General; they become law upon publication in the *Government Gazette*.

2.6. Although most trade negotiations are usually handled by the minister responsible for trade, the Cabinet has ultimate responsibility for authorizing the conclusion and signing of trade treaties and trade-related agreements.

2.7. Grenada is party to the Inter-American Convention against Corruption. Effective 2007, the Integrity in Public Life Act requires all public servants to report their income and assets for review by an Integrity Commission. The Commission was established in February 2010, and commenced operations on 1 January 2014.

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<sup>5</sup> A revision of the Constitution is currently under way. Changes include the form of Government (republican versus constitutional monarchy) and the accession to the Caribbean Court of Justice as the final appellate court ([http://www.gov.gd/egov/docs/budget\\_speech/Budget\\_Speech\\_2013.pdf](http://www.gov.gd/egov/docs/budget_speech/Budget_Speech_2013.pdf)).

<sup>6</sup> The Grenada Constitution Order 1973.

## 2.2 Development and Administration of Trade Policy

### 2.2.1 Main trade laws

2.8. Since 2007, Grenada has enabled or amended some legislation affecting the trade policy environment (Table 2.1).

**Table 2.1. Major trade-related laws and regulations, December 2013**

Legislation	Reference or date of first adoption	Latest amendment
<b>Customs and tariff-related</b>		
Customs (Control and Management) Act	Act No. 14 of 1995	
Customs (Service Charge) Act	Act No. 4 of 1993	Act No. 14 of 1995
Customs Duties Act	Act No. 13 of 1995	Act No. 9 of 1999
<b>Foreign trade</b>		
Exchange Control Act	15th December, 1950	Act No. 15 of 1996
Foreign Exchange Tax Act	Act No. 3 of 1977	Act No. 29 of 1987
Importation of Textiles (Quotas) Act	27th June, 1934	
<b>Investment/business environment</b>		
Fiscal Incentives Act	Act No. 41 of 1974	Act No. 14 of 1995
Grenada Investment Promotion Act	Act No. 22 of 2009	
Investment Code Incentives Act	Act No. 13 of 1983	
Prevention of Corruption Act	Act No. 15 of 2007	
Public Procurement and Contract Administration Act	Act No. 25 of 2007	
Registration of Business Names Act	18 December 1954	Act No. 7 of 1981
<b>Standards and technical regulations</b>		
Animals (Diseases and Importation) Act	Cap. 15 of 1958	Act No. 9 of 1991
Banana (Protection and Quality Control) Act	16 August 1985	
Exportation of Fresh Produce Act	Act No. 28 of 1998	Act No. 10 of 2003
Importation of Fish (Regulation) Act	22 September 1951	
Importation of Publications (Prohibition) Act	Act No. 25 of 1964	
Merchandise Marks Act	22 May 1889	
National Metrology Act	Act No. 18 of 1997	SRO 16 of 1998
Pesticides Control Act	Act No. 28 of 1973	Act No. 88 of 1979
Plant Protection Act	Act No. 19 of 1986	Act No. 13 of 2005
Standards Act	Act No. 6 of 1989	
<b>Intellectual property rights</b>		
Copyright Act	Act No. 32 of 1988	
Corporate Affairs and Intellectual Property Office Act	Act No. 19 of 2009	
Patents Act	16 May 1898	2012
Trademarks		2012
<b>State-trading enterprises</b>		
Marketing and National Importing Board Act	Act No. 40 of 1973	Act No. 14 of 2008
<b>Tax regime</b>		
Excise Tax Act	Act No. 4 of 2010	
General Consumption Tax Act	Act No. 7 of 1995	SRO 7 of 2009
Income Tax Act	Act No. 36 of 1994	Act No. 2 of 2010
Petrol Tax Act	Act No. 15 of 2005	Act No. 9 of 2006
Value Added Tax (Transitional Provisions) Act	Act No. 17 of 2009	
Motor Vehicles Insurance (Third Party Risks) Act	1st April 1940	Act No. 39 of 1994
<b>Sectoral laws</b>		
<b>Agriculture, fishing, and forestry</b>		
Agricultural Industries Protection Act		
Banana Act	Cap. 25 of 1958	Act No. 24 of 2000
Cotton Control Act	Act No. 24 of 1966	Act No. 10 of 1990
Fisheries Act	Act No. 15 of 1986	Act No. 1 of 1999
Nutmeg (Regulation of Export) Act	1st November 1935	
Nutmeg Industry Act	8 March 1947	Act No. 35 of 1991
<b>Energy, utilities, and natural resources</b>		
Electricity Supply Act	Act No. 18 of 1994	Act No. 12 of 2005
National Water and Sewerage Authority Act	Act No. 25 of 1990	Act No. 23 of 2008
Petroleum Act	8 December 1956	SRO 50 of 1961
Petroleum and Natural Gas Deposits Act	Act No. 22 of 1989	Act No. 31 of 2007
<b>Industry</b>		
Grenada Industrial Development Corporation Act	Act No. 2 of 1985	Act No. 16 of 2008



Legislation	Reference or date of first adoption	Latest amendment
<b>Transportation</b>		
Carriage of Goods by Sea Act	27 March 1926	
Civil Aviation Act	Act No. 12 of 2004	Act No. 18 of 2006
Eastern Caribbean Civil Aviation Authority Agreement Act	Act No. 11 of 2004	
Embarkation Tax Act	Act No. 1 of 1969	
Shipping Act	Act No. 47 of 1994	Act No. 14 of 2006
<b>Financial services</b>		
Banking Act	Act No.19 of 2006	
Co-Operative Development Agency Act	Act No. 18 of 1980	Act No. 59 of 1980
Co-Operative Societies Act	Act No. 20 of 1996	Act No. 1 of 2008
Grenada Authority for the Regulation of Financial Institutions Act	Act No. 1 of 2008	Act No. 22 of 2008
Insurance Act	Act No. 5 of 2010	SRO 12 of 2009
International Insurance Act	Act No. 37 of 1996	Act No. 1 of 2008
International Trusts Act	Act No. 40 of 1996	Act No. 1 of 2008
Marine Insurance Act	1st January, 1960	
Money Laundering (Prevention) Act	Act No. 18 of 1999	Act No. 15 of 2002
Money Services Business Act	Act No. 10 of 2009	
National Insurance Act	Act No. 14 of 1983	Act No. 3 of 2010
Offshore Banking Act	Act No. 13 of 2003	Act No. 1 of 2008
Securities Act	Act No. 23 of 2001	Act No. 18 of 2005
<b>Others</b>		
Aliens (Land-Holding Regulation) Act		Act No. 6 of 2009
Caribbean Community (movement of factors) Act	Act No. 17 Of 2006	
Caribbean Community Skilled Nationals Act	Act No. 32 of 1995	Act No. 16 of 2006
Companies Act	Act No. 35 of 1994	SRO 5 of 2009
Deeds and Land Registry Act	31 December 1904	Act No. 21 of 2009
Distribution and Price of Goods Act	Act No. 17 of 1972	
Electronic Transaction Act	14 May 2008	
Environmental Levy Act	Act No. 5 of 1997	Act No. 13 of 2007
Food and Drugs Act	Act No. 14 of 1986	
Forest, Soil and Water Conservation Act	1st August 1949	Act No. 34 of 1984
Grenada Postal Corporation Act	Act No. 21 of 1996	Act No. 21 of 2008
Immigration Act	Act No. 26 of 1969	Act No. 6 of 2007
International Companies Act	Act No. 29 of 1989	Act No. 1 of 2008
Telecommunications Act	Act No. 31 of 2000	Act No. 8 of 2001
Eastern Caribbean Telecommunications Authority Treaty Act	Act No. 30 of 2000	

Source: <http://laws.gov.gd/>; and information provided by the authorities.

### 2.2.2 Trade policy objectives

2.9. The ultimate goal of Grenada's trade policy is to contribute to a sustained economic goal and poverty reduction. This goal is pursued through the following objectives: fostering export-led economic growth; improving the competitiveness of the manufacturing sector; achieving diversification in the agriculture sector; developing an internationally competitive services sector; gaining greater market access for exports, especially from non-traditional sectors such as agri-processed goods, and identifying niche markets in order to maximize value added.

2.10. Grenada sees the negotiation of multilateral, regional, and bilateral trade agreements as a means of securing its trade interests and enhancing its trade performance. Within the framework of the Economic Partnership Agreement with the European Union, Grenada's focus is to enable the private sector to take advantage of market opportunities, both in the CARIFORUM area and in Europe. Most businesses in Grenada are, in general, individually run or small scale, and this hinders their ability to compete outside the country and target large markets. The Government intends to give them incentives to cluster and team up on markets. Specific actions include: helping entrepreneurs to prepare projects to access funds to improve their businesses, putting in place a legislative framework to facilitate investments, ensuring that exports meet the required standards; and further developing the services sector.

2.11. The Ministry of Economic Development, Planning, Trade and Cooperatives is responsible for trade policy formulation, trade negotiations, and monitoring trade agreements (Table 2.2). Trade

negotiations are coordinated by the National Trade Policy Committee (NTPC), comprising representatives from ministries and departments involved in trade policy, as well as the private sector and civil society. There are regular consultations among the various stakeholders in the preparation and formulation of trade policy.

**Table 2.2 Main agencies dealing with trade, 2013**

Government agencies	Trade-related mandates
Ministry of Economic Development, Planning, Trade, and Cooperatives	Tariffs, trade negotiations, government procurement, export promotion, import and export licensing, industrial development, investment incentives, and state trading
Ministry of Finance and Energy	Tariffs, government procurement, investment incentives
Ministry of Tourism, Civil Aviation and Culture	Development of the tourism industry
Ministry of Agriculture, Lands, Forestry, Fisheries and the Environment	SPS measures, Agreement on Agriculture
Ministry of Foreign Affairs and International Business	WTO issues, trade negotiations, CSME
Ministry of Legal Affairs	Registration of companies, intellectual property issues
Grenada Bureau of Standards	Preparation and promotion of standards
Grenada Industrial Development Corporation	Trade-related investment measures

Source: Information provided by the authorities.

### 2.3 Foreign Investment Regime

2.12. According to the World Bank, Grenada ranks 107 out of 189 economies in the overall indicator for the "ease of doing business".<sup>7</sup> Grenada has higher rankings in terms of dealing with construction permits (9/189) and protecting investors (34/189), but is in the bottom quintile when it comes to enforcing contracts (166/189) or resolving insolvency (189/189).

2.13. The Grenada Industrial Development Corporation (GIDC) is the primary agency responsible for investment promotion.<sup>8</sup> It aims at attracting new FDI, and at promoting and facilitating the growth and development of businesses, in particular small businesses. Grenada welcomes any investment likely to have positive effects on income, employment, skills development, energy savings, and foreign exchange earnings, or likely to promote technology transfers domestically. Priority is given to investment in: agri-processing, information communication technology, tourism, and financial services.

2.14. In general, foreign investment in Grenada is not subject to any restrictions, and foreign investors receive national treatment. OECS citizens are granted rights of establishment as nationals. Investors from other countries are required to obtain alien landholding licences to invest in property<sup>9</sup>, and a work permit to gain employment. All fields of lawful economic activity are open to foreign investors, with the exception of some small-scale and low-technology services activities, especially in areas where there is local capacity. These include retail and distribution trade, taxi and self-drive services, restaurants and catering, night clubs, hair-dressing, laundry and dry cleaning, movie houses, travel agencies, and real estate agencies. Certain types of light manufacturing are also reserved for nationals. The GIDC maintains a list of activities reserved for local investors.

2.15. Grenada has signed bilateral investment treaties with the United Kingdom and the United States. The treaty with the United Kingdom covers investment in all kind of assets and property rights, including intellectual property rights, and concessions to search for or exploit natural resources. Investments by nationals or companies of each contracting party are granted national treatment in the other country, and are also subject to an MFN engagement. The treaty with the United States covers, in addition to the protection of investment, a non-exhaustive list of five groups of specific rights: traditional property rights; rights in companies; monetary claims and titles to performance associated with an investment; intellectual property rights; and rights conferred by law or contract or any licences and permits pursuant to law.

<sup>7</sup> World Bank (2014).

<sup>8</sup> Grenada Industrial Development Corporation Act, Act 2 of 1985.

<sup>9</sup> The cost of landholding licence is 10% of the value of the land or interest in the real estate or shares to be purchased.

2.16. Grenada has double-taxation arrangements with South Africa, Switzerland, the United Kingdom, and some CARICOM member states (Antigua and Barbuda, Barbados, Belize, Dominica, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago), all of which are currently in force.<sup>10</sup> Grenada has signed tax information and exchange agreements (TIEAs) with 18 countries, of which 9 are currently in force (Australia, Denmark, Finland, France, Ireland, Netherlands, Norway, the United Kingdom, and the United States).<sup>11</sup>

2.17. Grenada is a member of the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

2.18. In 2013, the Government re-introduced its citizenship-by-investment programme.<sup>12</sup> The programme allows qualified investors to apply to become a Grenada citizen or a permanent resident against the payment of at least US\$500,000 to the National Transformation Fund, which was established for funding sponsored projects including public-private partnerships, or the investment of the same amount into approved projects. A list of approved projects is published in the *Gazette*. In 2013, the Mount Cinnamon Resort was the only approved project. In the 2014 Budget, the Government announced the following approved projects: a new hospital, the West India Spices project, Port Louis Development, Mt. Hartman and Hog Island Hotel Resort and St. David Town Development centre.<sup>13</sup>

2.19. In 2011, Grenada developed an investment-generation strategy with the goal of increasing private investment in some selected sectors. Five sectors were identified as transformational, and some niches have been identified:

- agri-business: production of organic fruits, vegetables, spices and herbs;
- health education and wellness services: spas, natural preparations, and food products for the wellness services sector;
- information and communication technology: incoming call centres, outsourcing, customized software;
- tourism and hospitality, in particular, medical and medical wellness tourism (assisted living facilities, obesity treatment centres, rehabilitation infrastructures; and
- energy development: the manufacturing, installation and servicing of solar water heaters and solar-powered products.

However, this strategy may be hindered by the small size of domestic markets and the relatively high operating cost, especially with respect to energy and trade logistics.

## 2.4 Trade Agreements and Arrangements

### 2.4.1 World Trade Organization

2.20. Grenada was a contracting party of the GATT, and has been a WTO Member since 22 February 1996. It extends at least MFN treatment to all its trading partners. Under the GATS, Grenada made initial commitments in: telecommunications and courier services; reinsurance; hotels development<sup>14</sup>; and entertainment and sporting services. Market access and national treatment in these subsectors are granted subject to compliance with relevant domestic legislation

<sup>10</sup> Grenada Government online information. Consulted at: <http://www.eoi-tax.org/jurisdictions/GD#agreements> (07 October 2013).

<sup>11</sup> The TIEA with the United States has been in force since 1987; all the others were signed more recently and entered into force in 2012.

<sup>12</sup> Grenada Citizenship by Investment Act, 2013. Grenada ran a similar programme between 1997 and 2001.

<sup>13</sup> Government of Grenada (2013).

<sup>14</sup> Market access is limited to the development of hotels in excess of 100 rooms. Hotel developments of less than 100 rooms may be subject to an economic needs test.

(Exchange Control Act, Withholding Tax, Aliens Landholding, work permit and immigration regulations).

2.21. In the WTO, Grenada, 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. Grenada is also member of the ACP group, the G-90, the G-33 and the group of "W52" sponsors.<sup>15</sup>

2.22. Grenada's recent notifications to the WTO cover the repeal of its subsidies programme; its import licensing regime; the absence of anti-dumping measures; the activities of its State Trading Enterprises; and technical regulations (Table 2.3). Grenada has not been a complainant or defendant in any case before the Dispute Settlement Body. Grenada joined the *European Communities – Regime for the Importation, Sale and Distribution of Bananas* as a third party.<sup>16</sup>

**Table 2.3 Notifications to the WTO, 2007-13**

Topic and description	Document symbol	Document date
<b>Anti-dumping</b>		
Articles 16.4 and 16.5	G/ADP/N/193/GRD	25/06/2010
<b>Import licensing</b>		
Article 7.3 (reply to the questionnaire)	G/LIC/N/3/GRD/2	25/09/2007
	G/LIC/N/3/GRD/3	09/10/2009
	G/LIC/N/3/GRD/4	08/09/2010
<b>Regional Trade Agreements</b>		
Notification of RTA (CARICOM-EC EPA)	S/C/N/469; WT/REG255/N/1	20/10/2008
Notification of RTA (CARICOM-EC EPA - Revision)	S/C/N/469/Rev.1; WT/REG255/N/1/Rev.1	24/10/2008
<b>State Trading</b>		
Article XVII:4(a) of the GATT 1994 and Paragraph 1 of the Understanding on the Interpretation of Article XVII	G/STR/N/13/GRD	24/08/2010
<b>Subsidies and Countervailing Measures</b>		
Article 27.4 (continuation of extension of the transition period for the elimination of export subsidies)	G/SCM/N/211/GRD G/SCM/N/243/GRD	05/07/2010 28/06/2012
Article 27.4 (extension of the transition period for the elimination of export subsidies)	G/SCM/N/163/GRD	18/09/2007
Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on SCM (extension of the transition period for the elimination of export subsidies)	G/SCM/N/155/GRD/Suppl.1 G/SCM/N/177/GRD G/SCM/N/155/GRD G/SCM/N/160/GRD G/SCM/N/186/GRD G/SCM/N/192/GRD G/SCM/N/220/GRD G/SCM/N/226/GRD	03/07/2008  30/10/2007  06/07/2009  29/06/2011
<b>Technical Barriers to Trade (Article 2.9)</b>		
- Portland cement	G/TBT/N/GRD/11	24/05/2007
- Hollow concrete blocks	G/TBT/N/GRD/12	24/05/2007
- Hotels, apartments, guesthouses and villas	G/TBT/N/GRD/13	24/05/2007
- Mixed concrete	G/TBT/N/GRD/14	24/08/2007
- Fruit and vegetable juices and drinks, and fruit nectars	G/TBT/N/GRD/15	09/07/2012
- Retail packages of aerosol insecticides	G/TBT/N/GRD/16	09/07/2012

Source: WTO Secretariat.

#### 2.4.2 Preferential agreements and arrangements

2.23. Grenada is a founding member of the Organization of Eastern Caribbean States. In 2011, Grenada ratified the Revised Treaty of Basseterre Establishing the Organization of Eastern Caribbean States Economic Union (see Overview Report), and is currently in the process of adapting legislation to fulfil the requirements of the Union. The goal is to reach a point where all

<sup>15</sup> WTO online information. Consulted at: [http://www.wto.org/english/tratop\\_e/dda\\_e/negotiating\\_groups\\_e.htm](http://www.wto.org/english/tratop_e/dda_e/negotiating_groups_e.htm).

<sup>16</sup> A mutually agreed solution was notified to the Dispute Settlement Body in November 2012. See WTO online information. Consulted at: [http://www.wto.org/English/tratop\\_e/dispu\\_e/cases\\_e/ds\\_27\\_e.htm](http://www.wto.org/English/tratop_e/dispu_e/cases_e/ds_27_e.htm).

policies will be common within the OECS, and economies of scale achieved by avoiding a duplication of functions.

2.24. Grenada has been a member of the Caribbean Community and Common Market (CARICOM) since its independence in 1974 (see Common Report). Through the CARICOM, Grenada is party to the Caribbean Basin Initiative (1993), the CARIFORUM–EC Economic Partnership Agreement (2008), and the agreements between CARICOM and Venezuela (1992), Colombia (1994), Cuba (2000), Dominican Republic (2001), and Costa Rica (2004). Within the CARICOM, Grenada is involved in the negotiation of a new trade and development agreement with Canada.

2.25. Grenada, together with 14 other ACP-CARIFORUM members, signed the CARIFORUM-EU Economic Partnership Agreement (EPA) in 2008. The Government of Grenada is committed to positioning itself to reap the benefits of the agreement, and is promoting stakeholders' participation in the implementation process as a key to the success of the EPA. With assistance from the Caribbean Aid for Trade and Regional Integration Trust Fund, Grenada established a National Economic Partnership Agreement Implementation Unit (NEPAIU) in 2010<sup>17</sup>, with the purpose of ensuring that "the requisite regulatory landscape, legislative architecture, institutional arrangements, policies and guidelines as stipulated by the agreement, are instituted and strengthened". The NEPAIU has undertaken consultations with various national stakeholders, and is maintaining an export helpdesk.

2.26. Grenada is eligible for the GSP schemes of Canada, Japan, New Zealand, the Russian Federation, Switzerland, Turkey, and the United States.<sup>18</sup> With the entry into force of the EPA with the EU, Grenada's products are no longer eligible for the EU's GSP scheme scheduled to start in January 2014.

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<sup>17</sup> NEPAIU online information. Consulted at: <http://nepaiu.gov.gd/>.

<sup>18</sup> Other qualifying members in the CARICOM region are: Belize, Dominica, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. These countries are treated as one for GSP rule-of-origin requirements.

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures Directly Affecting Imports

##### 3.1.1 Procedures

3.1. Import procedures in Grenada are regulated by the Customs Act No. 35 of 1960, its various amendments and S.R.O. No. 37 of 1999.<sup>19</sup> The import documents required by Customs are the customs declaration (CARICOM Single Administrative Document), 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. For goods with a c.i.f. value of EC\$500 (US\$188) or more, a value declaration is required. In the absence of an invoice, the goods will be examined and valued by a customs officer. Applications are generally processed within one business day.

3.2. The performance of customs procedures is not limited to agents or brokers. However, commercial importers are required to register with ASYCUDA in order to be able to use the system.<sup>20</sup>

3.3. Since 2008, the Government has undertaken a vast reform aiming, *inter alia*, at modernizing and improving the efficiency and effectiveness of Customs, and improving revenue collection. The customs processing system has been upgraded to ASYCUDA World, and traders may submit customs declarations electronically. There are four selectivity lanes: red (documentary check and physical examination); yellow (documentary check); blue (post-clearance audit); and green (declaration automatically released). There is a random factor in the selectivity. The Customs Division was unable to provide the individual clearance times for each lane. According to the World Bank, within weeks of upgrading the system, the rate of physical inspection of commercial cargo had dropped from 60% to 18%, and the clearance time dropped to less than 1.5 days in June 2012 (from four days in early 2011).<sup>21</sup> A single window for customs procedures is being implemented, but currently, not all the relevant agencies are present.

3.4. There is no mechanism for appeal procedures other than the courts. No customs decisions have been challenged to date.

3.5. Under the National Export Strategy, a trade portal was launched in 2012 aimed at providing manufacturers and traders with a tool to access export market information, and advertise their products.<sup>22</sup> The authorities indicated that the portal is not being widely used by businesses.

3.6. Grenada does not use pre-shipment inspection.

##### 3.1.2 Customs valuation and rules of origin

3.7. Grenada's legislation on customs valuation is still based on the Brussels Definition of Value.<sup>23</sup> The authorities indicated that the transaction value is used in many cases, although there is no legal basis for its application. In general, Customs relies on the value as declared in the invoices. At the time of the previous TPR, a new Customs Act intended to include the CVA valuation rules was at a drafting stage; it has not been enacted yet.

3.8. A valuation database with reference prices to assist with the identification of under-invoicing is maintained and constantly updated. Some imported items are still subject to minimum import prices to determine their customs value. The list (Table 3.1) was reduced considerably during the last review period, and currently consists of only four categories of items. Two items are listed as

<sup>19</sup> A new Customs Act is currently before the Parliament for consideration.

<sup>20</sup> Commercial importers are required to register with the Inland Revenue Division to obtain a Trade Identification Number, and a VAT identification number (if applicable).

<sup>21</sup> World Bank (2012), *Grenada – Technical Assistance Project*. Washington DC: World Bank. Consulted at: <http://documents.worldbank.org/curated/en/2012/12/18278195/grenada-technical-assistance-project>.

<sup>22</sup> Consulted at: <http://www.tradegrenada.gd/>.

<sup>23</sup> Customs (Amendment) Law No. 94 of 1979 and Customs (Amendment) Act No. 40 of 1990.

"restricted", and may not be imported without a licence from the Ministry of Economic Development and Planning; the restrictions were imposed to protect domestic production.

**Table 3.1 Minimum import prices, 2013**

HS tariff heading	Items	Minimum c.i.f. price (EC\$/dozen)
ex6110	Jerseys	135
ex6109	T-shirts	94
6110	Baby diapers	10
4012.12.90	Used Tyres	\$35.00 per unit

Source: Information provided by the authorities.

3.9. The under-valuation of used vehicles remains a particular problem, and Customs frequently relies on commercial guidebooks to check the values of imported vehicles. The authorities noted that under-invoicing of imports of motor vehicles from Japan is a particular problem. The Customs Division will search the vehicle information on the Internet to verify the price; and the Post-clearance Unit conducts further checks to ensure that the values are accurate.

3.10. Grenada did not invoke the special and differential treatment provisions in the Customs Valuation Agreement. It has not responded to the WTO checklist of issues on customs valuation or notified its customs valuation regime.<sup>24</sup>

### 3.1.3 Rules of origin

3.11. Grenada applies the rules of origin introduced by CARICOM in 1998. In accordance with CARICOM origin rules, duty-free treatment is accorded only to goods shipped between member states that satisfy the CARICOM origin rules. The CARICOM Treaty contains a derogation facility to the application of Common Market Rules of Origin for MDCs, known as the Safeguard Mechanism. Grenada, like other CARICOM members, was expected to implement the rules of origin contained in Amended Schedule I of the revised Treaty of Chaguaramas, based on the 2012 HS nomenclatures from 1 January 2013. The authorities indicated that this will be in effect in 2014.

3.12. The EPA with the European Union contains specific rules of origin (see Common Report).

3.13. Grenada has not notified to the WTO its preferential rules of origin, or its use (or non-use) of non-preferential rules of origin.<sup>25</sup>

### 3.1.4 Tariffs

3.14. Taxes collected on international transactions in goods, mostly imports, remain a major source of revenue for the Government. In 2012, revenue from these taxes (excluding the VAT) amounted to EC\$124 million, and represented 27.3% of total government revenue (Table 3.2). The actual percentage may be above 50% if the VAT on imports is included.

**Table 3.2 Taxes on international transactions in goods, 2007-13**

(EC\$ million unless otherwise indicated)

	2007	2008	2009	2010	2011	2012	2013 <sup>a</sup>
Import duty	51.0	55.4	44.3	47.9	48.9	48.8	50.8
General consumption tax <sup>b</sup>	98.3	107.1	85.3	6.3	0.3	0.3	0.0
Petrol tax	27.9	16.1	30.9	27.4	25.3	24.9	26.1
Customs services charge	39.6	43.5	33.5	33.6	37.3	36.1	37.4
<b>Total<sup>c</sup></b>							
Value	227.7	234.6	197.9	129.6	124.5	124.0	130.3

<sup>24</sup> WTO document G/G/VAL/W/219, 15 October 2012.

<sup>25</sup> WTO document G/RO/W/106, 29 September 2006.



	2007	2008	2009	2010	2011	2012	2013 <sup>a</sup>
As a share of tax revenue	56.5%	54.1%	52.1%	32.1%	31.0%	30.8%	30.8%
As a share of current revenue	53.2%	50.5%	48.8%	30.2%	29.3%	29.1%	27.3%
Value-added tax (memorandum item)	n.a.	n.a.	n.a.	140.5	159.9	153.4	162.9

- a Budgeted.  
b Replaced in 2010 by the VAT.  
c Does not include the VAT.
- n.a. Non applicable.

Source: Government of Grenada online information. Viewed at: [http://www.gov.gd/egov/pdf/fiscal\\_data.pdf](http://www.gov.gd/egov/pdf/fiscal_data.pdf) [03.12.13].

### 3.1.4.1 MFN applied tariff structure

3.15. Grenada's tariff is based on the CARICOM's Common External Tariff (see Common Report), with exceptions included in Lists of Exceptions A and C of the CET. Goods in List A may be imported at rates below the CET, and goods in List C, at rates higher than the CET. With the introduction of the OECS Economic Union in 2011, tariff changes are, in principle, under the responsibility of the OECS Economic Affairs Council. At the time of this Review, the Government still retains the authority to change tariffs within the limits of the CET. Tariff changes are generally announced in annual budget speeches, and notified to the COTED. Grenada grants at least MFN treatment to all its trading partners.

3.16. The 2013 applied tariff is based on the Harmonized Commodity Description and Coding System 2007.<sup>26</sup> All tariff rates are *ad valorem*, with the exception of one tariff line related to sugar products.<sup>27</sup> Grenada does not apply seasonal duties or tariff quotas. The 2013 tariff comprised 6,288 tariff lines at the ten-digit level (Table 3.3).

**Table 3.3 Structure of the tariff schedule in Grenada, 2006 and 2013**

	2006 <sup>a</sup>	2013
Total number of tariff lines	6,330	6,288
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	0.0 <sup>b</sup>	0.0 <sup>b</sup>
Non- <i>ad valorem</i> with no AVEs (% of all tariff lines)	0.0	0.0
Lines subject to tariff quotas (% of all tariff lines)	0.0	0.0
Simple average tariff (%)	11.2	11.4
Duty-free tariff lines (% of all tariff lines)	5.7	5.4
Dutiable lines tariff average rate (%)	11.8	12.0
Domestic tariff "peaks" (% of all tariff lines) <sup>c</sup>	6.4	7.5
International tariff "peaks" (% of all tariff lines) <sup>d</sup>	28.2	28.5
Overall standard deviation	10.1	10.5
Bound tariff lines (% of all tariff lines)	100.0	100.0

- a Based on the 2006 tariff schedule (in HS 2002).  
b Non-*ad valorem* duty applied to 2 lines in 2006 tariff, and one line in the 2013.  
c Domestic tariff peaks are defined as those exceeding three times the overall average applied rate.  
d International tariff peaks are defined as those exceeding 15%.

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

3.17. The simple average MFN tariff is 11.4%. The highest rate (40%) applies to 6.1% of tariff lines, mostly agricultural products. Over half of tariff lines (56.7%) are subject to a rate of 5%, and duty free treatment is granted to 5.4% of tariff lines. International peaks, that is tariff rates exceeding 15%, affect 28.5% of tariff lines. International peaks, that is tariff rates exceeding 15%, affect 28.5% of tariff lines.

<sup>26</sup> Grenada has completed the transposition of its tariff to the HS2012 nomenclature; the authorities indicated that the 2012 nomenclature will be effective January 2014.

<sup>27</sup> HS tariff heading 1701.999 (other sugar excluding raw sugar and sugar containing added flavouring or colouring) is subject to a specific duty of EC\$6.60 per 100 kg. Specific duty has been removed on icing sugar (17019910), which is now subject to a rate of 25%.



**Table 3.4 Summary analysis of the MFN tariff, 2013**

Description	MFN			Bound tariff	
	No. of lines	Average (%)	Range (%)	Coefficient of variation	Final bound (average %)
<b>Total</b>	<b>6,288</b>	<b>11.4</b>	<b>0 - 40</b>	<b>0.9</b>	<b>58.2</b>
HS 01-24	1,122	21.4	0 - 40	0.7	91.4
HS 25-97	5,166	9.2	0 - 40	0.8	51.0
<b>By WTO categories</b>					
WTO Agriculture	1,025	19.2	0 - 40	0.8	100.1
- Animals, and products thereof	149	23.3	0 - 40	0.6	97.0
- Dairy products	24	6.7	0 - 20	0.9	100.0
- Fruit, vegetables, and plants	306	23.0	0 - 40	0.7	106.5
- Coffee and tea	29	17.4	5 - 40	0.8	117.2
- Cereals and preparations	125	15.9	0 - 40	0.7	83.2
- Oil seeds, fats, and oils, and their products	95	17.3	0 - 40	1.0	97.4
- Sugars and confectionary	21	22.2	5 - 40	0.7	100.0
- Beverages, spirits, and tobacco	118	25.2	5 - 40	0.5	92.9
- Cotton	6	5.0	5 - 5	0.0	100.0
- Other agricultural products, n.e.s.	152	9.4	0 - 40	1.3	108.6
WTO Non-agriculture (incl. petroleum)	5,263	9.9	0 - 40	0.9	50.0
- WTO Non-agriculture (excl. petroleum)	5,237	9.9	0 - 40	0.9	50.0
- - Fish and fishery products	175	27.1	0 - 40	0.6	50.9
- - Minerals and metals	1,115	8.1	0 - 35	0.9	50.0
- - Chemicals and photographic supplies	1,006	7.3	0 - 40	0.8	50.1
- - Wood, pulp, paper and furniture	329	9.9	0 - 20	0.7	50.0
- - Textiles	639	7.7	0 - 30	0.7	50.0
- - Clothing	277	19.9	5 - 20	0.1	50.0
- - Leather, rubber, footwear and travel goods	179	10.2	0 - 25	0.7	50.0
- - Non-electric machinery	588	6.6	0 - 35	0.9	50.0
- - Electric machinery	264	10.7	0 - 35	0.8	50.0
- - Transport equipment	182	10.1	0 - 30	0.9	50.0
- - Non-agriculture articles, n.e.s.	483	13.4	0 - 35	0.7	50.0
- Petroleum	26	9.8	0 - 25	0.9	50.0
<b>By ISIC sectors<sup>a</sup></b>					
Agriculture and fisheries	411	22.4	0 - 40	0.8	92.1
Mining	107	7.0	0 - 35	1.0	50.0
Manufacturing	5,769	10.7	0 - 40	0.9	55.9
<b>By stage of processing</b>					
First stage of processing	818	18.2	0 - 40	0.9	77.4
Semi-processed products	1,850	6.0	0 - 40	0.7	53.1
Fully processed products	3,620	12.6	0 - 40	0.7	56.5

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

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

### 3.1.4.2 Bound MFN tariffs

3.18. Upon its accession to the WTO in 1996, Grenada bound all its tariff lines at rates between 0 and 200%. Tariffs on products under HS headings 25-97, other than those included in Annex I of the WTO Agreement in Agriculture, were bound at a uniform rate of 50%. Agricultural products (WTO definition) were bound at a ceiling level of 100%, with an implementation period of six years. A number of fruits (e.g., bananas, pineapples, citrus fruit), as well as spices (e.g. cloves, nutmeg, mace, ginger, saffron, turmeric) were bound at 200%. The average bound tariff is about five-fold the applied rate (58.2%). The average bound rate is 100.1% for agricultural products (WTO definition), and 50% for non-agricultural goods (Table 3.4).<sup>28</sup>

3.19. Some items were bound at rates lower than the applied rates. In the 2013 tariff, applied rates appear to exceed bound rates for some 18 HS headings at the ten-digit level (Table 3.5). Bound rates on these items are lower than the CET. The authorities noted that Grenada would be

<sup>28</sup> The averages in the table are slightly different from the averages in the original tariff schedule because of the transposition to the HS 2007.

working through the CARICOM Secretariat's Office of Trade Negotiations to have this anomaly addressed.

**Table 3.5 Tariff headings where applied rates exceed bound rates, 2013**

HS code	Description	MFN duty	Bound duty
0202.3010	Boneless tenderloin, frozen	30	25
0202.3020	Boneless sirloin, frozen	30	25
0202.3030	Boneless minced (ground), frozen	30	25
0202.3090	Other boneless meat of bovine animals frozen	30	25
0207.1430	Fowl liver frozen	30	25
0207.3400	Fatty liver, duck, geese or guinea fowl, fresh or chilled	30	25
0709.6010	Sweet peppers	40	35
0709.9030	Pumpkins	40	35
1502.0010	Tallow	5	0
1507.9000	Other soy-bean oil and its fractions, not chemical grade	40	35
2009.9020	Other mixtures of grapefruit and orange juices	40	30
2106.9080	Preparations of types used in manufacture of beverages with alcohol higher than 0.5% volume	35	30
2203.0090	Beer made from malt, n.e.s.	35	30
2204.1000	Other beer made from malt	35	30
2204.2100	Sparkling wine	35	30
2204.2910	Grape must with fermentation prevented or arrested by adding alcohol	35	30
2204.2990	Other wines	35	30
2204.3000	Other grape must	32	30

Source: WTO Secretariat.

### 3.1.4.3 Tariff and tax concessions

3.20. Like other CARICOM countries, Grenada maintains a List of Conditional Duty Exemptions, which is included in the CARICOM External Tariff Statutory Rules and Orders No. 37 of 2009. The list contains items classified under 53 HS headings, as well as the purpose for which the goods are imported. Under Article 164 of the Revised Treaty of Chaguaramas a country may request temporary suspension of the Community origin treatment for certain products as a measure to promote the development of an industry. According to the authorities, there are ongoing consultations to request this provision for soft drinks, beers, malts, curry, candles, water, flour, animal feed, and wooden furniture.

3.21. Import duty exemptions are available for beneficiary industries under Grenada's Investment Promotion Act. Import duties and the customs service charge are not applied on imports destined for government institutions; SRO 37/99 provides the legal basis for this exemption. Customs and the Grenada Industrial Development Corporation examined the full list of conditional duty exemptions. The authorities indicated that the full list of exemption will be attached to the new Tariff Schedule, based on the HS 2012 nomenclature.

3.22. Under CARICOM regulations, goods included in the List of Items Ineligible for Duty Exemption may not be exempted in part or in whole from tariffs, nor imported at a reduced rate, even when imported for use in an approved industry under some incentives programmes. Goods included in this list are generally produced in the CARICOM region in quantities considered adequate to meet regional needs.

### 3.1.4.4 Tariff preferences

3.23. Grenada grants duty-free access to imports from other CARICOM countries, provided they meet the CARICOM rules of origin (see Common Report). Exceptions include articles subject to licensing under Article 164 of the revised CARICOM Treaty.

3.24. Under the CARIFORUM-EC EPA, Grenada grants preferential access to most EU products. Preferences are being implemented gradually, between 1 January 2009 and 2033, most products originating in the EU are expected to be granted duty-free access to Grenada and other OECS countries by the end of the period (see Overview). In Grenada, the phasing-out of tariffs applies to 65% of tariff lines (15% of tariff lines are exempted from EPA treatment, and 20% were duty free as of 2009). Excluding exempted products, the average preferential rate granted by Grenada to the EU declined from 9.4% in 2009 to 6.8% in 2013. It is expected to fall below 3% by 2019.

### 3.1.5 Other charges affecting imports

#### 3.1.5.1 Customs service charge

3.25. Grenada, like most of OECS countries, has not included other duties and charges applied on imports in its WTO tariff schedule of bindings.<sup>29</sup> However, it does, levy such charges on its imports.

3.26. A Customs Service Charge (CSC) of 5% of the c.i.f. value is collected on imports, including goods originating from CARICOM countries. Some manufacturing companies are allowed to pay a lower rate when importing raw materials as inputs. These rates are negotiated individually and may be as low as 0.2%. As of 3 May 2011, six companies benefit from CSC rates ranging from 0.2% to 3.85% on their imports of raw inputs.

3.27. Petroleum products imported for local consumption are subject to a Petrol Tax of EC\$3 per gallon at the time of the importation. The zero-rate VAT applies in that case.

#### 3.1.5.2 Value-Added tax

3.28. The VAT was introduced in 2010 to replace the General Consumption Tax and two other taxes.<sup>30</sup> It is levied at a standard rate of 15% on most goods and services.<sup>31</sup> The supply or import of some food items is zero rated. Gasoline, diesel, LPG, cooking gas or kerosene may also be zero-rated if they have been already subject to the Petrol Tax (Petrol Tax Act 2005).

3.29. For imports, the tax base comprises the c.i.f. value of goods, customs duties, the Customs Service Charge, the environmental levy and the excise tax. Businesses can charge on their supplies the VAT paid on their inputs.

3.30. The legislation grants VAT exemptions to imported goods and services if their locally produced counterparts benefit from an exemption. Other exempted goods include goods in transit or trans-shipment, microcomputers, software, and accessories. Goods used to produce exempted supplies are also exempted.

#### 3.1.5.3 Excise tax

3.31. As well as the VAT, Grenada collects since 2010 an excise tax (ET) on some imported goods (Table 3.6).<sup>32</sup> The tax base includes the c.i.f value, the customs duties, the customs service charges, and the environmental levy. Under some circumstances, excise tax paid on imports can be refunded if the goods are in compliance with the conditions for drawback of duties (Customs Act).

<sup>29</sup> St. Kitts and Nevis is the only OECS country to have included other duties and charges in its WTO tariff schedule of bindings (see Annex 4, Saint Kitts and Nevis).

<sup>30</sup> Value Added Tax (Transitional Provisions) Act, No. 17 of 2009. In addition to the General Consumption Tax, the VAT replaces the Airline Ticket Tax and the Motor Vehicle Purchase Tax.

<sup>31</sup> Mobile telecommunication services and tourism service are taxed at 20% and 10%, respectively (Value Added Tax Regulations (SRO 41 of 2009)). Diving activities, together with hotels and holidays, also attract the special rate of 10%.

<sup>32</sup> Excise Tax Act, 2010, repealing the Excise Act, Chapter 94, and the Excise (General Commodities) Act, Chapter 95.

**Table 3.6 Goods subject to excise tax**

HS Heading	Description of goods	Rates
22.03	Beer made from malt	EC\$4.00/litre <sup>a</sup>
22.04	Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09	EC\$1.00/litre <sup>a</sup>
22.05	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substance	EC\$1.00/litre <sup>a</sup>
22.07	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% volume or higher; ethyl alcohol and other spirits, denatured, of any strength	EC\$4.00/litre <sup>a</sup>
22.08	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages	EC\$4.00/litre <sup>a</sup>
24.02	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes	95%
24.03	Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and essences	25%
87.02	Motor vehicles for the transport of 10 or more persons	36 - 45% <sup>b</sup>
87.03	Motor cars and other vehicles principally designed for the transport of persons (other than those of Heading 87.02) station wagons and racing cars	14 - 50% <sup>b</sup>
87.04	Motor vehicles for the transport of goods	32 - 45% <sup>b</sup>
87.05	Special purpose motor vehicles, other than those principally designed for the transport of persons or goods	18 - 40% <sup>b</sup>

a Litre refers to litre of absolute alcohol.

b The actual rate depends on the age and/or the tonnage of the vehicle.

Source: Excise Tax Act, 2010, First Schedule.

3.32. Under certain circumstances, excise tax exemptions are granted on: imported goods that are exempted from the VAT (Fifth Schedule of the VAT Act, 2009); household, personal and professional effects imported upon change of residence to Grenada; imports by diplomatic and consular missions; and imports of goods made available free-of-charge by a country or an international institution, with a view to assisting the economic development of Grenada.

3.33. Some exemptions are granted from time to time to certain industries or products. For instance, in 2010, the Government granted a 10% rebate to manufacturers on their sales; they were allowed to use it against their excise tax liability. Similarly, towards the end of 2010, the excise tax was temporary removed on new motor vehicles.

#### 3.1.5.4 Environmental levy

3.34. An environmental levy applies to imported vehicles, "white goods"<sup>33</sup>, and beverage containers.<sup>34</sup> The rate is 1% of the c.i.f. value for "white goods", and ranges from 2% to 30% of the c.i.f. value for cars (depending on the age) and trucks over five years old (depending on the tonnage) (Table 3.7). For plastic or glass containers, it is levied at a rate of EC\$0.25 to EC\$0.50 per container. The levy may be refunded partly (75%) if the importer produces to the Comptroller of Customs, within six months of importation, satisfactory evidence of re-export of the container or its disposal in a manner acceptable to the Grenada Solid Waste Management Authority. A full refund is granted for containers imported for manufacturing purposes that are re-exported.

<sup>33</sup> These include stoves, ranges, grates, cookers and other cooking appliances (73.21); fans (84.14.50); air conditioning machines (84.15.10); refrigerators, freezers and other refrigerating or freezing equipment, electrical or other (84.18); clothes driers for domestic and other uses (84.21); dish washing machines (84.22.10); household or laundry-type washing machines (84.5); vacuum cleaners (8509.1); floor polishers (8509.2); kitchen waste disposer (8509.3); food grinders and mixers, fruit or vegetable juice extractors (8509.4); fruit or vegetable juice extractors (8509.8); electric heaters (85.16); television receivers, including videos monitors and video projectors (85.28); and motor vehicles (87.02, 87.03, 87.04, 87.05, 87.11, 87.12). Source: Environmental Levy Act, Second Schedule.

<sup>34</sup> This levy is also applied on households that consume 100 kilowatt hours or more of electricity per month, and on stay-over and marine visitors.

**Table 3.7 Goods subject to the environmental levy, December 2013**

Persons goods and services liable to levy	Persons liable to pay levy	Amount or rate of levy (in EC\$)
Households (electricity)	Occupier	EC\$5 to EC\$10/month depending on the consumption of electricity
Vehicles	Importer	2% of c.i.f.
Imported used vehicles five years old and over	Importer	30% of c.i.f.
Imported used trucks over five years old	Importer	5%, 10 or 20% of the c.i.f. value, depending on the tonnage
White goods	Importer	1% of c.i.f. value
Beverage containers	Importer	Per container, EC\$0.50 plastic and EC\$0.25 for glass and other containers;
Tippling service	Owner or operator of business	EC\$75.00 per tonne
Haulage service	Owner or operator of business	EC\$30.00 per tonne
Stay-over visitors	Visitor	EC\$4.05
Marine visitors	Agent of ship	EC\$4.05
Haulage and disposal of ship-generated solid waste	Agent of ship	EC\$185.00 per tonne

Source: Environmental Levy Act, Third Schedule.

### 3.1.6 Import prohibitions, restrictions, and licensing

3.35. Grenada's import-licensing regime is regulated by the Supplies Control Act No. 314, notified to the WTO in 2010.<sup>35</sup> The regime is administered by the Ministry of Economic Development, Planning, Trade and Cooperatives through its Licensing Division. According to the authorities, the system is used for regulating and monitoring, security, and environmental purposes. The system is also used to encourage sourcing from other OECS or CARICOM partners (Table 3.8). Licences are generally valid for three months or one year, and the fee is EC\$5 per licence. Licences are not transferable, and there are no penalties for the non-use of an import licence. There are currently 23 categories of import licences labelled from L1 to L23.

**Table 3.8 Goods subject to import, restriction, or licensing**

(HS code in parenthesis)

Restricted	Priority sourcing from OECS LDCs	Priority sourcing from CARICOM <sup>a</sup>
Ozone depleting substances (Montreal Protocol)	Curry powder (0910.50.00)	Oils (ex 15.17)
Chicken (0207.1)	Pasta products (19.02)	Margarine (ex 15.17)
Eggs (0407.003)	Flour wheat or meslin (1101.00.00)	Shortening (ex 15.17)
Processed pork products (ex 2.10)	Aerated beverages (2202.10.10)	Soaps of all kinds (34.01)
Milk, bulk (04.02)	Beer, stout & other (22.03)	
Sugar (1701.10)	Malt (2202.90.20)	
Rice, bulk (ex 10.06)	Industrial gases (2804.4; 2901.29.20; 2811.21.00)	
Ground spices (0910.99)	Candles of paraffin wax (3406.00.00)	
Jellies and jams (2007.109)	Solar water heaters (8419.19.00)	
High proof spirits (2208.209)	Aerated waters; other waters (2201.10.00)	
Cigarettes (2402.20)	Prepared animal feed (2309.90.30; 2309.90.40; 2309.90.50; 2309.90.60; 2309.90.90)	
Paint (3209.001)	Upholstered (9401.61.00)	
Varnishes & lacquers (3209.003)	Other (9401.69.00)	
Toilet paper (4818.1)	Other furniture of wood and upholstered fabric (9403.60.00)	
Other tissue paper (4818.409)	Other (9403.60.90)	
Corrugated galvanised sheets (7210.909)	Chairs & other seats of wood upholstered fabrics (94.01.60)	
Aluminium windows, doors & parts thereof (7610.10)		

<sup>35</sup> WTO document G/LIC/N/3/GRD/4, 8 September 2010.

Restricted	Priority sourcing from OECS LDCs	Priority sourcing from CARICOM <sup>a</sup>
Wooden doors incl. panelled doors (4418.20)		
Mattress & mattress supports (ex 94.04)		
Mops (9603.002)		

a A licence is required prior to imports from CARICOM's More Developed Countries.

Source: WTO document G/LIC/N/3/GRD/4 (8 September 2010).

3.36. In its notification to the WTO, Grenada noted that the licensing system applies to goods originating from CARICOM and from extra-regional countries. However, under a priority sourcing condition for most products subject to import licensing, the sources must be OECS countries or CARICOM less-developed countries (Table 3.8). Licensing is automatic except for whole chicken (HS 0207.12) and eggs (HS 0407.003). An SPS certificate or an import permit may be required for the importation of eggs, chicken, planting materials, fruits, and vegetables.

3.37. For restricted products, quotas are determined annually and are communicated to importers in writing or published in the *Gazette*. Licences are allocated on a first-come, first-served basis. There are no bilateral quotas or export restraint arrangements. Applications should be submitted one week prior to the arrival of goods, and are processed within 48 hours. According to the authorities, it is not unusual for applications to be presented a few hours before customs clearance.

3.38. According to the authorities, applications for licences are approved automatically, unless they fail to meet the specified criteria.

3.39. The importation of the following is prohibited:

- a. black bass, all varieties of carp, and all varieties of goldfish (Importation of Fish (Regulation) Act, Cap 146 of the Laws of Grenada);
- b. goods intended to be used in the practice of witchcraft;
- c. war toys (HS subheading 9503.90); and
- d. publications considered contrary to public interest (The Publications (Prohibition) Act, Cap 147).

3.40. Permission from the Commissioner of Police is needed for the importation of weapons, fireworks, and explosives from all sources, and military wear (camouflage).

### 3.1.7 Contingency measures

3.41. Grenada has not adopted new legislation on anti-dumping, safeguards or countervailing measures to reflect the requirements and characteristics of the corresponding WTO Agreements. Grenada's legislation on anti-dumping and countervailing measures, notified to the WTO in 2002, dates from 1960.<sup>36</sup> This legislation provides for the imposition of duties where goods imported are considered dumped or subsidized if it is in the interest of the State and when the effect of the dumping or of the subsidy is considered to cause or threaten material injury to an established industry in Grenada. Goods are regarded as being dumped if their export price is less than their "fair market price" in their country of origin or export, that is, the local price at which the goods (or identical or comparable goods) are being sold for use. Subsidies include any direct or indirect support to the production or export of goods.

<sup>36</sup> The Customs Duties (Dumping and Subsidies) Ordinance of 1960 (WTO document G/ADP/N/1/GRD/2, G/SCM/N/1/GRD/2, 5 April 2002).



3.42. In practice, no anti-dumping or countervailing regime or body is in place in Grenada. Grenada did not implement any safeguard measures during the period under review. It did not make use of the safeguard provisions included in the Uruguay Round Agreement on Agriculture.

3.43. Grenada does not have specific national legislation with respect to safeguards. However, as a CARICOM less developed country, Grenada may invoke the special provisions in Chapter 7 of the Revised Treaty of Chaguaramas when necessary to impose safeguard measures. Article 150 of the Treaty (Safeguard Measures) entitles a disadvantaged country to limit imports of goods from other CARICOM member states, for up to three years (unless COTED authorizes a longer period), and to take such other measures as COTED may authorize. Article 164 (Promotion of Industrial Development) allows less developed CARICOM countries to petition COTED to suspend community-origin treatment to certain products and to apply tariff rates higher than the CET.<sup>37</sup> Grenada has never made recourse to the safeguard provisions in Articles 150 or 164 of the revised Treaty of Chaguaramas.

### 3.1.8 Technical regulations and standards

3.44. The Grenada Bureau of Standards (GDBS) is the enquiry point and national notification authority under the WTO Agreement on Technical Barriers to Trade (TBT).<sup>38</sup> Standards are developed on a consensus basis, through the work of local technical committees. Currently approximately 20 technical committees are in place.<sup>39</sup> These committees comprise persons from various interest groups, such as producers, consumers, technologists, and other professionals from both the private and public sectors. Standards are either adopted or adapted from existing international or regional ones. There is usually a 60-day period for public comments on drafts. Once adopted, standards are published in the *Official Gazette*, with a 60-day period notice for technical regulations. Technical regulations are notified to the WTO with a 60-day period for circulation and comments. They may be amended, if necessary, on the basis of comments received from WTO Members.

3.45. At end 2013, there were 178 national standards in Grenada, of which 27 had become technical regulations (Table 3.9). Of the 95 standards developed and adopted/adapted between 2000 and 2013, 17 became technical regulations. During the review period, Grenada notified to the Committee on TBT its requirements regarding the accommodation sector, and specifications for: ready-mix concrete; labelling of retail package of aerosol insecticides; and fruit and vegetable juices and drinks, and fruit nectars.

**Table 3.9 Technical regulations adopted by Grenada, December 2013**

Name of standard	Reference	WTO notification
Specification for the Labelling of Commodities – General Principles	GDS 1: Part 1: 1990	
Specification for the Labelling of Commodities – Labelling of Pre-packaged Goods	GDS 1: Part 2: 1990	
Specification of all products Manufactured from Textile	GDS 1: Part 3: 1990	
Specification for the Labelling of Commodities – Labelling of Pre-packaged Food	GDS 1: Part 4: 1992	
Specification for Care Labelling of Textile Articles	GDS 1: Part 5: 1992	
Specification for Wheat Flour	GDS 12: 1992	
Specification for Toilet Tissue	GDS 14: 1992	
Specification for Pneumatic Passenger Car Tyres	GDS 26: 1997	

<sup>37</sup> The goods for which Article 164 may be applied and CARICOM origin suspended are (number of years, MDC/third-party rates in %, between parentheses): aerated beverages (10, 70/100); waters, other waters (10, 70/100); beer (10, 70/100); malt (10, 70/100); candles, paraffin wax (7, 40/50); curry powder (5, 30/40); pasta (5, 50/100); animal feed (10, 50/100); wooden furniture (10, 40/50); solar water heaters (10, 40/50); industrial gases, oxygen, carbon dioxide, acetylene (10, 40/50).

<sup>38</sup> G/TBT/2/Add.67, 12 March 2002.

<sup>39</sup> The areas covered include: the accommodation subsector; animal feeds; child care homes; engineering; food and food products; fruits and vegetables; herbs and spices; pesticides; quality assurance; national Codex Committee; occupational health and safety; tourism products and services; weights and measures; advertising; consumer products; environment; fresh produce; furniture; metrology; pneumatic tyres; and quality control.

Name of standard	Reference	WTO notification
Specification for Pneumatic Tyres for Highway Commercial Vehicles	GDS 48: 1998	
Requirements for Labelling of Brewery Products (Beer, Stout, Shandy, and Malt)	GDS 41: 1998	
Specification for Wet Seasoning	GDS 42: 1998	G/TBT/N/GRD 1
Specification for Labelling – Labelling of Pesticides and other Toxic Chemicals	GDS 1: Part 7: 1999	G/TBT/N/GRD 2
Requirements for the Labelling of Domestic Electrical Appliances	GDS 1: Part 8: 2001	G/TBT/N/GRD 3
Requirements for the Approval and Licensing of Child Care Homes	GDS 64: 2002	G/TBT/N/GRD 4
Rice – Specification, Sampling, Test and Analysis	GDS 69: 2003	G/TBT/N/GRD 5
Labelling of Retail Packages of Cigarettes	GDS 1: Part 6: 1997	G/TBT/N/GRD 8
Specification for Safety Matches	GDS 70: 2003	G/TBT/N/GRD 7
Specification for Packaged Water	GDS 71: 2003	G/TBT/N/GRD 6
Labelling of Retail Packages of Cigarettes		
Specification for Rum	GDS 73: 2003	G/TBT/N/GRD 9
Specification for Brewery Products	GDS 74: 2003	G/TBT/N/GRD 10
Specification for Corrugated Galvanized and Aluminium and Zinc (Aluzinc), Coated Steel Sheets for Roofing and General Purposes	GDS 78: 2005	
Specification for Portland Cement	GDS 50: 1999	G/TBT/N/GRD 11
Specification for Hollow Concrete Blocks	GDS 6: 1992	G/TBT/N/GRD 12
Specification for Ready-Mix Concrete	GDS 63: Part 2: 2002	G/TBT/N/GRD 14
Specification for Requirement for Assessment, Licensing and Registration of the Accommodation Sector	GDS 25: 2003	G/TBT/N/GRD 13
Specification for Fruit and Vegetable Juices & Drinks & Fruit Nectars	GDS 94: 2011	G/TBT/N/GRD 15
Specification for Labelling of Retail Packages of Aerosol Insecticides	GDS 113: 2012	G/TBT/N/GRD 16

Source: Grenada Bureau of Standards.

3.46. Grenada uses the harmonization system to adopt technical regulations or standards. The Standards Act No. 6 of 1989 (Cap 310 of the Laws of Grenada), which established the Grenada Bureau of Standards (GDBS), sets the rules on standardization, testing, and type approval of goods. In addition to the development of standards, the Bureau is in charge of their implementation and diffusion, as well as the development and testing of products, and their certification, metrological services, material testing, and training.

3.47. The GDBS is a member of the Caribbean Regional Organisation for Standards and Quality; the Pan American Standards Commission; the International Electro-technical Commission (affiliate member); and the Inter-American Metrology System.

3.48. The GDBS is authorized to certify products and services, and conducts batch, product, and quality certification. During the period under review, the technical capabilities of GDBS and the Produce Chemistry Laboratory were upgraded with support from various partners. In partnership with the FAO and with funding from the European Union, the two institutions implemented a Livelihood Development via Agro Processing Project. Through the project, laboratory facilities were upgraded and new food-testing equipment was installed at the GDSB. In addition, the GDSB received assistance in the form of training of staff, as well as new laboratory equipment for the testing of construction materials, for testing electrical meters, for conducting microbiological analysis of food, and for chemical analysis.

3.49. There is a mandatory conformity assessment programme for all the products that are notified as subject to technical regulations. Imported and domestically produced goods are assessed under the same terms and conditions. Food-related products must be accompanied by a certificate of analysis by an independent, recognized laboratory. The certificates are processed and verified by the GDBS. Domestic electrical appliances, corrugated galvanized and alu-zinc sheets, and pneumatic tyres are physically inspected to ensure compliance with labelling requirements and product specifications. Surveillance of pre-packaged goods and foods for compliance with labelling requirements is conducted at the point of entry and by random inspection of goods at retail



outlets. There is a certification programme for hollow concrete blocks that includes continuous testing prior to compliance. Upon compliance and subsequent certification, there is structured continuous testing based on random sampling.

### **3.1.9 Sanitary and phytosanitary measures**

3.50. Grenada has not made any notifications to the WTO SPS Committee. The Veterinary and Livestock Division of the Ministry of Agriculture is responsible for sanitary (animal health) issues, while the Pest Management Unit for Phytosanitary issues and the Produce Chemist Laboratory are responsible for issues relating to pesticides and toxic chemicals. The Bureau of Standards and the Ministry of Health both have responsibilities and legal authority for food safety. The primary legal instruments for SPS matters are the Plant Protection Act No. 19 of 1986 (Cap 242); the Animal (Disease and Importation) Act (Cap 15), and Acts Nos. 7 and 23 of 1967; and the Pesticides Control Act, No. 18 of 1973.

3.51. Under the Plant Protection Act, an import permit must be issued prior to the importation of plants, plant products, plant pests, or soil. Applications for the permit must be submitted to the Ministry of Agriculture, indicating the type of plant and/or plant products, their quantity and origin. The Pest Management Unit assesses the pest risk potential, and may deny the permit if the risk potential is deemed high. Permit fees are EC\$100 for planting materials, and range from EC\$5 to EC\$50 for food items, depending on the weight.

3.52. The Act also mandates that all plants, plant products, plant pests, live beneficial organisms, and soils imported into Grenada be accompanied by a phytosanitary certificate, issued by the appropriate agricultural authority of the exporting country. This document must conform to the model adopted by the International Plant Protection Convention. The Pest Management Unit imposes measures on imports from countries with pests included on the Plant Quarantine Pest List. All prerequisite documentation and conditions must be satisfied by the time the goods arrive at a port of entry, otherwise, they are to be returned or destroyed.

3.53. Under the Plant Protection Act, the Plant Protection Board and Plant Quarantine are responsible for the protection of Grenada's agricultural resources. The Board's main duty is to advise the Minister on all matters covered by the Act. The Board consists of six members from various government agencies, and meets quarterly to review legislation, discuss the status of plants and plant products, and consider other relevant issues. As at March 2014, the Board was not yet functioning.

3.54. Under the Animal (Disease and Importation) Act (Cap 15), of 1953, and Acts Nos. 7 and 23 of 1967, imports of live animals and poultry, and carcasses or parts of animals and poultry require a special permit from the Chief Veterinary Officer. For sanitary reasons, licences are also required to import birds, reptiles, and insects. The Act allows for the restriction, control, and prohibition of imports of animals or poultry to prevent the introduction or spread of any disease. Fish imports require a licence from the Ministry of Agriculture, in accordance with the Fish and Fishery Products Regulations SRO 170/99.

3.55. Imports of pesticides require licences from the Pesticide Control Board under the Pesticides Control Act No. 18 of 1973.

3.56. The authorities indicated that the Ministry of Health has a draft Food Safety Act before the Attorney General (March 2014).

3.57. Grenada is a member of the Codex Alimentarius Commission. The Grenada Bureau of Standards is the National Contact Point for Codex and as a result houses Codex food standards, guidelines, procedures, and other relevant documents.

3.58. Grenada is a contracting party to the International Plant Protection Convention (IPPC). It is not a member of the World Organization for Animal Health (OIE).

## 3.2 Measures Directly Affecting Exports

### 3.2.1 Procedures

3.59. Documents required for exports include a customs declaration (CARISAD); commercial invoice(s); a bill of lading, airway bill or shipping bill; a CARICOM certificate of origin and/or an export licence (if applicable). The customs declaration can be submitted online, through ASYCUDA World. Exporters are not required to use the services of a customs broker. After processing, the Customs and Excise department issues export approvals to exporters. All shipments are inspected at the port of exit. The authorities indicated that inspections are usually done for VAT reimbursement purposes.

### 3.2.2 Export taxes, charges and levies

3.60. Grenada does not charge any taxes or levies on exports.

### 3.2.3 Export prohibitions, restrictions, and licensing

3.61. Exports of prepared opium, Indian hemp, and unfermented cocoa are prohibited under the Customs Act, 1960. In accordance with the Birds and other Wild Life (Protection) Act, exports of wild birds (HS 0106.99) are prohibited. The exportation of some selected fresh produce and agri-processed goods is reserved for the Marketing and National Importing Board (Table 3.10).

**Table 3.10 Goods subject to exports control and/or licensing, December 2013**

Description (HS code)	Conditions/requirements (relevant legislation)
Exotic birds (0106.99)	Licence by the Veterinary Division, Ministry of Agriculture
Cocoa	Approval of the Grenada Cocoa Association
Nutmeg	Licence by the Grenada Nutmeg Association
Gas cylinders (7311.00)	Not available
Coral (0508.00)	Licence by Ministry of Agriculture
Mineral products (chapter 25)	Licence by Ministry in charge of mining
Live sheep (0104.10) and goats (0104.20)	Licence by the Veterinary Division, Ministry of Agriculture
Banana	Licence by the Grenada Banana Co-operative Society
Fresh produces	Licence by the Marketing and National Importing Board
Fish and fishery products	Licence by Fisheries Division of the Ministry of Agriculture
"Minor" spices (in excess of 4 kg)	Export permit, by the Minor Spices Co-operative Marketing Society

Source: Information provided by the authorities.

3.62. There is only one category of export licence (L24) under which all approved items fall. The fee is EC\$5 per licence.

3.63. The Agricultural Industries Protection Act, Cap 7 enables the Minister of Agriculture to prohibit temporarily the exportation of plants necessary for the establishment or extension of any agricultural industry in Grenada, or to make exportation contingent upon the receipt of a licence. Export restrictions may also be applied on items considered to be part of Grenada's national heritage, in accordance with the National Heritage Protection Act, Cap 204. Restrictions on exports of oysters are regulated by the Oyster Fishery Act, Cap 223.

### 3.2.4 Export finance, insurance, and guarantees

3.64. Grenada has not notified any export subsidies on agricultural products to the WTO Committee on Agriculture. Grenada has notified to the Committee on Subsidies and Countervailing Measures (SCM) its laws related to export subsidies as well as its export subsidy programmes. The legislation notified includes the Fiscal Incentives Act No. 41 of 1974; Statutory Rules and Orders No. 37 of 1999; and Qualified Enterprises Act No. 18 of 1978, under Article 27 of the SCM Agreement as providing export subsidies.<sup>40</sup> Some benefits under these schemes were contingent

<sup>40</sup> WTO documents G/SCM/N/74/GRD/Suppl.1, 26 March 2002; G/SCM/N/71/GRD/Suppl.2, 12 November 2002; G/SCM/N/95/GRD, G/SCM/N/99/GRD, 2 July 2003; G/SCM/N/114/GRD, 1 July 2004;

upon export, e.g. the 15-year income tax holiday under Fiscal Incentives Act No. 41 of 1974 to enterprises exporting all their production. These programmes are no longer in use; their benefits were terminated in 2010 with the passing of the Investment Promotion Act 2010, which repealed the previous acts and eliminated benefits based on or linked to export performance. The authorities indicated that no enterprise is currently benefiting from export subsidies granted under the Fiscal incentives Act or and the Qualified Enterprises Act (the benefits were for up to 15 years).

### **3.2.5 Export promotion and marketing assistance**

3.65. A National Export Strategy (NES), being implemented since 2008, was developed in partnership with private sector stakeholders and NGOs, with the goal of supporting and promoting existing and potential export sectors through policies relating to the general business environment, training, trade liberalization, trade promotion, the reduction of transaction costs (including through customs reform), and the institutional strengthening of the trade support network. The Strategy also seeks to create support industries around specific clusters of activity, in particular tourism. A trade information portal has been created, and capacity-building activities have taken place at the Grenada Bureau of Standards.

3.66. Exporters of manufactured goods may benefit from a VAT rebate of 10% of their gross sales (since 2010) to compensate for VAT paid upon importation of equipment, machinery, parts and raw materials (section 4.3).

3.67. Grenada has no legislation regarding the establishment of free zones. The construction of a duty-free zone and a container port on the island of Carriacou is under consideration, but the authorities indicated that no concrete steps have been taken.

3.68. At the regional level, the OECS's Export Development Unit has the mandate to contribute to the promotion and marketing of domestic products of the different OECS countries. Support is generally limited to participation in trade fairs and trade promotion activities at the request of the Government. Financial support may also be provided by the Government to allow exporters to participate in trade fairs. Grenada also receives support from bilateral partners, such as China and the Republic of Korea, to organize trade missions and attend fairs.

## **3.3 Measures Affecting Production and Trade**

### **3.3.1 Legal framework for businesses registration and licensing**

3.69. Foreign or local individuals wishing to establish a business in Grenada have various options: sole proprietorships; partnerships; corporations; joint ventures; and branches of foreign corporations. Companies are required to register with the Register of Companies at the Corporate Affairs and Intellectual Property Office (CAIPO). Sole proprietorships and partnerships that trade under a name other than that of one of the owners must register with the Registrar of the Supreme Court. There is no requirement for an annual business licence.

3.70. Foreign investors are allowed to repatriate 100% of profits. The taxation system is summarized in table 3.11. The corporate tax rate is 30%. There is no tax on capital gains. Grenada maintains a withholding tax at 15% (Withholding Tax Act 36/1994), payable on salaries, rent, royalties, fees and commissions, and non-bank deposit interests.

3.71. Under the 1994 Companies Act, companies may be incorporated in Grenada by signing and sending articles of incorporation to the Registrar of Companies. Foreign companies must appoint a solicitor resident in Grenada to handle the formation and registration of a company.

**Table 3.11 Summary of taxes and mandatory contribution in Grenada**

Tax or mandatory contribution	Rate	Tax base	Comments
Corporate income tax	30%	All profits	
Personal income tax	15% (EC\$36,000-EC\$60,000); 30% (EC\$60,000 and above)	Profit/salary in excess of EC\$36,000	
Withholding tax (non-residents only)	15% (applied upon repatriation) 15 % on Lottery winnings	Revenue earned	
Stamp tax	0%, 0.25% or 0.5% (depending on sales)	Gross sales receipts	
Customs duties (CET)	0%-40%	c.i.f. value of extra-CARICOM imports	
Customs service charge	0.2% - 5%	c.i.f. value of imports	
Excise Tax			
Social security contributions	Employer: 5% Employee: 4% Sole proprietors: 9%	Gross salaries	Subject to an annual cap of EC\$3,500
Property transfer tax (lands, real estates, companies, etc)	Citizens: 5% (seller) Non-citizens: 10% (buyer) 15% (seller)	Sale price minus EC\$20,000	Real estate valued EC\$20,000 or less
Property tax	Land: 0% - 0.2%; Buildings: 0% - 0.3%; (depending on use)	Market value of the property Exemption on first EC\$100,000.	
Tax on cheque transactions	EC\$0.01	per cheque	
VAT	0%, 10% or 15%	Imports: c.i.f.+ duties and taxes Domestic goods and supplies: value receivable	Rates contained in Schedule IV and V of the Value Added Tax Act 2009
Environmental levy	Specific, or between 1% and 30%	c.i.f. value of imports	

Source: Information provided by the authorities.

### 3.3.2 Incentives

3.72. Grenada notifies regularly to the WTO its incentive programmes under Article 25 and Article 27 of the Agreement on SCM.<sup>41</sup> The Fiscal Incentives Act and the Qualified Enterprises Act have been repealed and replaced by the Investment Promotion Act. The main legislation providing for incentives includes the Income Tax Act, the Common External Tariff (SRO 42/09), the Property Transfer Act, the Petrol Tax Act, and the Customer Service Charge Act. The authorities have indicated that, although the incentives programmes under these acts have been reformed under the Investment Promotion Act 2010, they are still in force pending the adoption of an incentives regime. Incentives are available to all businesses, and currently include:

- accelerated depreciation (50% on plant and machinery, and 10% on buildings);
- an investment allowance: a 100% write off on total investment, and the possibility to carry forward losses for 5 years;

<sup>41</sup> WTO documents G/SCM/N/253/GRD and G/SCM/N/260/GRD, 9 July 2013.

- 100% relief from customs duties and taxes on plant, equipment, and raw materials;
- the possibility to deduct expenditure incurred for marketing, training, research and development.

3.73. Under the Fiscal Incentives Act No. 17 of 1974, a tax holiday of up to 15 years was granted for the manufacture of approved products by approved enterprises. The length of the tax holiday depended on the local value added generated or on whether the company exported all its production. To this end, companies were classified in four categories: (i) Group 1 enterprises, with local value of 50% or more of sales, could enjoy a tax holiday of up to 15 years; (ii) Group 2 enterprises, with local value of between 25% and 50% of sales, were granted concessions for up to 12 years; (iii) Group 3 enterprises, with local value of between 10% and 25% of sales, could benefit from a tax holiday of up to 10 years; and (iv) enclave enterprises, with production exclusively for export, benefited from a tax holiday of up to 15 years.

3.74. Grenada enacted the Investment Promotion Act in 2010, and notified the WTO of the repeal of its exports subsidies programme, the Fiscal Incentives Act. The new legislation repealed several other pieces of legislation<sup>42</sup>, and provides a unified framework for the granting of incentives, delinked from any direct export requirement. Under the Investment Promotion Act, incentives may be granted only to qualifying enterprises that meet at least one of the following criteria:

- priority investment project: to qualify as a priority investment project, the project has to be valued at least at EC\$500,000 or employ more than 20 Grenadians, and contribute to the economy in one of the following areas: increase foreign exchange, either through exports or import substitution; technology transfer/acquisition; reduce dependence on imported energy; enhance skills development and skill-based employment; sustainable use of domestic raw materials, supplies and services; incremental economic diversification with significant value-added; or linkages between emerging and traditional economic sectors;
- priority industry or sector (tourism, manufacturing, agriculture and agri-business, education and training, ICT services, financial services, health and wellness services, creative industries, energy, and research and development);
- Priority geographic area, mainly rural areas.

3.75. The Grenada Industrial Development Corporation (GIDC) is responsible for administering this incentive programme. There is no statistical information on revenue forgone under this Act.

3.76. Incentives are granted on a case-by-case basis. An investor must apply for an investment certificate under the Investment Promotion Act, and if granted, must start the business within two years. The Act offers enterprises guarantees against expropriation (except in accordance with the Constitution), and guarantees the right to transfer overseas net profits or dividends, royalties and fees, or the proceeds in the event of the sale or liquidation of the enterprise.

3.77. The regulations required to implement the investment Promotion Act incentives regime are yet to be passed.

3.78. In its July 2013 notification to the WTO, Grenada indicated that there were no beneficiaries of export subsidies.<sup>43</sup>

### 3.3.3 State-owned enterprises

3.79. Grenada submitted a new and full notification to the WTO in July 2010 in which it identified the Grenada Cocoa Association (GCA) as a state trading enterprise (see section 4.1 for more detail).<sup>44</sup> Public enterprises in Grenada are involved in areas such as ports and marketing.<sup>45</sup>

<sup>42</sup> The Investment Promotion Act repealed the Hotels Aid Act, Chapter 138; the Fiscal Incentives Act, Chapter 107; the Qualified Enterprises Act, Chapter 155; and the Investment Code Incentives Act, Chapter 155.

<sup>43</sup> WTO document G/SCM/N/253/GRD, 9 July 2013.

3.80. The Marketing and National Importing Board (MNIB) is a state-trading entity established to import, procure, export, wholesale and retail some agricultural products. The MNIB is the sole importer of "specified imports", as identified by an Order issued by the Minister in charge of trade and finance; these products may include foodstuff, building materials, and agricultural equipment. Currently, unrefined sugar, rice and full cream milk in bulk (in packages greater than 10 kg) are classified as "specified imports".<sup>46</sup> The MNIB has discretion to grant licences for the import or exports of these products. Licences are valid for a maximum of 12 months.

3.81. In 2010, the MNIB imported EC\$764,030 of brown rice; EC\$3,568,895 of brown sugar; EC\$2,907,383 of white sugar; and EC\$589,129 of full cream milk. The respective amounts for 2011 were: EC\$1,476,980; EC\$3,318,172; EC\$4,092,041; and EC\$682,877.

3.82. Grenada's traditional exports (bananas, cocoa, nutmeg, and minor spices) are marketed by commodity boards, including: the Grenada Banana Co-operative Society (GBCS); the Grenada Cocoa Association; and the Grenada Co-operative Nutmeg Association (GCNA). The Grenada Minor Spices Co-operative Marketing Society Limited has the exclusive right to export cloves, cinnamon, pimento and all other spices except nutmeg and mace.<sup>47</sup> The Grenada Cooperative Nutmeg Association (GCNA) is the sole authorized exporter of nutmeg. The GBCS is the sole authorized purchaser of bananas for export to countries outside the Caribbean area; since 1995, it has sold its produce to the Windward Islands Banana Development and Exporting Company Limited (WIBDECO), which markets it in the United Kingdom.

3.83. During the review period, the Government divested some of its share in companies such as Cable and Wireless.

### 3.3.4 Government procurement

3.84. Table 3.12 presents government procurement statistics for the 2008/12 period.

**Table 3.12 Government procurement indicators, fiscal years 2008/12**

(EC\$)

	2008	2009	2010	2011	2012
Supplies and materials	15,448,700	15,583,619	20,718,850	21,597,609	21,266,111
Operating and maintenance	2,310,154	2,797,835	3,074,662	3,375,864	2,753,006
Rental of assets	5,303,781	5,911,942	7,368,054	7,077,386	6,746,4510
Insurance	2,224,812	2,436,160.13	2,520,400	3,492,014	2,807,056
Other services	..	..	..	2,447,534	3,970,906
Capital projects	203,469,828	139,444,089.7	112,792,392	125,608,785	100,541,033
Capital items	4,101,140	4,593,072	3,136,723	3,475,713	1,315,874

.. Not available.

Source: Information provided by the Grenada authorities.

3.85. Grenada is neither a party nor an observer to the WTO Plurilateral Agreement on Government Procurement. As a CARICOM Member, Grenada participates in various consultations towards the elaboration of a community regime for government procurement (see Common Report).

3.86. There is no unified public procurement law in Grenada. The Finance and Audit Act 1964 and its 1998 amendment remain the main legislation regulating Government procurement.<sup>48</sup> They are supplemented by various regulations issued from time to time by the Ministry of Finance.

<sup>44</sup> WTO document/STR/N/13/GRD, 24 August 2010.

<sup>45</sup> Grenada's public enterprises include: the National Water and Sewerage Authority; Grenada Industrial Development Corporation; Gravel, Concrete and Emulsion Production Corporation; the Market and National Importing Board; the Grenada Postal Corporation; the Grenada Craft Center (under private lease); and the Grenada Commercial Fisheries Company.

<sup>46</sup> Marketing Board (Un-refined Sugar and Bulk (Milled and Unmilled) Rice) Order, SRO 16 of 1994.

<sup>47</sup> Minor Spices Act Cap 195.

<sup>48</sup> Finance and Audit Amendment Act 1998 (Act No. 25 of 1998).



However, in practice, public procurement is governed by policies set by the various procuring agencies. A Public Procurement and Contract Administration Act was enacted in 2007, but never proclaimed. In late 2013, the authorities indicated that this Act was under revision.

3.87. The Finance and Audit Amendment Act, which dates from Grenada's colonial period, provides that supplies to the Government must in principle be tendered locally or in the United Kingdom. Since this legislation is now obsolete, in practice, procurement takes place by invitation for tenders for goods or services by the ministries and departments. Domestic competitive bids are the main method of public procurement. According to the authorities, domestic procurement is open to nationals from other CARICOM countries. Procurement below EC\$150,000 may be dealt with directly by departmental tender boards. Procurement above this threshold requires the approval of the Central Tender Board, and possibly the Cabinet. Offers are opened by the Tender Opening Committee, and decisions are based on the most advantageous offer, which is generally the lowest price or best technical offer. Other factors may be considered when adjudicating a bid, such as: the bidder's ability to deliver the project on time; the ability to mobilize labour and resources to carry out the task; the ability to obtain equipment and the movement of equipment on a timely basis; and the reputation of the bidder as regards ability to handle tasks and deliver quality work within an acceptable timeframe.

3.88. Procurement involving multilateral institutions or development banks are generally conducted in accordance with rules set out by these institutions. State-owned enterprises follow their own rules. There is an arrangement at regional level for the procurement of pharmaceutical and medical supplies.

3.89. The CARIFORUM-EC EPA includes provisions related to transparency and the use of agreed international standards in public procurement (see Common Report). Its main provisions include the obligation not to discriminate against EU companies, and the publication of all laws, regulations, decisions, and administrative rulings related to the procurement. They apply to procurement above €164,000.

### **3.3.5 Competition policy and regulatory issues**

3.90. Grenada does not have anti-trust or any other kind of competition legislation. It has signed Protocol VIII revising the CARICOM Treaty, which provides for the enactment of harmonized competition legislation in CARICOM members. The protocol provides for the establishment of a regional competition authority, to deal with issues at CARICOM level, and a national authority to deal with domestic issues. However, the protocol is not yet in place, pending ratification by Montserrat and Suriname. The authorities indicated that the national authority could be established in 2014.

3.91. Price controls are regulated by the Supplies Control (Prices) Regulations (SRO 14 of 1959, last amended by SRO 7 of 1988). The regulations set maximum retail and wholesale prices or mark-ups for a number of products included in two schedules, with three and four lists, respectively. Around 60 items are under price control, comprising food products, pharmaceuticals, clothing, stationery, and hardware products. Prices are in general controlled by setting a fixed mark-up for wholesalers, retailers or both. The Ministry of Trade is responsible for enforcing price controls.

3.92. The Second Schedule to the Regulations sets the maximum percentage may be added to the landed cost of imported goods. The mark-up rate ranges from 5% to 15%. The MNIB sets the mark-ups for bulk sugar, rice, and powdered, full-cream milk. They are calculated on the landed cost plus the MNIB's commission; they are set at 10% for sugar, 15% for bulk rice, and 5% for milk.

### **3.3.6 Intellectual property rights**

3.93. Grenada is party to the Convention establishing the World Intellectual Property Organization (WIPO). It is also a contracting party to the Berne Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, and the Patent Cooperation Treaty. These treaties have been in force since September 1998. Grenada has recently signed the Beijing Treaty on Audiovisual Performances (the Treaty is not yet in force).

3.94. The latest notification by Grenada of its legislation on intellectual property rights (IPRs) to the TRIPS Council dates from 2001.<sup>49</sup> Since then, Grenada has adopted new legislation on trade marks, patents, and copyright, but this legislation has not been notified to the WTO, although the new legislation aims at implementing the provisions of the TRIPS Agreement and making Grenada's IPR laws WTO-consistent. Grenada notified the Registrar of the Supreme Court as its contact point under Article 69 of the TRIPS Agreement.<sup>50</sup> However, as of 2009, the Corporate Affairs and Intellectual Property Office (CAIPO) is the focal point for intellectual property to WIPO.

3.95. Grenada enacted the Trademarks Act, 2012, repealing the Merchandise Mark Act, 1899 and the Registration of United Kingdom Trade Marks Act, 1939. Under the new act prior registration in the United Kingdom is no longer a pre-requisite for applying to register a mark in Grenada. The exclusive right to a trade mark is acquired through registration in the Registry of Trade Marks of the Supreme Court of Grenada. The application must be submitted to the Corporate Affairs and Intellectual Property Office (CAIPO). Registration is granted for ten years, and may be extended for the same duration. Registered marks that are not used within three years from their date of registration are vulnerable to a revocation action for non-use.

3.96. Well-known marks are recognized. The law recognizes a right of priority, allowing the claimant of a mark to claim a priority right in filing the application in another country. A proprietor or licensee of a registered mark can give notice to Customs to restrict the importation of a good if such importation infringes his/her rights.

3.97. The Trademarks Act, 2012 provides for an expedited examination of applications for a trade mark and for the option of filing electronically (subject to submitting the originals at the CAIPO within one month). The law recognizes first-use priority of a mark over first-to-file. The granting of a trade mark may be opposed; the opposition period is one month from the date of publication.

3.98. During the period under review, Grenada also enacted new legislation on patents. Grenada's Patent Act (Act No. 16 of 2011), enacted in 2011<sup>51</sup>, gives full effect to the provisions of the Patent Cooperation Treaty, and any other international treaty on industrial property to which Grenada is party.

3.99. The Patent Act provides that patents may be granted to inventions considered as new, involving an inventive step, and capable of industrial application. Patents are recorded in the Register and a notice is published in the *Gazette*. Patents are granted for 20 years, renewable.

3.100. Grenada also adopted new copyright legislation in 2011. The Copyright Act, 2011 provides the basis for the protection of copyright and neighbouring rights in Grenada.<sup>52</sup> Protection granted in the United Kingdom by virtue of the UK Copyright Act 1956 is no longer extended in Grenada. Under the new Copyright Act, literary, musical, and artistic works are protected for up to 50 years after the death of the author (or the last surviving author), or after the year of publication, broadcast or communication, if the latter take place after the death of the author. Collective works (other than of applied art or photography) and audio-visual works are protected for 50 years after the year of publication or the year of their availability to the public.

3.101. The Copyright Act makes provision for restricting the importation of copies infringing copyright. Copyright owners may request Customs to prohibit imports of goods that may constitute an infringement of their rights for a period of five years or less. Upon application by the owner or exclusive licensee of a copyrighted work in Grenada, a court may direct the Comptroller of Customs to detain the infringing importation.

3.102. Consultations are ongoing on draft legislation on geographical indications, layout designs of integrated circuits, protection of plant varieties, and undisclosed information.

3.103. As regards enforcement, the authorities have stated that because IPRs are private rights, "the burden is on the right holder to enforce such rights".<sup>53</sup> In order for penalties to be imposed,

<sup>49</sup> WTO document IP/Q/GRD/1, 8 June 2004.

<sup>50</sup> WTO document IP/N/3/Rev.9, 8 November 2005.

<sup>51</sup> It repeals the Patents Act, 1898.

<sup>52</sup> It repeals the Copyright Act, Cap. 67.

<sup>53</sup> WTO document IP/Q/GRD/1, 8 June 2004, p. 1.



complainants must prove to the satisfaction of the Court that their interests have been prejudicially affected by the registration of patents, trade marks or designs or that their rights have been infringed.

3.104. The Ministry of Legal Affairs has lead authority for the administration of intellectual property laws in Grenada. The Registrar of the Supreme Court is responsible for the registration of patents, trade marks, and copyright. Customs has access to this public Register, and may use the information in it to seize goods that infringe rights at the border.

3.105. A decision on infringement of IPRs may be appealed, in accordance with section 57 of the Copyright Act, only in cases of fraud, of other specific illegality or when the High Court had no jurisdiction to adjudicate the matter or exceeded its jurisdiction.

## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture

4.1. The agriculture sector remains the backbone of the rural economy, although it accounted for less than 4% of GDP over the review period (Table 1.1). The sector is Grenada's third largest employer. It has been severely affected in recent years by the devastating effects of hurricanes Ivan and Emily. Agricultural exports are composed mainly of fish products (55.3% of the total in 2011), nutmeg and mace (35%), cocoa (8.5%), and to some extent, fresh fruits and vegetables (Table 4.1). Since the previous Trade Policy Review, the share of agricultural exports in total exports has been growing, reaching 46.5% of total exports in 2011.

**Table 4.1 Grenada's agricultural exports, 2008-13**

(EC\$'000)

	2008	2009	2010	2011	2012 <sup>a</sup>	2013 <sup>b</sup>
Bananas	129.5	63.7	0	0	0	0
Cocoa	3,674.5	4,809.6	4,964.5	6,386.5	8910.4	7058.0
Nutmeg	7,212.4	6,995.4	7,741.1	16,121.5	18612.9	14983.5
Mace	592	703	614.4	1,954.6	1188.2	1580.8
Fresh fruits and vegetables	307.6	385.9	294.6	374.1	471.2	334.9
Fish	10,587.1	10,506.3	14,989.2	14,365.4	17039.6	20956.4
Other	79.2	83	100.7	94.0	96.4	27.7
<b>Total</b>						
Value	<b>22,582.3</b>	<b>23,546.9</b>	<b>28,704.5</b>	<b>39,296.1</b>	<b>46318.7</b>	<b>44941.3</b>
In percentage of exports	<b>27.6</b>	<b>29.9</b>	<b>42.6</b>	..	..	..

.. Not available.

a Figures for 2012 are estimates.

b Figures for 2013 are estimates for the January to September period.

Source: GIDC online information. Consulted at: [http://www.thegcic.org/downloads/GCIC\\_AR2012.pdf](http://www.thegcic.org/downloads/GCIC_AR2012.pdf).

4.2. The agriculture sector is predominantly composed of small farms, and is still struggling to recover from the devastating effects of hurricanes Ivan and Emily. Bananas, which were among the main exports, now account for only a marginal fraction of exports. Other challenges include limited resources to enforce agriculture policies; limited investment in the sector; disorganized markets; and limited access to credit for producers.

4.3. The Ministry of Agriculture, Lands, Forestry, Fisheries and Environment is responsible for devising and implementing Grenada's agriculture and forestry policy. The Ministry provides non-financial support to the sector, through support services to farmers, such as market research, and marketing assistance, and capacity building through the Farmer Training Programme. Financial incentives are granted to the sector in various forms, mostly tax and import duty concessions; these include a special VAT rate for water used by farmers for agriculture; and duty and tax concessions on farm vehicles, farm equipment, and farm inputs.

4.4. The EC\$6 million Commercial Agriculture Development Project was launched in 2010 as the main framework for the Government's agricultural strategy. The project was to be implemented in collaboration with the Marketing National and Importing Board (MNIB). It comprised three components:

- a price and market guarantee scheme, under which guaranteed prices are offered for the production of specific crops through a contractual arrangement with the MNIB;
- a working capital and term loan facility to provide credit for farmers requiring additional financing for the development of their production enterprise; and

- an information system aiming at providing beneficiaries with access to information related to commercial agriculture as well as training.

4.5. The authorities indicated that, as at January 2014, the project had not entered into effect and hence no price guarantee schemes were in place.

4.6. Under the Agricultural Loans Act, 1937 (Amended by Act No. 10 of 1990), the Government may extend loans to small farmers, with repayment periods not exceeding three years. The authorities stated that this programme is not in effect.

4.7. Grenada grants higher than average tariff protection to its agriculture sector. Its average tariff on agricultural products (WTO definition) was 19.2% in 2013, and. The highest tariff rate on agricultural products is 40%. Grenada bound all its tariff lines during the Uruguay Round: with some exceptions, agricultural products were bound at 100%; some fruits and spices were bound at 200%. The average bound tariff is 100.1%.

4.8. Grenada maintains a number of agricultural products on import licensing requirements. In most cases licences are automatic, although regional priority sourcing requirements apply to some agri-industry products (pasta, aerated beverages, curry powder, margarine). Non-automatic licences are required for whole chicken (HS 0207.12) and eggs (HS 0407.003) (see section 3.1.6), which are subject to import restrictions.

#### 4.1.1 Nutmeg

4.9. Grenada was once the world's second largest producer of nutmeg; it is currently ranked about fifth or sixth. Production has been severely affected by the effects of hurricane Ivan, which destroyed approximately 90% of nutmeg trees, along with nutmeg wilt disease; and the industry produces barely 17% of its pre hurricane level.<sup>54</sup> In 2011, nutmeg and mace represented 12% of total exports and 35% of agricultural exports. Although starting to recover, the nutmeg industry is now being affected by a root-disease, which poses a serious threat to its future. The Ministry of Agriculture hired a consultant to study the disease, and recommendations were made to the Ministry. The Ministry is currently conducting experiments to understand the effects of the disease in Grenada.

4.10. Under the Nutmeg Industry Act, the Grenada Cooperative Nutmeg Association (GCNA) is the sole marketing agent for Grenada's nutmeg. The Association manufactures and exports nutmeg and mace.

4.11. A five-year plan for the development of the subsector, the Grenada Nutmeg Sector Development Strategy, was endorsed by the Government in 2010. The strategy addresses the critical factors related to revitalizing the subsector and focuses on actions to increase production through field rehabilitation, and revitalize the industry and enhance quality and value added. It identifies target markets as well as six major objectives: (a) reinforcing access to market information to enable better decision-making; (b) reinforcing the GCNA's capacity to develop the nutmeg industry in Grenada and better compete internationally; (c) increasing the quality and quantity of nutmeg and mace collected and supplied to the GCNA; (d) improving access to finance for all stakeholders to facilitate operations and manage risk; (e) improving cross-ministry coordination and public/private partnerships for better policymaking; and (f) ensuring the long-term sustainability of the nutmeg industry in Grenada. The authorities noted that the GCNA has implemented some of the objectives, but some of the objectives are yet to be realized, for example increasing the production level.

#### 4.1.2 Cocoa

4.12. The Grenada Cocoa Association (GCA), established in 1964, is the sole body in charge of regulating and controlling the production, processing, and marketing of cocoa.<sup>55</sup> The GCA is

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<sup>54</sup> Nutmeg production dropped from nearly 13 million lbs in 2003, to below 1 million in 2006 after the two hurricanes destroyed nearly 90% of the trees. Since then, it has been picking up slowly, reaching almost 2 million lbs in 2011.

<sup>55</sup> The GCA was established by the Grenada Cocoa Industry Ordinance Act 30 Of 1964, superseded by the Grenada Cocoa Industry Act No. 4 of 1989.

responsible for cocoa marketing, plant protection, and post-harvest handling including fermenting, drying and quality control, plant propagation, cocoa extension services, and oversight of cocoa husbandry on farmers' fields. The GCA was notified to the WTO as a state trading enterprise in July 2010.<sup>56</sup>

4.13. The GCA uses a custom-made crop forecasting model to forecast the following year's crop. The projected production is then offered to the market; the majority is exported. The GCA is the sole exporter of cocoa, and it determines the price paid to producers. This is a farm-gate price determined on a per tonne basis and includes the administrative cost per tonne. Export prices are determined through price negotiation with the main clients. Long-term contracts are rarely negotiated. The GCA has the exclusive right to grant licences to local agents to purchase cocoa beans from farmers.

4.14. The GCA guarantees the purchase of all cocoa produced by farmers in Grenada. It has approximately 7,000 registered farmers, who sell their cocoa directly to the GCA or to the three licensed agents. These agents operate by way of their own funding and are responsible for fermenting and drying wet cocoa beans; they sell the dry cocoa beans through the GCA who then grades and bags and export them to contracted customers abroad.

4.15. An export permit is required for the export of "minor" spices in excess of 4 kg. The permit is granted by the Minor Spices Co-operative Marketing Society Ltd, upon payment of a fee of EC\$25. The permit is valid for one month, but extendable.

#### 4.1.3 Fisheries

4.16. Although its contribution to GDP is small (1.3% in 2012), the fisheries subsector accounted for 55.3% of agricultural exports and for 18.5% of exports earnings in 2011. Figures for 2007 indicate that the subsector comprises about 1,500 fishermen and 700 registered vessels, and employs about 3,000 people. The sector is dominated by a large number of small-sized units.<sup>57</sup> The bulk of exports goes to the United States, Martinique, and Canada.

4.17. Fish exports are regulated under the Fish and Fish Product Regulation SRO 170/1999, administered by the Fisheries Division of the Ministry of Agriculture, which has exclusive authority to grant licences for fish exports. Licences are valid for one year.

4.18. According to the authorities, some of the problems the industry faces include illegal fishing activities and inadequate access to transportation. A new fishing complex built in 2011 on the west coast of Grenada in the community of Gouyave (with the assistance from Japan) comprises a processing facility and a fish market equipped with storage facilities.

4.19. As an ACP country, Grenada has benefited from the ACP Fish II Programme.

#### 4.2 Energy

4.20. Grenada depends almost entirely on fossil fuel imports for its energy needs. In 2008, its oil import bill exceeded EC\$78 million, and represented 76% of export revenue. Grenada is part of the Petro Caribe Agreement, and has access to petroleum products from Petroleos de Venezuela on a concessionary loan-financed basis. Each year, this company supplies about 340,000 barrels of gasoline, fuel oil, and diesel to Grenada; 60% of the bill is paid for after delivery, and the remaining balance is paid over 25 years with interest accruing annually at a rate of 1%.

4.21. Grenada Electricity Services limited (GRENLEC) is the sole provider of electricity services. Since 1961, it has had the exclusive licence to generate, transmit, distribute, and sell electricity in Grenada (until 2073).<sup>58</sup> The Government holds 10% of its shares. In 2010, total gross electricity generation was 209 GWh, with an installed capacity of 52.4 MW. Grenada has one of the highest electrification rates in the Caribbean. According to GRENLEC, 99.5% of communities in Grenada are electrified. In 2008, 41,228 customers (domestic and commercial) were connected to the

<sup>56</sup> WTO document/STR/N/13/GRD, 24 August 2010.

<sup>57</sup> EU online information. Consulted at: <http://acpfish2-eu.org/index.php?page=grenada&hl=en>.

<sup>58</sup> As provided for in the Electricity Supply Ordinance, 1961; and the Electricity Supply Act, 1994.

national electricity grid. The commercial sector consumed about 57% of the electricity sold in 2008. The price paid by final consumers of electricity comprises various charges (Table 4.2), and is one of the highest in the region. This is due to the lack of competition in the industry, since GRENLEC holds a de jure monopoly and hence has absolute power to determine prices.

**Table 4.2 Taxes and charges in the electricity sector, December 2013**

Charge	Domestic	Commercial	Industrial	Street lighting
VAT	15% of non-fuel charge <sup>a</sup>			
Environmental levy	EC\$0 - 5			
Fuel (sur)charge	Varies with the price of oil			
Floor area charge		EC\$0.2/50 sq feet of floor		
Non-fuel charge	EC\$0.4146/kWh	EC\$0.4471/kWh	EC\$0.3277/kWh	EC\$0.3745/kWh
Horsepower charge			EC\$2/horsepower	

a The first 99 kWh of electricity for domestic consumption are exempted from VAT.

Source: Information provided by the authorities.

4.22. Since 2007, GRENLEC has run a pilot programme that allows consumers who auto generate renewable energy to connect to its grid. Customers are required to sell all the power they generate to GRENLEC, and buy all the power they need from GRENLEC. The selling price is based on an annual average of the cost of fuel. GRENLEC is also diversifying its infrastructure to accommodate the use of renewable energy, the goal being to use it to meet 30% of its demand by 2016 using this type of energy. A project of a wind farm on the island of Carriacou, financed with an EU grant, is expected to meet approximately 40% of local demand.

4.23. In 2011, the Government released the National Energy Policy (NEP), with the goal of increasing energy from renewable sources by 20% in 2020 and in general reducing the dependence on imported hydrocarbons. The Government offers incentives for renewable energy production in the form of tax exemptions. Eligible equipment (including wind and solar systems) is exempted from import duties and the general consumption tax.

4.24. Despite these efforts, the electricity market in Grenada remains heavily dependent on inexpensive fuel provided by Venezuela. Searching to overcome this situation, Grenada is exploring its potential for petroleum resources. In 2008, an agreement was entered into with Global Petroleum Group Ltd for the exploration, development, and production of offshore petroleum resources. An exploration licence was issued to the group for four years, renewable for two additional periods of two years each. The company was also granted preferential rights to obtain a development licence for 20 years, renewable for a further 10 years.<sup>59</sup>

### 4.3 Manufacturing

4.25. Grenada's manufacturing sector is relatively small, and concentrated around the production of light manufactures (Table 4.3). Its contribution to real GDP oscillated between 3.5 and 4% during the period under review. Manufactures are exported mainly to the United States, the United Kingdom, and other CARICOM countries.

4.26. The agri-processing industry comprises an estimate of 250 small units producing items such as confectionary, plantain chips, banana chips, various flavours of cocoa balls, dried herbs, and various kinds of green seasoning.

**Table 4.3 Selected manufactured exports, 2005 and 2008-13**

(EC\$'000)

	2005	2008	2009	2010	2011	2012 <sup>a</sup>	2013 <sup>b</sup>
Flour	10,140	18,936	18,775	15,883	19,443	17,809	13,151
Paper products	6,864	8,222	6,307	5,427	5,401	5,364	4,164
Animal feed	3,586	4,013	4,796	4,614	4,517	5,114	4,283

<sup>59</sup> Online information. Consulted at: <http://www.ihs.com/News/WW-News/news-2008/Global-Petroleum-Ltd-awarded-Grenada-acreage.htm> [12.12.13].

	2005	2008	2009	2010	2011	2012 <sup>a</sup>	2013 <sup>b</sup>
Clothing	1,763	2,017	2,101	1,849	1,411	1,410	690*
Paints and varnishes	1,525	2,069	2,346	1,814	2,089	2,597	2,358
Other	2,396	3,969	2,210	2,833	2,896	2,899	1,031
<b>Total</b>							
Value	26,274	39,227	36,536	32,421	36,730	35,685	26,116
In percentage of exports	35.2	48.0	46.4	48.1	..	..	..

a Figures for 2012 and 2013 are estimates.

b Figures for 2013 are for the January to September period.

Source: Grenada's Central Statistical Office.

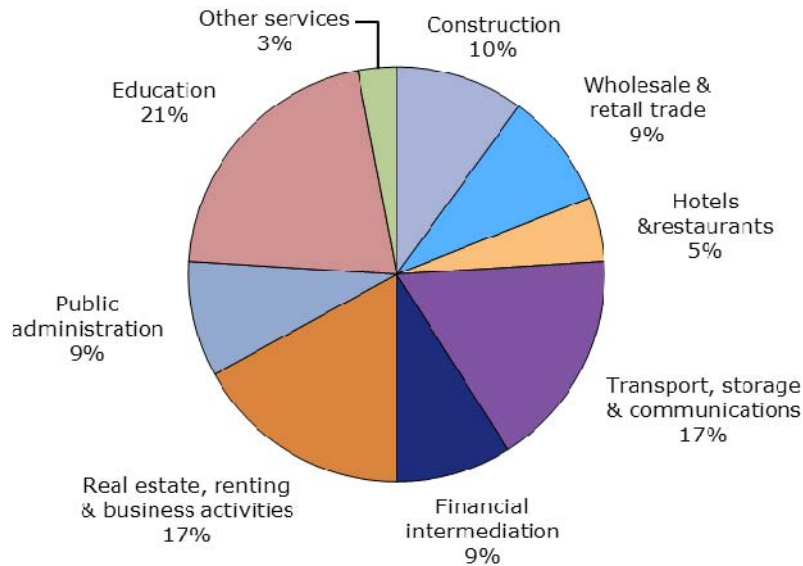
4.27. Grenada's tariff on manufactured goods (ISIC classification) averaged 10.7% in 2013, but is highly dispersed, with a coefficient of variation nearing 1. The average tariff rate in the clothing sector was 19.9%.

4.28. Incentives granted to manufacturing were streamlined during the period under review. The sector no longer benefits from the provisions of the Fiscal Incentives Act, 1974, which provided full exemption from taxes on corporate profits for up to 15 years. Current benefits, provided under Grenada's Investment Promotion Act, include accelerated depreciation provisions and import duty exemptions on plant, machinery, equipment (including equipment for transporting goods), spare parts, raw materials, and components used in manufacturing. Industrial infrastructures attract a property tax of 0.3% on land and 0.2% on buildings.

4.29. According to the authorities, the introduction of the VAT penalized some export-oriented manufacturers, who must pay the VAT on inputs upon importation and claim the VAT refund only upon exportation of the final product. In 2010, as a temporary relief measure, the Government granted exporters a VAT rebate equivalent to 10% of their gross sales. The programme was extended in 2012. In 2013, the Government launched the Manufacturers Competitiveness Programme (MCP), to help manufacturers remain competitive.

#### 4.4 Services

4.30. Grenada is a services-driven economy. The services sector accounts for nearly 75% of GDP. The contribution of the private education subsector to real GDP increased from 8.1% in 2006 to 14.1% in 2011. The authorities indicated that this is the result of increases in private education, primarily due to the increase in non-national students attending St. George's University. The services sector is an important source of foreign reserves. During the period under review, the sector has maintained a positive trade balance reaching EC\$171 million in 2013, i.e. 7.6% of GDP (Table 1.3). The main components of the sector are education services (essentially private); real estate, renting, and business activities; and transport, storage, and communications (Chart 4.1). Tourism is a key activity, although the contribution of hotel and restaurants to GDP is just 5%. Including the indirect effects, tourism is estimated to account for almost 22% of GDP (see below).

**Chart 4.1 Structure of the services sector (average for 2007-12)**

Source: Secretariat calculations, based on data from the Eastern Caribbean Central Bank. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>.

4.31. In the GATS, Grenada made commitments in: reinsurance; hotel development; entertainment services; sporting and other recreational services; courier services; and telecommunication services. Market access and national treatment limitations scheduled on cross-border supply and consumption abroad in the telecommunication subsector expired in 2006.

4.32. The horizontal section of Grenada's commitments contains limitations regarding commercial presence and the movement of natural persons. Foreign investors must comply with domestic provisions in order to establish a business locally, such as withholding tax provisions and property ownership regulations. Employment of foreign natural persons is normally limited to people with managerial and technical skills that are in short supply or not available in Grenada. Grenada did not list any Article II (MFN) exemptions.

4.33. Commercial activities attract a property tax of 0.5% on land (the highest), and 0.3% on buildings. They are the most heavily taxed activities.

#### 4.4.1 Financial services

##### 4.4.1.1 Regulators

4.34. The Grenada Authority for the Regulation of Financial Institutions (GARFIN)<sup>60</sup> is responsible regulating all financial institutions, except domestic commercial banks and domestic securities businesses, which are regulated by the ECCB. Institutions regulated by GARFIN include credit unions, insurance companies, international financial services, and money services.<sup>61</sup>

<sup>60</sup> Grenada Authority for the Regulation of Financial Institutions (GARFIN) Act No. 5 of 2006, amended by Act No. 22 of 2008. This Act was proclaimed effective on 1 February 2007 by way of SRO No. 2 of 2007. Viewed at: <http://www.garfingrenada.org/>.

<sup>61</sup> GARFIN has responsibility for the administration of: the Building Societies Act, Cap. 38; Friendly Societies Act, Cap. 118; Cooperative Societies Act, 2011 (cooperatives and credit unions); Insurance Act, 2010; Company Management Act, 1996; International Betting Act, 1998; International Trusts Act, 1996; International Companies Act, Cap. 152; International Insurance Act, 1996; Offshore Banking Act, 2003; Grenada Development Bank Act, Cap. 129; and, Money Services Business Act, 2009.



#### 4.4.1.2 Onshore financial services

##### 4.4.1.2.1 Institutions

4.35. Onshore financial services comprise banking activities, regulated by the ECCB in coordination with the Ministry of Finance, and insurance, regulated by GARFIN.

##### 4.4.1.2.2 Banking

4.36. Grenada's banking sector contributed slightly more than 5% of GDP during the period under review. There are currently five commercial banks operating in Grenada (Table 4.4). The degree of financial intermediation increased during the period under review. Between 2007 and 2012, domestic credit provided by the banking sector increased from 79.1% of GDP to 91.5%, driven largely by household demand.<sup>62</sup> Households account for the majority of loans and advances provided by commercial banks. In 2012, they were the beneficiaries of 58.7% of all loans and advances, followed by private businesses (31.4%). Other personal loans (i.e. not related to property acquisition or durable consumer goods) increased from EC\$355.2 million in 2007 to EC\$506.1 in 2012.

**Table 4.4 Financial institutions licensed under the Banking Act, 2005 (December 2013)**

Financial institution	
<b>Commercial banks</b>	
Bank of Nova Scotia	Branch (foreign incorporated)
CIBC First Caribbean International Bank (Barbados) Ltd	Branch (foreign incorporated)
Republic Bank (Grenada) Limited	Foreign subsidiary
RBTT Bank Grenada Ltd	Foreign subsidiary
Grenada Co-operative Bank Ltd	Locally owned
<b>Non-bank financial institutions</b>	
Republic Finance & Merchant Bank Ltd	
Caribbean Micro-Finance Grenada	

Source: Information provided by the authorities.

4.37. Lending and deposit rates are similar to those in other OECS countries. In December 2012, the average lending and deposit rates were respectively 9.19% and 2.68%, both lower than their 2007 levels (9.65% and 3.04%, respectively).

4.38. The ECCB Agreement Act (see Common Report) and the Banking Act, No. 19 of 2005 comprise the main legislation governing domestic banks in Grenada. The ECCB is the regulatory body for all financial institutions licensed under the Banking Act in Grenada. Like in the other ECCU member countries, the Banking Act is based in part on the Basel Committee on Bank Supervision's core principles for effective banking supervision. These changes include strengthened oversight of financial institutions by the ECCB, and more stringent and systematic reporting requirements by such institutions.

4.39. The licensing conditions for banks are the same across OECS countries (see Common Report). The Ministry in charge of finance is responsible for local supervision of the banking sector. It prescribes the annual licensing fees, in consultation with the ECCB. They are currently EC\$20,000 per annum. Citizens and companies of Grenada are not restricted from borrowing or placing deposits with banks located abroad. There are no limitations on foreign investment in onshore banks in Grenada. Foreign-owned banks licensed and incorporated in Grenada are subject to the same requirements as locally owned and locally incorporated banks and may provide the same services. Branches of foreign banks must submit additional information when applying for a licence to show that they are subject to effective supervision at home and must confirm that the regulatory body in their home jurisdiction does not object to the application. There are no residency or citizenship requirements for bank managers or directors.

4.40. The minimum capital required is EC\$5 million for banks, and EC\$1 million for credit or other financial institutions. The Banking Act requires licensed financial institutions to maintain a reserve

<sup>62</sup> ECCB (2013b).

fund, and transfer to the fund at least 20% of their net profits, whenever the reserve fund falls below 100% of their paid-up capital. Capital adequacy ratio has been raised to 8%.<sup>63</sup>

#### 4.4.1.2.3 Insurance

4.41. The insurance subsector contributes nearly 2% of GDP. There are 24 registered insurance companies in Grenada, of which 17 in general insurance, 9 in long-term insurance, and 2 in both. Most insurance companies are branches or subsidiaries of regional companies. In general, long-term insurance companies provide ordinary life insurance services, while general insurance companies provide mostly property and motor-vehicle insurance.

4.42. GARFIN is responsible for regulating and supervising the onshore insurance sector, including reinsurance. All domestic insurance companies are presently governed by the Insurance Act, Cap 150 of the Continuous Revised Edition of the Laws of Grenada. Insurance legislation is generally in line with international standards and practices.

4.43. Insurance companies must be registered by the Supervisor of Insurance within GARFIN. Foreign insurance companies may establish branches in Grenada. Minimum paid-up share capital is set at EC\$2 million for local companies and EC\$5 million for foreign companies; the EC\$5 million must be fully paid-up in cash.<sup>64</sup> Mutual companies must have uncommitted reserves of at least EC\$5 million; this is the case for long-term and other classes of insurance business.

4.44. Apart from a higher capital requirement, to be granted a licence to operate in Grenada, a foreign company must have been lawfully constituted in the country in which it was incorporated, and have undertaken insurance business in that country for at least five years. It must appoint a resident person in Grenada to be its principal representative, who must have power of attorney and a principal office in the country.

4.45. Insurance (excluding reinsurance) companies are required to deposit cash, assets or a combination of both with the Supervisor of Insurance.<sup>65</sup> Deposits for foreign-incorporated companies are higher. In 2010, the required deposit for long-term insurance businesses was raised from EC\$100,000 to EC\$250,000 for foreign companies, and from no requirement to EC\$150,000 for local companies. The required deposit for general insurance businesses companies is 40% of the net premium income from the previous year or EC\$150,000 (foreign companies) (EC\$50,000 for local companies), whichever is greater.<sup>66</sup> Associations of underwriters must be registered under the Insurance Act to carry on any class of insurance business; they must deposit with the Supervisor of Insurance an amount equal to EC\$200,000.

4.46. The Supervisor of Insurance may grant approval for insurance policies to be placed with companies that are not registered under the Act, if he determines that it is not possible to obtain similar protection from a registered company. A person wishing to enter into an insurance contract (except reinsurance) with an insurer not registered under the Act, must apply to the Supervisor of Insurance for permission to do so. This may be granted if the Supervisor is satisfied that it is not possible to obtain similar insurance protection at a comparable cost from an insurer registered under the Act.

4.47. An insurance company may not apply the assets of an insurance fund, directly or indirectly, to any class of insurance business other than that in respect of which the fund was established and is maintained.

<sup>63</sup> The Banking (Capital Adequacy and Capital Ratios) Regulations, SRO 10 of 2010, repealed the Banking (Assigned Capital) Regulations, No. 17 of 1994.

<sup>64</sup> As specified in Insurance Act No. 10, 2002, a local company is a company incorporated under the Companies Act, 1994, with not less than 51% of its issued share capital held by citizens of Grenada; or any company incorporated in a country, other than Grenada, which the Minister has specified by Order in the *Gazette* for purposes of this definition.

<sup>65</sup> Assets registered with the Eastern Caribbean Central Securities Registry may be used as well.

<sup>66</sup> In the previous legislation (Insurance Act, 2002) the requirements were EC\$50,000 for foreign general insurance companies (excluding motor vehicle insurance), and EC\$25,000 for local companies.

4.48. The following insurances are mandatory: motor vehicles insurance policy or security against third-party liabilities.<sup>67</sup>

#### 4.4.1.2.4 Other on shore financial services

4.49. A new Cooperatives Societies Act entered into force in September 2011.

4.50. A new Money Services Business Act entered into force in 2009.

#### 4.4.1.3 Offshore financial services

4.51. GARFIN is the regulatory body for all offshore financial services. The main legislation governing the offshore banking sector and banks providing trust services in Grenada is the Offshore Banking Act, Cap 217A of the Continuous Revised Edition of the Laws of Grenada; the Grenada Authority for the Regulation of Financial Institutions Act, Cap 125A; and the International Companies Act, Cap 152. Offshore trust companies are governed by the International Trusts Act, Cap 152C.

4.52. Offshore banks must be incorporated under the International Companies Act, Cap 152. As required by the Offshore Banking Act, Capt 217A, offshore banks must be licensed by the Minister of Finance. Conditions for licensing include the maintenance of a principal office in Grenada and the appointment of an authorized agent and alternate agent. For restricted licences (class II), the minimum capital requirement is EC\$6 million for banks, and EC\$2 million for trusts. Capital requirements for unrestricted licences (class I) are double these amounts. Offshore licensees are also required to make a special deposit with GARFIN, and constitute a reserve fund into which they must transfer 10% of profits every year.<sup>68</sup> Offshore banks are exempt from payment of taxes and duties, except for service charges and utility charges for services provided by the Government. There are currently no offshore banks operating in Grenada.

4.53. Offshore insurance services are regulated by International Insurance Act No. 37 of 1996 (most recently amended by Act No. 1 of 2008). Insurance companies licensed under the Act must perform all their operations outside Grenada, and maintain capital requirements in accordance with the type of business in which they engage (EC\$1 million for reinsurance, EC\$2 million for long-term business, and EC\$3 million for general insurance business). Licences are valid for 12 months and renewed every year upon payment of a fee. Activities are monitored by GARFIN. There are currently no registered international insurance companies in Grenada.

4.54. Offshore insurance businesses are exempt from any currency and exchange control, and any foreign exchange levy. They are also exempt from income tax, withholding tax, corporation tax, business levy, and aliens land-holding.

4.55. The Mutual Exchange of Information on Taxation Matters Act, No. 24 of 2011 allows the Government to share tax information with some foreign treaty partners (Section 2).

#### 4.4.2 Telecommunications

4.56. Grenada made commitments during the extended negotiations on basic telecommunications services.<sup>69</sup> Since 2006, several restrictions have expired, and the sector has become more open to the competition.<sup>70</sup> The mobile penetration rate increased from 67% in 2006 to 115% in 2012, while fixed-line penetration remained stagnant, at some 25% (Table 4.5).

<sup>67</sup> Motor Vehicles Insurance (Third Party Risks) Act, Act No. 39 of 1994.

<sup>68</sup> The amount of the special deposit is EC\$270,000 for banks, and EC\$150,000 for trusts.

<sup>69</sup> WTO document GATS/SC/96/Suppl.1, 11 April 1997.

<sup>70</sup> Cross-border supply and commercial presence in voice telephone, packet-switched data transmission, circuit-switched data transmission, telex, telegraph, private-leased circuit, and facsimile services, as well as the provision of terrestrial-based mobile services, including cellular/mobile telephone, paging and others were reserved for the exclusive operator until 2006.

**Table 4.5 Telecommunications statistics, 2006-13**

	2006	2007	2008	2009	2010	2011	2012	2013
Providers revenues (EC\$ million)	170.1	173.1	163.3	145.8	148.3	145.9	156.0	153.0
Investment (EC\$ million)	29.6	40.1	44.1	39.5	17.9	20.4	18	17
Employment	207	216	304	267	268	240	218	231
Penetration rates (percentage)								
--Fixed-line	28	26	27	26	26	25	25	27
--Mobile	67	85	98	106	106	109	115	120
--Fixed Internet	6	7	11	11	13	13	14	17

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

n.a. Not applicable.

Source: NTRC Grenada and ECTEL, *Key Telecoms Indicators*. Consulted at: <http://www.ntrc.gd/Documents%204/Key%20Telecommunications%20Indicators2.pdf>.

4.57. The sector is regulated by Telecommunications Act No. 31 of 2000 (amended by Act No. 8 of 2001). The Act guarantees open entry, market liberalization, and competition in the telecommunications sector. It, *inter alia*, specifies criteria for the granting of a licence; universal service conditions that may be applied; and procedures for concluding interconnection agreements. The Act established the National Telecommunications Regulatory Commission of Grenada, the regulatory agency.

4.58. The National Telecommunications Regulatory Commission (NTRC) and the Eastern Caribbean Telecommunications Authority (see Common Report) are the regulatory bodies. The NTRC is under the responsibility of the Ministry of Communications, Works, Physical Development, Public Utilities and ICT.

4.59. The NTRC may designate a particular telecommunications service as a regulated service if it determines that the degree of competition is not sufficient to protect consumers (Telecommunications (Retail Tariff) Regulations, SRO 6 of 2005). The tariffs for regulated services in Grenada are determined in accordance with a price cap plan agreed between Cable and Wireless and the ECTEL Member States.<sup>71</sup> For regulated services, price cap plans are elaborated at the regional level by the ECTEL, in collaboration with the companies concerned, currently Cable & Wireless/LIME. The latest revision of the PCP, in 2010, was approved for three years, and introduced, among others, a gradual reduction in the tariff for fixed to mobile communication, from EC\$0.71 in 2010, to EC\$0.40 by October 2011. It eliminated the provisions for access deficit.<sup>72</sup>

4.60. Grenada allows full foreign participation in telecommunications companies. VAT is applied to international telephone calls at a rate of 20%, while the rate is 15% for other services. There are no sector-specific fiscal incentives. During the period under review, the Government of Grenada reduced its stake in the incumbent provider, Cable and Wireless (Grenada) Ltd (LIME), from 30% to 16.58%.

4.61. Universal service obligations include the provision of public voice telephony, Internet access, and telecommunication services to schools, hospitals, and similar institutions, the disabled, and the physically challenged.<sup>73</sup> A Universal Service Fund (USF) was established in 2009 to compensate any provider who is required to provide or promote the service.<sup>74</sup> Providers are required to contribute 0.25% of their gross annual revenue to the USF for their first year of

<sup>71</sup> ECTEL online information. Consulted at: [http://www.ectel.int/grd/Telecommunications%20\(Tariff\)%20Regulation.%202003%20NEW-.doc](http://www.ectel.int/grd/Telecommunications%20(Tariff)%20Regulation.%202003%20NEW-.doc).

<sup>72</sup> In 2013, the NTRC extended the PCP for one year. Online information. Viewed at: <http://www.barnaclegrenada.com/index.php/featured-stories/2725-ntrc-says-its-peoples-telecommunications-watchdog> [12.03.14].

<sup>73</sup> Telecommunications (Universal Service Fund) Regulations 2009.

<sup>74</sup> Telecommunications (Universal Service Fund) Regulations, SRO 21 of 2009.

licence, 0.5% for the second year, and 1% annually for remainder of their licence.<sup>75</sup> The NTRC is in charge of approving projects for USF funding. Cable and Wireless (LIME), Columbus Communication Ltd (Flow), and Affordable Communication Ltd. have been compensated by the USF.

4.62. As of December 2013, 22 "individual" licences had been granted (of which six since 2007): five for fixed public telecommunications; seven for public mobile telecommunications; eight for Internet networks and services; and two for submarine cable landing. Most of these licences were granted for 15 years and some will expire in 2015. In addition, a number of "class" licences have been granted for essentially value-added telecommunications services. Cable and Wireless (LIME) is the only provider of fixed-line services. Tariffs for local fixed-line-to-fixed-line calls and local fixed-line-to-mobile calls are regulated by a price cap plan.

4.63. The Telecommunications (Tariff) Regulations (SRO No.34 of 2003) stipulate that providers are free to set tariffs for services for which there is effective competition in the market. If the regulatory body determines that there is a dominant position in the market, tariffs are set in accordance with conditions. The NTRC may designate a provider as a dominant telecommunication provider in a particular service. In this case, the provider has the obligation to file its tariffs with the NTRC for approval. Providers that are not in a dominant position must notify the NTRC of their tariffs and may file any modification. The only dominant provider identified is C&W (LIME).

4.64. Provisions for interconnections are set out in the Telecommunications (Interconnection) Regulations, 2009. The legislation guarantees non-discrimination and transparency in the provision of interconnection by any public network operator. Companies may freely negotiate, amend or modify interconnection agreements, but the approval of the NTRC is required. Maximum interconnection rates are set by ECTEL. Current rates are set out in the Decision on Interconnection Rates taken at the 19<sup>th</sup> ECTEL Council of Ministers in 2009. In that decision, ECTEL recommended a three-year phased reduction of rates that should lead to a reduction up to 60% in rates. The recommended rate for mobile termination was reduced from EC\$0.369 per minute in April 2009 to EC\$0.2510 per minute in 2011.

4.65. Interconnections agreements are in place between the historic provider, Cable & Wireless (Grenada) Ltd, and the following companies: Affordable Island Communications Inc.; Columbus Communications (Grenada) Ltd.; Digicel (Grenada) Ltd.; and Global Network Providers (Grenada) Inc.

4.66. In accordance with the Telecommunications Act, the NTRC is responsible for the administration of Grenada's numbering plan. Assignment of numbers is subject to an application fee, an initial fee, and an annual fee. The annual fee is EC\$410 for a code (a block of 10,000 numbers), and EC\$1,060 for a block of 10 codes.<sup>76</sup>

4.67. Two licences have been granted for the landing of a submarine cable; as at early 2014, there were two operators C&W (LIME) and Solar Caribbean Fiber.

### 4.4.3 Transport

#### 4.4.4 Air transport

4.68. Grenada has not made any GATS commitments on air transport services.<sup>77</sup>

4.69. Grenada's two airports, the Maurice Bishop International Airport and Lauriston Airport (located on the island of Carriacou) are both owned by the Government and operated by the Grenada Airport Authority.<sup>78</sup> The Authority sets the fees for airport services and has a monopoly on the provision of airport management services. However, private (local and foreign) participation is permitted for auxiliary services. The Authority provides ground-handling services through a wholly owned subsidiary company, Aviation Services of Grenada Ltd. Chevron West Indies Ltd.

<sup>75</sup> Telecommunications (Universal Service Fund Contribution) Order, SRO 20 of 2009.

<sup>76</sup> Telecommunication (Numbering) Regulations, 2009.

<sup>77</sup> WTO document GATS/SC/96, 15 April 1994.

<sup>78</sup> Grenada Airports Authority Act No. 9 of 1985.

operates the fuel tank system, and catering services are provided by Goddard Caterers (Grenada) Ltd.

4.70. The main indicators with respect to airport movements are shown in Table 4.6.

**Table 4.6 Air traffic indicators, 2009-13**

	2009	2010	2011	2012	2013
<b>Maurice Bishop International Airport</b>					
Aircraft movement	13,668	14,218	14,258	13,356	12,819
Passengers movement	312,447	297,386	307,553	301,657	300,276
Freight movement (kg)	1,526,579	1,703,533	1,443,058	1,761,599	2,220,390
Mail movement (kg)	75,530	83,898	78,299	103,085	125,005
<b>Lauriston Airport</b>					
Aircraft movement	2,396	2,032	1,279	2,234	..
Passenger movement	11,214	10,039	9,641	12,076	..
Freight Movement (kg)	121,334	121,574	60,275	..	..
Mail Movement (kg)	74	115	58	..	..

.. Not available.

Source: Information provided by the authorities.

4.71. Several international airlines service Grenada: Air Canada, American Airlines, British Airways, Caribbean Airlines, Delta Airlines, and Virgin Atlantic Airways. Regional carriers include LIAT, Saint Vincent Grenada Air, and Conviasa Airlines. Three companies provide charter services (Air Canada, Air Transat, Caribbean Airways), one provides cargo services (Amerijet International), and two provide air courier services (FedEx and DHL).

4.72. The main legislation governing air transport, the Civil Aviation Act, 2004, remained unchanged during the review period. Overall responsibility for air transport rests with the Minister of Tourism, Civil Aviation and Culture. The Air Transport Licensing Board is responsible for issuing air transport licences and permits, and for approving tariffs for passengers and cargo transportation. At the regional level, safety and security matters are the responsibility of the Eastern Caribbean Civil Aviation Authority (ECCAA) (see Common Report). The granting of licences or permits to non-nationals or bodies not incorporated in Grenada is subject to the approval of the Minister.

4.73. Under the Civil Aviation Act, approval by the Minister of Tourism is required before air transport service licences may be granted by the Air Transport Licensing Board. This requirement does not apply, however, to citizens of Grenada or a member state of the OECS or CARICOM, or to a body incorporated in Grenada that is substantially controlled by citizens of Grenada or a OECS/CARICOM member state.

4.74. As a member of the International Civil Aviation Organization, Grenada recognizes and applies its Standards and Recommended Practices (SARPs). Grenada also applies the provisions of the Chicago Convention.

4.75. Grenada has two bilateral air services agreements, recorded by ICAO, with the United Kingdom and Suriname (1996). The open sky agreement with the United Kingdom was renewed in 2011, and permits airlines of both countries (or a designated airline) to operate air services between the two territories.<sup>79</sup> Under the agreement, each party grants the other the right to fly across its territory without landing, and the right to make stops for non-traffic purposes. The agreement includes provisions guaranteeing fair competition between the designated airlines providing the agreed services, and prohibits the granting of state subsidies or support that would adversely affect such a fair competition. It also allows Grenada to designate a carrier from any other CARICOM state.

<sup>79</sup> Consulted at: <http://www.official-documents.gov.uk/document/cm83/8307/8307.pdf>.



#### 4.4.5 Maritime transport

4.76. Grenada did not schedule any GATS specific commitments on maritime transport services. The Ministry of Finance is responsible for formulating maritime transport policy.

4.77. The Grenada Shipping Act of 1994 provides the legislative framework for merchant shipping. In order to be registered in Grenada, vessels must be substantially owned by Grenadian citizens or public bodies, companies incorporated in Grenada, or nationals of a CARICOM member state. Non-incorporated companies may be authorized by the Minister, provided the company is established in and has its principal place of business in Grenada, where the majority of the ownership of the company is vested in Grenadian citizens, and the company is managed by Grenadian citizens. Cabotage is not restricted to Grenadian registered ships. Evidence of financial responsibility against risk of damage to third parties is mandatory.

4.78. According to the authorities, no government or other cargos are reserved for domestically flagged vessels or for ships owned or operated by the Government. There are no cargo preferences or fiscal incentives to domestically flagged ships.

4.79. The Grenada Ports Authority, established under the Ports Authority Act, has responsibility for providing, managing, and maintaining port services and facilities.<sup>80</sup> Ports are designated by law. There are currently six designated ports in Grenada: two are not operational, and three are dedicated for yachting. All ports are owned by the Government of Grenada. During the period under review, Grenada expanded the port of St. Georges, which has the capacity to hold two mega ships simultaneously.<sup>81</sup>

4.80. Private sector companies (including foreign companies incorporated as local subsidiaries) may apply to the Port Authority to provide services within privately owned terminals, but not in the main commercial seaports. Charges levied on carriers and passengers are determined by the Government by way of the Ports Authority Tariff.

4.81. Grenada applies a levy of US\$3 per visitor arriving by ship, a cruise passenger tax, and an environmental levy on vessels to cover the costs of garbage disposal.<sup>82</sup>

4.82. Grenada is a member of the International Maritime Organization, and has signed some of its conventions relating to liability and compensation, and maritime safety. Since 2001, Grenada has taken measures to comply with the International Ship and Port Facility Security (ISPS) Code. Safety provisions were incorporated in the Shipping Act.

#### 4.4.6 Tourism

4.83. The tourism sector's direct contribution to Grenada's GDP fluctuated around 4% during the period under review (Table 1.1). However, taking into account indirect effects and induced contributions, the World Travel & Tourism Council estimated the total contribution of the sector at 21.8% of GDP in 2012.<sup>83</sup> The sector employs 6% of the labour force. In 2012, Grenada had over 360,000 stay-over visitor arrivals; two out of three visitors were a cruise ship passengers (Table 4.6).

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<sup>80</sup> Port Authority Act Cap 247.

<sup>81</sup> Grenada Board of Tourism online information. Consulted at: [http://www.grenadagrenadines.com/cruise\\_facts.html](http://www.grenadagrenadines.com/cruise_facts.html).

<sup>82</sup> Cruise Ship (Visitors) Levy Act, 1990, Amended by Act No. 20 of 1994.

<sup>83</sup> The indirect and induced impact of the travel and tourism sector include: related investment spending, Government-related spending, domestic purchase of goods and services by the sectors dealing directly with tourists, as well the contributions of individuals related to the industry. See WTTC (2013).



**Table 4.7 Indicators of the tourism sector, 2000 and 2005-13**

	2000	2005	2008	2009	2010	2011	2012	2013
Total visitors ('000)	314.3	384.4	426.9	459.2	445.6	428.6	360.2	313.7
Stay-over visitors	126.7	98.5	123.8	109.5	105.4	113.9	116.2	116.4
Cruise ship passengers	180.3	275.1	292.7	342.9	333.3	309.6	242.5	197.3
Number of cruise ship calls	360	260	217	246	206	198	185	144
Total visitor expenditure (EC\$ million)	481.5	192.8	341.8	302.1	301.4	315.3	300.3	306.6

Source: Grenada Board of Tourism.

4.84. Grenada made specific GATS commitments on hotel development, limited to hotels with a capacity of in excess of 100 rooms. The development of hotels with fewer rooms is subject to an economic needs test. Foreign suppliers may hire foreign staff only at managerial and specialist levels, if the skills are in short supply or not available locally.

4.85. The Minister of Tourism, Civil Aviation and Culture has overall responsibility for policy formulation and implementation in the tourism sector.<sup>84</sup> Marketing, development, and promotion activities are carried out by the Grenada Board of Tourism, as well as the Grenada Hotel and Tourism Association. According to the authorities, emphasis is being placed on developing community tourism and niche tourism products such as diving, eco-tourism and a "total spice experience".

4.86. The Government of Grenada levies a number of tourism-related taxes and charges: a US\$20 Airport Service Charge on passengers leaving the country by air (currently included in the price of the air ticket); a US\$3 cruise passenger tax; a hotel room tax of 8%; and a 7.5% refreshment charge on the purchase of food or drinks at hotels, applied under the Hotel Refreshment Charge Act, 1973. At Lauriston Airport, an EC\$20.00 security charge is levied on persons arriving by air. An embarkation tax of US\$1 is levied on persons leaving Grenada by ship.

4.87. The hotel accommodation licence ranges from EC\$600 to EC\$2,500, depending on the number of rooms. Tourism attracts a special VAT rate of 10%. Diving activities also attract the special rate of 10%. Hotels attract a 0.3% property tax on the market value of land, and 0.02% on buildings.

4.88. The marine and yachting segment of the tourism industry, regulated by the Grenada Yachting Act, 2000, has been identified as one of the "export-ready" subsectors, i.e. one in which the infrastructure and regulations are in place for the development of a competitive sector.

#### 4.4.7 Professional services

4.89. Grenada did not make any GATS specific commitments on professional services.

4.90. The Government of Grenada has the exclusive authority to pass legislation and regulations to govern the operation of professions in the country; there are no general laws regulating the practice of professions. However, the Medical Officers Act, Cap 188 regulates the practice of certain professional service providers, as defined under the Services Sectoral Classification list.<sup>85</sup> The respective domestic associations have the authority to review professional qualifications, and, if satisfied, issue licences to practice.

4.91. In order to practice law in Grenada, professionals must be admitted to the Bar. The Foreign Nationals and Commonwealth Citizens (Employment) Act, and the work permit requirements contained therein, do not apply to barristers and solicitors who are Commonwealth Citizens, entitled to be in or enter Grenada, and entitled to practice as a solicitor in Grenada. Grenada is also a contracting party to the CARICOM Agreement Establishing the Council for Legal Education. Under some provisions of the Agreement, the government of each of the participating territories

<sup>84</sup> Ministry of Tourism, Civil Aviation, Culture and the Performing Arts online information. Consulted at: <http://tourism.gov.gd>.

<sup>85</sup> WTO document MTN.GNS/W/120, 10 July 1991.

undertakes to recognize that any person holding a legal education certificate fulfils the training requirements for practice in its territory.

4.92. Other professional services are currently not regulated, and no licensing requirements apply. According to the authorities, no professions are reserved for nationals, and there are no professions whose practice requires residence in one of the OECS Member states or the Caribbean region. Grenada has not signed any mutual recognition agreements on professional services.

4.93. As the result of a CARICOM initiative to enhance the free movement of skilled persons, professional service providers, by virtue of being university graduates and CARICOM nationals, may enter and work in Grenada without a work permit, under the Caribbean Community Skilled Nationals Act No. 32, of 1995 (see Common Report).

#### **4.4.8 Other services**

4.94. As part of its strategy to build the New Economy, Grenada has identified "health, wellness and education services" as one of the five transformational sectors of the economy. In that regard, the Government is planning to build a new hospital to respond to the future potential of a growing medical tourism market.

4.95. Aside from offshore financial services, Grenada's offshore services industry comprises international companies (IBCs) established under the International Companies Act.<sup>86</sup> Companies incorporated under the act are exempted from the payment of the following taxes for a period of 20 years: income tax, withholding tax, corporate tax, business levy, and aliens land-holding tax. International companies that wish to carry out banking, insurance, trust, international betting or company management services, must obtain a specific licence from GARFIN. IBCs must have a registered agent in Grenada, and maintain an office in the country. This may be the office of the registered agent or rented office space. IBCs may not own property in Grenada.

4.96. The legislative framework for offshore betting is the International Betting Act, 1998. Licence applications must be made to the Registrar of Offshore Services. Licensees must maintain a principal office in Grenada, and deposit US\$100,000 in a licensed bank in Grenada. A 2% tax on gross receipts derived from betting is payable each month to the Comptroller of Inland Revenue.

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<sup>86</sup> Act No. 29 of 2009.

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## 5 APPENDIX TABLES

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

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012
Total exports and re-exports (US\$ million)	33.4	30.3	29.2	25.0	31.3	34.6
Domestic exports (US\$ million)	19.1	22.9	22.3	22.6	28.2	30.4
Re-exports (US\$ million)	14.4	7.4	6.9	2.3	3.2	4.2
0 Food and live animals	42.3	56.5	60.7	74.2	75.8	67.9
1 Beverages and tobacco	0.9	1.4	0.4	1.5	2.2	2.0
2 Crude materials, inedible, except fuels	0.2	0.4	0.4	0.1	0.3	0.2
3 Mineral fuels and related materials	0.3	-	-	-	-	-
4 Animal and vegetable oils, fats and waxes	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Chemicals and related products	2.9	2.9	3.3	3.6	2.9	3.0
6 Manufactured goods classified by material	22.1	14.3	14.9	10.7	9.5	12.1
7 Machinery and transport equipment	27.9	19.2	15.5	5.6	6.5	7.0
8 Miscellaneous manufactured articles	3.6	5.3	4.9	4.2	2.7	7.8
9 Commodities and transactions not classified elsewhere in SITC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

n.a. Not applicable.

- Trade share lower than 0.05%.

Source: ECCB online information. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>.

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

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012
Total imports (US\$ million)	365.1	377.2	292.7	318.0	335.6	341.3
0 Food and live animals	15.8	17.7	20.2	20.5	22.7	21.0
1 Beverages and tobacco	2.0	2.7	2.7	2.5	2.2	2.2
2 Crude materials, inedible, except fuels	2.5	2.7	2.4	2.7	1.9	2.0
3 Mineral fuels and related materials	16.7	20.2	17.5	21.7	26.4	30.4
4 Animal and vegetable oils, fats and waxes	0.4	0.5	0.6	0.6	0.6	0.6
5 Chemicals and related products	7.8	7.3	8.9	7.7	7.2	7.2
6 Manufactured goods classified by material	18.8	18.1	16.6	15.2	13.1	11.1
7 Machinery and transport equipment	22.9	20.3	19.6	16.8	16.4	16.1
8 Miscellaneous manufactured articles	13.1	10.6	11.4	12.3	9.6	9.5
9 Commodities and transactions not classified elsewhere in SITC	-	-	-	-	-	-

- Trade share lower than 0.05%.

Source: ECCB online information. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>.

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

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012
Total exports and re-exports (US\$ million)	33.4	30.3	29.2	25.0	31.3	34.6
America	56.9	78.2	..	..	..	..
United States	17.2	16.3	..	..	..	..
Other America	39.7	61.9	..	..	..	..
Dominica	7.4	16.4	..	..	..	..
St Lucia	8.3	11.2	..	..	..	..
Barbados	5.1	9.4	..	..	..	..
St Kitts and Nevis	4.5	8.5	..	..	..	..
Antigua and Barbuda	2.0	3.3	..	..	..	..
St Vincent and the Grenadines	2.8	3.2	..	..	..	..
Canada	1.7	2.9	..	..	..	..
Guyana	1.2	2.1	..	..	..	..
Trinidad and Tobago	3.8	1.9	..	..	..	..
Jamaica	2.1	1.7	..	..	..	..
Montserrat	0.3	0.4	..	..	..	..
Suriname	0.2	0.2	..	..	..	..
Argentina	0.0	0.2	..	..	..	..
Haiti	0.0	0.2	..	..	..	..
Europe	23.4	17.2	..	..	..	..
EU (27)	22.8	16.1	..	..	..	..
Germany	0.8	6.0	..	..	..	..
Belgium	1.7	3.4	..	..	..	..
The Netherlands	4.9	3.3	..	..	..	..
United Kingdom	0.9	1.6	..	..	..	..
France	14.3	1.1	..	..	..	..
EFTA	0.6	1.1	..	..	..	..
Switzerland	0.6	1.1	..	..	..	..
Commonwealth of Independent States (CIS) <sup>a</sup>	0.0	0.0	..	..	..	..
Africa	0.0	0.1	..	..	..	..
Middle East	0.0	0.0	..	..	..	..
Asia	19.7	4.6	..	..	..	..
China	0.3	0.6	..	..	..	..
Japan	19.3	3.7	..	..	..	..
Six East Asian Traders	0.0	0.1	..	..	..	..
Chinese Taipei	0.0	0.1	..	..	..	..
Korea, Republic of	0.0	0.0	..	..	..	..
Malaysia	0.0	0.0	..	..	..	..
Other Asia	0.0	0.1	..	..	..	..
Australia	0.0	0.1	..	..	..	..
Other	0.0	0.0	..	..	..	..

.. Not available.

Note: Shares are based on UNSD Comtrade data; 0.0 represents negligible trade.

Source: UNSD, Comtrade database (SITC Rev.3); and ECBB online information: <http://www.ecbb-centralbank.org/Statistics/index.asp>.

**Table A1. 4 Merchandise imports by trading partner, 2007-12**

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012
Total imports	365.1	377.2	292.7	318.0	335.6	341.3
America	78.1	78.5	77.2	..	..	..
United States	35.8	30.9	31.9	..	..	..
Other America	42.3	47.6	45.3	..	..	..
Trinidad and Tobago	27.8	24.9	25.2	..	..	..
Venezuela	2.2	7.0	3.1	..	..	..
Brazil	2.2	2.5	2.8	..	..	..
Barbados	1.8	1.8	2.8	..	..	..
Canada	2.2	2.8	2.5	..	..	..
Guyana	1.0	1.1	1.7	..	..	..
Dominican Republic	0.2	0.5	0.9	..	..	..
Mexico	0.6	0.9	0.8	..	..	..
Jamaica	0.4	0.6	0.8	..	..	..
St Lucia	0.5	0.5	0.6	..	..	..
Guatemala	0.0	0.3	0.6	..	..	..
Colombia	0.2	1.3	0.6	..	..	..
Honduras	1.0	1.2	0.4	..	..	..
St Vincent and the Grenadines	0.3	0.3	0.4	..	..	..
Panama	0.3	0.2	0.3	..	..	..
Argentina	0.3	0.2	0.3	..	..	..
Dominica	0.1	0.2	0.3	..	..	..
Europe	11.7	11.3	12.5	..	..	..
EU (27)	11.0	10.7	11.8	..	..	..
United Kingdom	4.2	4.4	4.2	..	..	..
The Netherlands	2.1	1.3	2.0	..	..	..
France	1.1	0.9	1.9	..	..	..
Germany	1.1	1.4	1.1	..	..	..
Finland	0.1	0.5	1.0	..	..	..
EFTA	0.7	0.6	0.6	..	..	..
Norway	0.5	0.4	0.4	..	..	..
Switzerland	0.2	0.1	0.2	..	..	..
Other Europe	0.0	0.1	0.2	..	..	..
Turkey	0.0	0.1	0.2	..	..	..
Commonwealth of Independent States (CIS) <sup>a</sup>	0.0	0.0	0.0	..	..	..
Africa	0.1	0.1	0.2	..	..	..
South Africa	0.0	0.1	0.1	..	..	..
Middle East	0.1	0.2	0.1	..	..	..
Iran Islamic Republic	0.0	0.0	0.1	..	..	..
Asia	10.1	9.9	10.0	..	..	..
China	2.8	3.3	3.4	..	..	..
Japan	4.9	3.6	3.5	..	..	..
Six East Asian Traders	1.4	1.4	1.6	..	..	..
Korea, Republic of	0.6	0.4	0.7	..	..	..
Thailand	0.2	0.3	0.4	..	..	..
Chinese Taipei	0.3	0.4	0.3	..	..	..
Malaysia	0.2	0.2	0.1	..	..	..
Hong Kong, China	0.1	0.1	0.1	..	..	..
Singapore	0.0	0.0	0.0	..	..	..
Other Asia	1.0	1.6	1.4	..	..	..
New Zealand	0.4	0.8	0.6	..	..	..
India	0.2	0.2	0.3	..	..	..
Pakistan	0.0	0.2	0.2	..	..	..
Other	0.0	0.0	0.0	..	..	..

.. Not available.

Note: Shares are based on UNSD Comtrade data; 0.0 represents negligible trade.

Source: UNSD, Comtrade database (SITC Rev.3); and ECBB online information: <http://www.eccb-centralbank.org/Statistics/index.asp>.