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Trade Policy Review Body

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TRADE POLICY REVIEW

REPORT BY

OECS-WTO MEMBERS

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by the OECS-WTO Members is attached.

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COMMON REPORT

1 INTRODUCTION

1.1. The fourth (4th) Trade Policy Review of the OECS WTO Member States covers a period during which the region has endured several significant external economic and environmental shocks.

1.2. Between 2014 and 2018, OECS WTO Members were dealt with the devastating impacts of the hydrometeorological disasters that descended on the islands. In 2015 the passage of tropical storm Ericka caused severe flooding and landslides in Dominica resulting in significant infrastructural damage and loss, totalling XCD 1.3 billion (USD 483 million), equivalent to approximately 90% of Dominica's Gross Domestic Product (GDP). In 2017 two category 5 hurricanes wreaked physical and economic havoc. In early September 2017, Hurricane Irma hit Anguilla, Antigua and Barbuda, the British Virgin Islands, and Saint Kitts and Nevis. Later in September hurricane Maria made landfall in Dominica and impacted Antigua. Irma's wrath was most damaging to the island of Barbuda where 81% of buildings were reported to have been destroyed or severely damaged, and the island deemed uninhabitable, as all resident households (HHs) on Barbuda were seriously affected by the hurricane. Total damages to Antigua and Barbuda were assessed at USD 136 million and losses at USD 18.9 million. The combined value of destroyed assets and disruptions in the production of goods and services was equivalent to about 9% of the country's GDP (current terms) in 2016.[1] Hurricane Maria was most destructive to Dominica resulting in the total damages assessed at XCD 2.51 billion (USD 931 million) and losses of XCD 1.03 billion (USD 382 million), amounting to 226% of 2016 GDP.[2]

1.3. From the second quarter of 2020 the OECS along with the rest of the world experienced the unprecedented impacts of the lockdowns, border closures, travel bans and strict social distancing protocols that were taken in response to the COVID-19 pandemic. For the small, vulnerable, open, and highly trade dependent OECS Member States, these measures had a devastating impact on their production and trade, particularly in the travel and tourism related sectors upon which most of the OECS economies heavily rely. Following aggressive vaccination efforts, authorities have gradually eased public health restrictions including those associated with movement of people across the borders. This together with various levels of fiscal stimulus packages have seen a rebounding in tourism and tourism related activities.

1.4. In the midst of COVID-19, the region faced another natural hazard of the geophysical type. On 9 April 2021, the La Soufrière Volcano in Saint Vincent and the Grenadines erupted for the first time after 40 years, sending an ash plume 10km into the sky causing widespread devastation and forcing the evacuation of 20% of the population from homes and communities while its ashfall affected neighbouring islands. Total damages was assessed at XCD 416.07 million (USD 153.5 million) and losses of XCD 218.57 million (USD 80.6 million) which cumulatively are equivalent to 18.1% of the country's 2020 GDP. Saint Vincent and the Grenadines was also impacted by Hurricane Elsa which struck the island on 2 July 2021 causing severe damage to housing and infrastructure.

1.5. The impact of the COVID-19 pandemic worldwide, was also felt on the food security of the OECS as the ability of various socio-economic classes to access their food supplies was hampered due to the interruptions in the supply chains through production and trade. Global food prices had also been on the rise due to increased global demand, drought reduced supplies, high energy prices and some export bans.[3] The Russian-Ukraine conflict has had a significant impact on the supply of several key agricultural commodities. Due to trade patterns, the fallout from the disruption in exports from the Russian Federation and Ukraine has not directly affected the OECS, however there has been an indirect impact through rising prices.

1.6. The last eight years has therefore been a clear manifestation of the continued vulnerability of the OECS region to various exogenous economic, environment and climatic shocks. OECS Member States continue to be challenged in their attainment and maintenance of sustainable economic

[1] ACP-EU Natural Disaster Risk Reduction Program (2017), Hurricane Irma and Maria Recovery Needs Assessment for Antigua and Barbuda.

[2] The Government of Dominica (November 2017), Post-Disaster Needs Assessment Hurricane Maria 18 September 2017.

[3] Viewed at: https://www.fas.usda.gov/data/ukraine-conflict-and-other-factors-contributing-high-commodity-prices-and-food-insecurity.

growth trajectories. Their capacity to bounce back from the negative impacts of these types of external shocks have also been tested exposing the fragility of the OECS economies.

1.7. That the OECS Member States have endured and indeed still recovering from these shocks is an indication of a certain level of resilience that is inherent in these small island developing states, but at the same time, the need to consolidate, fortify and enhance the resilience of the economies, the people and the institutions to deal with ongoing shocks and bracing for future ones.

1.8. During the period of the last trade policy review, the OECS-WTO Member States' trade policies and procedures were plagued by the effects of the global economic and financial crisis of 2008 and a series of natural disasters in the region. As part of its strategic response to secure higher and sustained levels of economic growth and development, the Joint Report of the OECS emphasised the decision of OECS Member States to establish the OECS Economic Union to serve as the platform for enhanced growth and development prospects for the OECS region. This was reflected in the then OECS Growth and Development Strategy (OGDS). This report on the fourth trade policy review highlight the main developments within the policy, legislative, regulatory and institutional framework for trade policy development and implementation at the OECS subregional level.

2 THE OECS DEVELOPMENT POLICY FRAMEWORK

2.1. Given the vulnerabilities and challenges inherent in their small size and emanating from the uncertainty and turbulence that can characterize their external environment, and which has framed their macroeconomic performance and outlook, the decision to pursue a deeper form of regional integration through the establishment of the Eastern Caribbean Economic Union in 2011 remains overarching development policy framework for the OECS Member States creating the basis for joint action in charting the collective social and economic future of the Member States.

Box 1 The Organisation of Eastern Caribbean States Economic Union

The Organization of the Eastern Caribbean States (OECS) was established under the Treaty of Basseterre in 1981. It is a grouping of eleven small island developing States in the Eastern Caribbean. Full membership comprises the independent States of Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines, and the non-independent State of Montserrat. Anguilla, the British Virgin Islands, Guadeloupe, and Martinique are associate members of the OECS. The six independent members of the OECS are also Members of the World Trade Organization (WTO).

On 18 June 2010, the OECS Member States signed the Revised Treaty of Basseterre (RTB) establishing the OECS Economic Union in an effort to deepen the existing level of integration among themselves. The RTB entered into force on 21 January 2011.

The main purposes of the Organisation include promoting cooperation and maintaining unity and solidarity among the Member States; assisting the Member States in the realisation of their obligations and responsibilities to the international community; pursuing harmonised foreign policy to the fullest extent possible; and to be an institutional forum to discuss and facilitate various reforms for development. The establishment of the Economic Union as a single economic and financial space is also a major purpose of the organisation. To achieve these purposes, Member States have committed to implement decisions of the organization under the RTB and to endeavour to coordinate, harmonize and undertake joint actions and pursue joint policies in a range of areas including international trade agreements and other external economic relations; intellectual property rights; and economic integration of the Member States through the provisions of the Economic Union Protocol.

In Article 5 of the RTB provision is made for delegating to the OECS, the authority to legislate in certain areas of competence or to receive acts and regulations and orders made by the Organisation with the intention that the Acts, Regulations and Orders have direct effect in the laws of the Member State. Article 14 sets out the areas of legislative competence which Member States have agreed to accord to the Organisation subject to stated caveats. These include:

- Common market including customs union;
- Monetary policy, the competence in this category to be exercised on the recommendation of the monetary council;
- Trade policy;
- Common commercial policy; and
- Environmental policy.

The establishment and operationalisation of the Economic Union is set out in the Protocol of Eastern Caribbean Economic Union (The Protocol). Article 1 establishes the economic union; Article 2 sets out the objectives; and

Article 3 the principles. The remainder of the Protocol governs the components of the Economic Union including the Customs Union with Free Circulation of Goods (Articles 4 to 10); the movement of persons (Article 12); the development, coordination and harmonisation of policies (Articles 13 to 26) and the free movement and trade in services (Article 27).

The governance framework for the OECS Economic Union is manifested in five Organs that are established in Articles 7 to 12 of the RTB.

- *The OECS Authority*, composed of the Member States represented by their Heads of Government, is the supreme policy-making Organ of the Organisation. It is responsible for and has the general direction and control of the performance of the functions of, and progressive development of the Organisation and the achievement of its purposes.
- *The Council of Ministers* comprises appointed Ministers of Government from each member state. It is responsible to the OECS Authority, takes appropriate action on any matters referred to it by the Authority and having the power to make recommendations. The Council of Ministers has the power to make decisions on all matters within its competence under Article 9. The Council meets in various configurations based upon the subject matter under consideration.
- *The OECS Assembly* comprises five members of the Parliament of each independent Member State and three members from the legislature of each non-independent member state. The Assembly considers and reports to the OECS Authority and the Council of Ministers on proposals to enact Acts or Regulations of the Organisation or any other matter referred to it by the Authority.
- *The Economic Affairs Council* is composed of such Ministers of Government named by the Heads of Government of Member States. The function of the EAC are those entrusted to it under the Economic Union Protocol.
- *The OECS Commission* is responsible for the general administration of the Organisation and comprises the Director-General and one Commissioner of Ambassadorial rank named by each Member State. The Commission is responsible for servicing meetings of the Organs of the Organisation; and (b) taking up action on decisions, recommendations or directives approved at such meetings.

2.1 The OECS Development Strategy

2.2. One of the main objectives of the Economic Union is economic growth, development and international competitiveness by the convergence and coordination of the economic policies of Protocol Member States. Article 13 of the Protocol recognises the OECS Development Strategy (ODS) as an important framework for advancing action towards realising this objective. It also obligates participating Member States to set general and specific developmental objectives arising from the ODS. Up to 2018, this was manifested in the OECS Growth and Development Strategy (OGDS). As stated in the OECS Joint Report at the last review, the OGDS set out a growth and development path for the OECS that took full advantage of the economic leverage inherent in the creation of the single economic and financial space of the Economic Union.

2.3. In 2018, the OECS adopted a new Development Strategy: Shaping our Shared Prosperity 2019 to 2028. This new OECS Development Strategy (ODS) succeeds the OGDS and represents a new systematic approach to holistically respond to the ongoing and emerging threats to the social and economic development of the OECS and its peoples. It reaffirms the commitment of the OECS Member States to achieving sustainable development and takes cognisance of the different levels of national development among Member States as well as the need for Member States to individualize policies and strategies. Consequently, the responses it advances will require action at the national and regional levels. In this regard the ODS will neither replace nor supersede national development plans therefore many items of strategy will be associated with complimentary national and regional actions.

2.4. Like the OGDS before it, the ODS is grounded in Article 13 of the RTB Protocol and thus exists within the symbiotic intervention framework of the Economic Union and the governance apparatus that supports its operation. There is a non-hierarchical relationship between national development strategies and the ODS. The ODS outlines common calculated actions that Members States will jointly and/or individually undertake with the aim of achieving mutually desired outcomes; while, national development strategies are developed in the pursuit of national interest - which includes those objectives that are commonly shared within the OECS Economic Union as well as those that are idiosyncratic to each Member State.

2.5. The ODS has been developed around three pillars:

1. Generating Economic Growth.

2. Promoting Human and Social Wellbeing.
3. Sustainable Use of Natural Endowments.

2.6. In respect of pillar 1, Member States have agreed that the economic growth to be generated should be at a level that allows for a meaningful reduction to the persistently high rates of unemployment that continues to fatigue Member States. The main objective of pillar 2 is to improve the quality of life of every citizen of the OECS territory through equitable and easy access to quality social services, including health, education and social protection services. Pillar 3 is founded on a vision of sustained, inclusive and sustainable socio-economic growth that supports the livelihoods and aspirations of present and future generations of OECS citizens. It seeks to promote and maintain environmental integrity while supporting enhanced growth, productivity, social equity, resilience and adaptive capacity.

2.7. The OECS has received support from the OECD Development Centre for the development of a regional strategy scorecard consisting of 40 indicators that run across the pillars of the Development Strategy (economy, social, and environment), allowing policy makers to set priorities in implementation based on measurable results. The support has also produced, a report that identifies opportunities and constraints, and sets the priorities for the implementation of the ODS: (1) investing in renewable energy, and strengthening regulation, the business environment, and the financial sector; (2) boosting value-added in tourism, expanding digital services, and promoting the sustainable ocean economy and agriculture; (3) closing the skills gap, enhancing the quality of education, and improving social protection.

2.2 The Strategic Planning Framework of the OECS Commission

2.8. Administering, coordinating and supporting the work of the Member States within the Organs of the OECS in the implementation of the RTB and ODS, is the role of the OECS Commission. As one of the principal Organs of the OECS, it is responsible for the general administration of the Organisation. This constitutes functions related to research and analysis, advice, and recommendations, monitoring and reporting, and coordinating the operations and functions of the other organs of the Organisation.

2.9. The functions and responsibilities of the OECS Commission are executed through the Director General of the Organisation having responsibility for the day-to-day administration of the organisation; and the staff of the OECS Commission. Since the last review, the work programme of the Commission has been elaborated within a strategic planning framework that has identified 5 or 6 strategic priorities with related goals to be pursued by the Commission over 6 years with 2-triennium periods. Table 1 below shows the OECS Strategic Priorities for 2018–21.

Table 1: OECS Strategic Priorities: 2018–21

1. Advance, support and accelerate regional trade, economic and social integration	2. Mainstream climate, economic, environmental, and social resilience.	3. Promote and support equity and social inclusion; and leverage the cultural and linguistic diversity of the OECS.	4.Promote Support alignment of foreign policy of Member States with the development needs of the OECS.	5.Align and strengthen the institutional systems of the Commission to effectively deliver its mandate.
• Enable trade and business anywhere in the OECS to operate everywhere in the OECS • Enable every citizen of a MS to travel freely and without hassle with family for work, leisure or residence anywhere in the OECS	• Be better able to adapt and recover quickly from adversity in climate and the environment, economic and social systems	• Create avenues of fairness and impartiality and ensure that no one is left behind • Use its cultural richness and turn its language differences to advantage	• Use our international friendships to advance our development agenda	• Work smarter, reach further, deliver better.

2.10. Through an inclusive and consultative process, involving Member States and staff, a new Strategic Plan for 2021 to 2027 has been developed. Table 2 and 3 below set out the strategic priorities, objectives, and cross-cutting themes.

Table 2: OECS Strategic Priorities: 2021–27

1. Accelerate Regional Integration	2. Reinvent the Economy	3. Value the Environment	4. Build Resilience	5. Advance Equity and Inclusion
• To Facilitate the Establishment of a Functional Economic Union	• To Support the Transformation of Our Economies to Become Globally Competitive	• To Enhance Our Capacity to Leverage Natural Systems for Socio-Economic Development	• To Enhance Our Ability to Plan, Manage, Mitigate and Respond to Disasters and Outbreaks	• To Restore Disparities in Health, Education and Social Outcomes

Table 3: OECS Strategic Plan Cross Cutting Themes

Youth Empowerment	Youth given the opportunity to engage in a national dialogue to shape the future they will inherit.
Partnerships	Forming and maintaining mutually beneficial strategic partnerships including sustainable private sector linkages for the highest quality service
Gender Equity	Considerting the impact on women based on the OECS Gender Action Plan and UNSDG Goal 5.
Innovation	Making the best use of latest developments for improved efficiency, effectiveness and leapfrogging opportunities.

2.11. The 2021-27 Strategic Plan sets out the Commission's understanding of the drivers that will shape the future of the OECS and identifies the approach it will take within this strategic context, and highlights the Commission's priorities in providing value for its Member States and Development Partners.

2.3 Sectoral Developments, Policies and Strategies

2.3.1 Tourism

2.12. Tourism remains the dominant economic sector for the OECS. The share of tourism receipts as a percentage of exports in the Member States is among the highest in the world, with the OECS average in 2019 standing at 57% - well above the Caribbean Community's (CARICOM) average value of 43.6%. Much of the region's employment also relies on tourism, ranging from 35% in Dominica, the lowest level, to almost 90% in Antigua and Barbuda. According to ECCB's estimates for 2019, growth in the hotel and restaurant sector in the ECCU[4] more than tripled, reaching 14.5% in 2019. This trend continued until February 2020, when the COVID-19 pandemic hit the OECS Region. Preliminary arrival data for 2022 reveals that several of the OECS countries have reached 75% of their pre-pandemic stayover arrival figures. However, the intra-regional (Caribbean) market and the Cruise sector has not achieved that level of recovery.

2.13. In the OECS Development Strategy, the specific objective for the tourism sector is to contribute to an environment that maximally leverages in a sustainable manner the tourism sector for generating output and creating jobs, thereby contributing to the attainment of GDP growth and reduced unemployment. The elements of the strategic framework for the sector is as follows:

- Ease of intra-regional travel: implement a system of hassle free travel within the Economic Union; and improve access and transportation.

- Effective Marketing: Develop an OECS Tourism Marketing Strategy; and identify, launch and establish collaborative marketing initiatives for niche tourism.

- Improved Research and Development: Comprehensive, evidence-based analysis and information on the tourism sector to inform policy and decision-making.

[4] Which includes data for Anguilla and Montserrat.

- Sustainable Tourism: Expand Community Participation in tourism; Environmental and Cultural Sustainability; Develop inter-sectoral business linkages; Investment and Product Development; and Human Resource Development.

2.14. The need to strengthen the competitiveness of Tourism in the OECS has been cited, and the advent of COVID-19 has compounded this necessity. Coming out of the pandemic, with the lifting of travel restrictions, Tourism will become even more fiercely competitive globally, as destinations aggressively promote to regain market share. The OECS must boost competitiveness and build resilience.

2.15. The OECS Commission, funded under the 11th EDF RIGHT programme, is undertaking tourism product enhancement through Community-based Tourism, Historic/Heritage Tourism and Tourism Niche Marketing (including culinary, eco-tourism, digital nomad) initiatives, to attract new market segments encouraging value-added visitor experiences and spending. This approach allows for a more inclusive, authentic offering and promotes greater linkages with the agriculture and orange economies.

2.16. With the funding support from the World Bank in 2023/24 the OECS Commission will embark on a comprehensive revision and updating of the OECS Common Tourism Policy (2011), paying particular attention to the inclusion of the Blue Economy to increase competitiveness. The updated OECS Tourism Policy is expected also to contain guidance on sustainable tourism development and climate-smart and resilience policies to foster a prosperous and more equitable tourism industry.

2.17. In 2021, the OECS signed on to the Glasgow Declaration for Climate Action in Tourism. Sensitisation has begun on Climate Action in Tourism and work is on-going on the development and implementation of an action plan.

2.18. At a wider regional level, the OECS has also contributed to the CARICOM Tourism Policy (2021).

2.3.2 Agriculture

2.19. The agricultural sector (including fishery and forestry) accounts for less than 10% of GDP for five of the six OECS countries and for four of the countries Government expenditure on the agriculture sector is less than 1.5 % of GDP. The removal of preferential access to banana and sugar markets in particular over the last three decades) have led to even greater dependence on one economic sector, the tourism sector, resulting in increased economic vulnerability. Growing and diversifying the agricultural sector can increase economic balance and regional prosperity.

2.20. The six OECS countries all import greater than 50% of the food they consume, with four countries importing greater than 80%. There are several imported products that can be replaced by domestic production to reduce the food import bill, increase national and regional food self-reliance and regional economic growth and development.

2.21. In the OECS Development Strategy, the specific objective for the agricultural sector is to increase output and employment in the agricultural sectors, thereby improving livelihoods in the rural economy. The components of the strategic framework are as follows:

- Increasing production
- Expand market opportunities within the OECS

2.22. In the last two years the uncertainty and instability around food and agriculture supply chains have increased the urgency for the Governments of the OECS region to implement a cooperative regional approach to the transformation of their food and agriculture sectors. This increased insecurity of food supplies results from the impacts of the Russia-Ukraine war, the COVID pandemic, climate change, a weak multilateral development cooperation environment and an increasing digital divide.

2.23. The recently completed (May 2022) OECS Food and Agriculture Systems Transformation (FAST) strategy is a response to the call for increased food security, food self-reliance and agricultural development across the OECS. It should also be noted that the FAST Strategy takes into consideration the OECS's commitments within the wider CARICOM 25 by 2025 Food Security Initiative.

2.24. The FAST Strategy is a regional-level strategy that promotes linkages across the OECS countries to create synergies that increase the capacity to address specific priority national and regional challenges. This regional strategy will guide and therefore the interventions championed by the OECS Commission for the next decade and will focus the actions proposed across 7 pillars including governance, implementation and institutional support (pillar 1). In this regard the Commission will develop and institute a projectized approach to the FAST strategy with the first phase being four years in duration.

2.3.3 Manufacturing

2.25. The manufacturing sector is an important generator of employment and contributor to merchandise exports for the OECS. The contribution of the sector to regional GDP has, however, deteriorated since the last review from 4.2% to 3.7% averaging 3.8% from 2015 to 2021. Growth in manufacturing output declined by 0.2% from 2015 to 2021 but grew by 1.5% up till 2019. Main exports of the sector include beverages and spirits, wheat or meslin flour, pebbles, gravel and natural sands, fish and crustaceans, bananas including plantains, animal feed, nutmeg, cartons and boxes of paperboard, paints, cocoa and roots and tubers.[5]

2.26. Despite some successes, the manufacturing sector in the OECS has not reached its full potential. Due to a combination of various factors, including repeated brushes with severe weather events, pressures from lower-cost regional competitors, and significant structural impediments, the sector remains an underdeveloped yet a vital component of the OECS region's economic base.[6] The major challenges that are faced by OECS manufacturers, as documented in several sector studies, are *inter alia*:

1. High cost of energy
2. High cost of labour
3. Limited pool of skilled and semi-skilled labour
4. Small domestic markets
5. High transportation cost
6. Relatively small size of firms
7. Relatively high cost of compliance with export market entry requirements
8. High cost of financing
9. Limited research and development expenditure and support infrastructure
10. Limited incorporation of modern production techniques.

2.27. In addition, the potential of the regional and global export market in some industries has not been adequately exploited because of the small-scale nature of production and/or the inability of many producers to meet certification requirements for market access. In respect to the latter, the small scale of operation is often a factor mitigating against certification as the relative cost (cost as a ratio of expected production) of certification is typically inversely related to operating scale. Furthermore, as MSMEs, many of the operators in the sector are not appropriately resourced to adequately attain critical market information, to assist in penetrating new markets and increasing volume and market share in existing markets (domestic and external).

2.28. In the OECS Development Strategy, the specific objective for the manufacturing sector is to increase the rate of growth in the manufacturing sector as a means of contributing to the realisation of GDP growth and reduced unemployment. The elements of the strategic framework for the sector is as follows:

- Increase production through general sectoral support as well as targeted support for the regional processing and labour intensive tradeables subsectors;

[5] ITC Trade Map. Viewed at: www.oecs.org/en/trade-map.
[6] OECS, 2020, COVID-19 and Beyond.

- Position OECS manufactures as high value-high spend products targeted at the growing number of socio-ecological and health conscious consumers;
- Targeting the opportunities in the regional economy as a vehicle for enhancing growth in the sector;
- Laying a platform for entry into Global Innovation for Local Market (GILM) Industries.

2.3.4 Development of Trade (Exports), MSMEs, Competitiveness, Entrepreneurship

2.29. Increasing trade and particular exports, through enhanced competitiveness, MSME development, entrepreneurship and trade promotion is a priority for the OECS Member States and a key element of OECS regional trade policy. The Competitive Business Unit (CBU) located in Dominica is tasked with this function.

2.30. The pursuit of this task has been through the lens of Micro, Small and Medium-Sized Enterprises (MSMEs) as these firms represent a significant component of the economic engine within the OECS Member States. Preliminary business demography data indicate that 97.7% of private businesses in the OECS are MSMEs. MSMEs contribute significantly to GDP and employment[7] and thus play a pivotal role in economic sustainability and development with respect to jobs, livelihood and well-being.

2.31. The COVID-19 pandemic had a significant and negative impact on the majority of businesses operating in the OECS Member States. Ninety per cent (90%) of businesses responding to an OECS survey[8] and just over 70% in the ECCB Business Outlook surveys indicated that they were negatively impacted. In a Caribbean Export-CDB survey[9] the average response of businesses when asked how the pandemic impacted their businesses on a scale of 1-5 (with 1 being not significantly and 5 being significantly) was 3.85.

2.32. OECS governments implemented various measures to help alleviate the short-term liquidity crisis that many businesses have been facing. While all businesses in general have been affected by the pandemic, micro, small and medium enterprises (MSMEs) have been more strongly impacted. Their smaller size, fewer resources and lower reserves make them more vulnerable to crises and shocks. Furthermore, there are long-term, underlying and inherent challenges that have been facing MSMEs that have been exacerbated and exposed by the pandemic.

2.33. Recognizing the importance of MSMEs, the OECS and other regional governments have developed various policy, legislative and regulatory frameworks to support the sector. At the national level, specific policies and accompanying legislation for MSMEs are in place in five of the six independent OECS Member States. These define, regulate, facilitate the formalisation of, and support the MSME Sector at the national level. At the regional level, Article 53 of The CARICOM Revised Treaty of Chaguaramas commits Member States to adopt appropriate policy measures to encourage the development of competitive MSMEs. The 2017 Regional MSME policy is in pursuit of this mandate.

2.34. The OECS Commission has also recognized the need for a specific regional MSME policy framework and through the CBU has initiated work towards this end. The proposed OECS Policy Framework For MSME Development and Trade Competitiveness will seek to address MSME development and competitiveness at three levels. At the enterprise level, the goal is to enhance the capacity and capability in a number of core areas including accessing inputs, production, standards and quality compliance, marketing and distribution, and leadership and management. At the business ecosystem level, the policy would focus, *inter alia*, on access to financing and financial services including digital financial services, the quality infrastructure, transport and trade logistics and ICT. The OECS has recognised the need to strengthen the enabling environment for business. Attention would be paid to the collection, analysis and dissemination of quality and up to date

[7] The CARICOM Regional MSME Policy document (2017) placed MSMEs' contribution to GDP at 60% with contribution to job creation at 45% in CARICOM Member States.

[8] The survey was conducted between March and April 2020 with 158 businesses responding from OECS Member States.

[9] Conducted between April–May 2020, with 484 responses from CARICOM plus the Dominican Republic. OECS businesses constituted about 26% of the responses

disaggregated data on MSMEs for evidence-based policy making. There is a need for increased formalisation of the MSME sector. Strengthening of the policy, regulatory and institutional framework for research, development and innovation; intellectual property protection, entrepreneurship and digital transformation is also envisioned.

2.35. With support from development partners, several technical assistance and capacity building initiatives are being implemented.

- The *Trade Enhancement in the Eastern Caribbean (TEECA) Project*[10] sought to accelerate trade between the English and French Eastern Caribbean countries and beyond by tackling exportation challenges, boosting the exportation of goods and services, connecting companies in the region, and the development of a market information platform;

- The *Eastern Caribbean Green Entrepreneurship Initiative implemented incubator and accelerator Programmes focused on Sustainable and Green Adoption in Business*[11];

- The *Technology Competitiveness Hub for Innovation and Entrepreneurship* implemented incubator and accelerator programmes focused on technology adoption in business[12];

- The *Regional Integration Through Growth and Harmonization (RIGHT)* programme supports export promotion through a virtual expo, quality assurance improvement and certification, developing an e-learning and mentorship platform, and an OECS entrepreneurship simulator[13];

- The *Digital Skills* component of the *Caribbean Digital Transformation Project* will design and implement frameworks for regional and national digital skills training programmes.

- The *Unleashing the Blue Economy in the Caribbean (UBEC) Programme* will provide USD 6.5 Million airmarked for the implementation of a Matching Grant activity for the direct development of Blue Economy.[14] Well over 200 MSMEs is envisioned to benefit from this programme.

3 TRADE POLICY AND INSTITUTIONAL FRAMEWORK

3.1 Trade Policy in the OECS

3.1. Trade policy has been defined as the various courses of actions and the practices that governments adopt to influence and regulate the composition, level (quantity and value), and direction of trade (imports and exports).[15] For the small highly open, island developing states of the OECS, the primary preoccupation in the formulation, development and implementation of trade policies continues to be the need to expand and diversify their exports; the need to enhance their trade competitiveness in order to achieve this; and the need to more effectively participate in and leverage the opportunities, rules, development support and flexibilities that exist in the range of trade agreements and instruments to, and of which, the OECS Members States are parties and beneficiaries. This focus stems from the set of physical characteristics, circumstances, and contexts of the OECS Members States and which has framed their trade and development trajectories over the past decades. These include the composition of their economies, the overall trade performance and position, and the narrow composition and orientation of their trade, particularly exports.

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[10] Funded by Interreg Europe.

[11] Funded by the Global Green Growth Institute (GGGI) through the Qatar Fund for Development.

[12] Funded by the Compete Caribbean Partnership Facility.

[13] Funded under the 11th EDF RIGHT Programme.

[14] Funded by the World Bank (Grant and Loans) and benefitting Grenada, Saint Lucia and Saint Vincent and the Grenadines.

[15] Viewed at: https://www.studysmarter.co.uk/explanations/microeconomics/market-efficiency/trade-policy/; http://ctrc.sice.oas.org/trc/CommonPages/TradePolicy_e.asp; https://www.igi-global.com/dictionary/trade-policy/52533; https://www.thebalancemoney.com/what-is-trade-policy-5217002;

3.2 Strengthening OECS Trade Policy Coordination

3.2. With the signing and entry into force of the Revised Treaty of Basseterre, the OECS Member States have committed to coordinating the formulation and implementation of their trade policy at the OECS level. Under Article 4.2 Member States agreed to endeavour to coordinate, harmonise, and undertake joint policy actions and pursue joint policies in a number of areas in or related to trade policy. In Article 14.1, Member States agreed to accord to the Organisation under Article 5.3 and subject to Article 5.4 legislative competence in relation to, *inter alia*, trade policy. While in Article 18 of the Protocol, Member States agreed to establish institutional arrangements at the Protocol Member State level to prosecute common trade policies with respect to third countries or groups of third countries.

3.3. At the ministerial or political level, the Council of Ministers: Trade (CoM-Trade) is the focal organ for trade policy making in the OECS. It is responsible to the OECS Authority to take appropriate action on any trade policy matters referred to it by the OECS Authority and shall have the power to make recommendations to the OECS Authority. At its Fourth Ordinary Meeting held on 24 November 2022, the Council adopted a more structured and regularised agenda for its meetings and agreed to having two meetings annually.

3.4. At the technical level, trade policy coordination has been driven by senior trade officials. Previously and until recently this was in the form of an OECS Trade Negotiations Group (TNG) which was established by the OECS Authority in June 2002. The TNG's membership comprised trade officials and representatives of the private sector from each Member State and the staff of the TPU of the OECS Commission. The primary objective of the TNG had been to facilitate the formulation of OECS positions on external trade negotiations issues by assisting member states in their participation in all trade negotiations fora and to provide a formal mechanism for engagement of national public and private sector representatives on trade-related matters. The last and 22nd meeting of the TNG was in December 2016. Since then, Senior Officials or Technical Working Groups have been convened to discuss and address specific matters or to coordinate on specific issues.

3.5. In 2019, with support under the EU-funded ACP TradeCom II Programme, work was undertaken to strengthen the technical and coordination capacity of the OECS to assess, evaluate, represent, and advance its economic integration and trade policy interests at the regional, bilateral, and multilateral levels. The following were key interventions of technical assistance and capacity building completed under the project.

- Scholarships for two cohorts of students to pursue Master of International Trade Policy Scholarships funded - 31 scholarship awardees.

- Six short courses in trade related areas in the following areas completed by UWI (at least 100 persons from the OECS trained).
    - Competition Law and International Trade Policy
    - Caribbean Community Law and the Caribbean Court of Justice
    - Customs and Customs Administration in CARICOM/OECS
    - Trade and the Blue Economy
    - Trade Negotiations, Cooperation and Leadership
    - International Trade Policy for the Business Professionals

- ITC Analytical tools (Trade Map and Market Access Map) embedded on the OECS website to improve access to trade related data.

- Three value chain studies completed on cocoa, roots and tuber.

3.6. Another result of the project was the recognition of the need to for the development of a single, modernized and strengthened OECS trade policy development, consultative and coordinating mechanism, led at the top by the OECS Council of Ministers of Trade, advised by an OECS Trade Policy Committee (TPC) with inputs from National Trade Policy Framework in each Member State and supported by the OECS Commission. At its Fourth Meeting on 24 November 2022 the CoM-Trade endorsed the establishment of an OECS Trade Policy Committee.

3.7. Support for the work of the CoM-Trade and the TPC is provided by the Trade Policy Development Unit (TPDU) of the Economic Affairs and Regional Integration Division of the Commission. The TPDU services and provides analysis, advice and recommendations to CoM-Trade and TPC. At the Multilateral level, the Permanent Delegation of the OECS in Geneva also provides technical services including representing the trade and development interests and concerns of the OECS principally at the WTO and collaborates with the TPDU in the coordination of OECS positions on the work of the WTO.

3.8. Increasing the capacity of OECS Member States and their constituent stakeholders to more effectively engage in trade policy implementation within the OECS trade policy coordinating framework is a key concern of the OECS Commission. The Commission has, therefore, engaged development partners such as the WTO, UNCTAD, ITC, UWI-SRC, and others to provide technical assistance and capacity building activities to Member States. This would include organising short courses and training programmes to build the capacity at various levels and areas in the Member States. Delivering work products that can contribute to increasing knowledge on trade policy issues is also a goal of the TPDU. This ranges from the ongoing reports, working documents and technical papers to publish a periodic OECS Trade Report and an annual trade performance review report.

3.9. A significant constraint to the effectiveness of OECS Trade Policy Coordination is the current limitations in human resources at the TPDU. Given the scope of work involved in trade policy-making at the OECS, the TPDU currently staffed by two technical officers is severely under-resourced. A further challenge is the inability to identify and secure qualified and experienced individuals to fill the human resource gaps. The cadre of international public servants is limited by the type of skills and competencies and experience required.

3.10. Efforts are being made to implement strategies and approaches to obtain the required human resources through a rotation of short attachments and internships which will also provide capacity building and experience to the incumbent trade officials within Member States but also to qualified persons in the private sector. Engagement with development partners will also be undertaken to obtain short- to medium-term technical assistance to support specific initiatives such as the operationalisation of the Customs Union.

3.3 Supporting National Trade Policy Making

3.11. At the national level, trade policy making is led by the Ministry designated with the portfolio usually with the nomenclature "Trade", "External Trade" or "Foreign Trade". This Ministry would be responsible through the Minister to the Cabinet which is responsible for setting policy and to Parliament which sets the legislative and regulatory through laws and regulations enacted.

3.12. Trade policy formulation and implementation involves the Permanent Secretary, Directors of Trade and other trade officials of the Ministry along with counterparts in the relevant Ministries, Departments and Agencies of the public sector. Outside the public sector are the whole range of non-state actors including the Private Sector and Civil Society who are the actual actors in trade or which are affected by it. These include the economic operators, business support organizations and other collective representative associations. This requires the existence of a structured and robust consultative, deliberative and decision-making framework to ensure effective policy coordination and coherence.

3.13. Another output of the ACP-TradeCom II project was a best practice manual and terms of reference for the establishment of national trade policy committees in each Member State. Ministers at the 4th CoM-Trade recognised the critical importance of having at the national level a functioning, effective and inclusive consultative, deliberative and decision-making mechanism for the identification and articulation of trade policy interests and concerns and recommended that Member States take steps to establish or strengthen their national trade policy frameworks taking into account the best practice manual and the terms of reference.

3.4 Private Sector Engagement

3.14. The OECS Member States and Commission recognises the critical need for private sector involvement in trade policy formulation and implementation. The public sector implements policies, laws, regulations that create the enabling environment for trade to take place, but it is the private sector which produces the goods and services for trade. It is also recognised that the two sectors on their own cannot effectively and efficiently address inherent failures on both sides. Public-Private dialogue promotes transparency, good governance and accountability; creates greater trust, understanding, certainty, predictability and confidence in the private sector; and provides the basis for effective business advocacy in policy formulation and implementation.

3.15. In 2015, to have the private sector play a more substantive role in the economic affairs of the region a private sector body called the OECS Business Council (OBC) was commissioned and established in July 2015. The OBC's governance structure is made up of an Executive Board led by an appointed President. Executive Members are National appointees stemming from the private sector from each Member State. The objective of the OBC is to provide an avenue to bring all major business players to the table to begin to form an autonomous voice that can speak to governments with authority regarding the types of policies, incentives and infrastructure required to improve the ease of doing business in the OECS.

3.16. In the years of its existence, the OBC experienced several challenges that hindered the fulfilment of its mandate and attainment of its objectives and led to its dormancy. These included:

- Lack of sustainable technical support;
- Weak institutional capacity for full time operations;
- Weak framework for the National Representation constitutional setup of the OBC;
- Absence of a governance framework; and
- lack of sustainable resources to ensure the longevity of the Council operations.

3.17. The OECS Commission, with resources under the R.I.G.H.T Programme is now actively seeking to revitalise and strengthen the OECS Business Council so that it can effectively advocate and represent the interests of the private sector in the work of the organs of the Organisation. Key deliverables for this revitalization programme will be to establish and develop managerial, operational and service delivery strategies, programmes, systems and procedures for the OECS Business Council to achieve the following: Strengthened Leadership and Direction of the OBC, Improved Resources and Processes, Development of a Relevant Portfolio of Products and Services for OBC's Membership, Establishment of an Effective System for Setting Results and Measuring Achievements and the development of a Virtual Secretariate for the OBC.

3.18. The OECS Commission is also seeking to develop an Integrated Regional Private Sector Trade Facilitation and Engagement Strategy to broaden and deepen the holistic encouragement of the private sector in advancing strategic solutions that lower transaction costs and improve the capacity of the OECS Private Sector to compete effectively. The intended purpose of the Strategy is to provide a regional strategic approach to the design and implementation of practical, thoughtful, and visionary private sector engagement measures to contribute to the advancement of trade facilitation reform measures in OECS Protocol Member States.

3.19. The main output of the assignment is a six-year OECS Regional Private Sector Trade Facilitation and Engagement Strategy. While the focus of this initiative is on trade facilitation, the outputs and outcomes will contribute to private sector engagement on the wider trade policy spectrum. At the Fourth Meeting of the OECS Council of Ministers for Trade held on 24 November 2022, the elements of the strategy endorsed and the OECS Commission, Member States Senior Officials and the private sector stakeholders requested to establish the institutional arrangements for its implementation.

4 REGIONAL INTEGRATION

4.1 Implementation of the Eastern Caribbean Economic Union (ECEU)

4.1. Article 1 of the Protocol of Eastern Caribbean Economic Union of the Revised Treaty of Basseterre established the ECEU. The Protocol goes on to set out the objective and principles of the

ECEU as well as provisions for the implementation and operationalisation of the various components as aspects of the ECEU.

4.1.1 Movement of persons

4.2. As reported at the last review, the full free movement of OECS citizens within the Economic Union commenced in August 2011. This undertaking allows for OECS citizens to enter the participating Member States to enter and remain for an indefinite period in order to live, work, establish businesses, and provide services without the requirement of work permits. The free movement of OECS citizens throughout the Economic Union is underpinned by the requisite legislation and facilitated by necessary administrative mechanisms. This includes the ability to travel and enter using official forms of government-issued identification such as a driver's license or social security card. The OECS is working towards the development of an OECS ID verification system using innovative technology to achieve a strengthened citizen identity platform to be used across the Economic Union.

4.3. The OECS Commission has also been working with Protocol Member States to further enable the citizens' rights to move freely in the ECEU with support under the EU EDF 11 funded RIGHT Programme. A framework for the portability of maternity, sickness, funeral grants, and other such short-term benefits has been developed. Once enforced, OECS citizens and their family members will no longer lose short-term social security benefits during the initial period of their relocation to another PMS. In 2015 at the 62nd Meeting of the OECS Authority, a Contingent Rights Policy was approved and work is underway for its full implementation. An OECS Contingent Rights Model Bill is under consideration to provide general and social rights and guidelines for the treatment of third-country spouses, children and dependents of citizens of the Protocol Member States. Work is also ongoing to develop and strengthen the border management system for the movement of people. The goal is to have a Single Border Space in the ECEU through robust and harmonious immigration practices, policies and systems across the ECEU. It will also mean single entry and processing for third country nationals. Under the RIGHT Programme, this goal will be advanced through investments in technology and human capacity building at the border.

4.1.2 Establishing the OECS Customs Union and Free Circulation of Goods

4.4. The Eastern Caribbean Economic Union will have a customs union for which a Common Customs Tariff (CCT) is to be applied at the border on goods imported from third countries (RTB Protocol Article 4.1). Until such time as the CCT is adopted, the CARICOM Common External Tariff (CET) functions as the CCT (RTB Protocol Article 6). Within the customs union, goods originating from within the Union and goods from third countries that have cleared all import procedures and regulations at their first point of entry will circulate freely with little or no restrictions or interference (Article 10).

4.5. To operationalise the customs union, a harmonised border management system with a dual border structure will be established. An external border will govern the importation of third country goods into the Union space while an internal border will monitor and supervise the free circulation of goods with little or no interference or restrictions by customs and other border regulatory agencies. All constituent parts of the external border will be harmonized to function with the same standard operating procedures for documentary checks, physical inspections, and technical requirements. A project to develop a harmonised regional risk management system has just commenced[16] while a project for establishing a Maritime Single Window (MSW) for the OECS through the upgrade and expansion of the Advanced Passenger Information System (APIS) and Advanced Cargo Information System (ACIS) in the Protocol Member States is being implemented by CARICOM IMPACS.[17] ICT will be leveraged for the interconnectivity of border agencies for information sharing and collaboration.

4.6. A harmonised border tax structure will also be implemented. A CCT will be adopted built on the CARICOM CET with the further harmonisation of tariff rates among OECS Member States wherever such flexibilities are allowed within the CET. It is well recognised that the CET in its current structure and application is not fit for the purpose of a Customs Union. The OECS CCT will therefore build on

[16] EDF 11 RIGHT Programme.
[17] Caribbean Development Bank (CDB) and the CARIFORUM-EU EPA and CSME Standby Facility for Capacity Building.

the current efforts of CARICOM Member States to review and reform the CET (see 5.2.1 below). In addition to the adoption of a CCT, OECS Member States are also working towards the harmonization of the non-tariff border taxes and charges. Furthermore, a mechanism for managing the border tax revenues collected will need to be in place to handle any revenue sharing and reallocation needed that may be needed.

4.7. Five pieces of draft legislation have been prepared and are at various stages of consideration at the national and regional level to round out the legislative and regulatory framework for the Customs Union. Bills on Animal Health, Plant Health, Food Safety, Customs and Standards provide the legislative framework for the harmonised border management system. An institutional framework to drive the work and process has also been developed. It consists of a national working group in each Member State; A regional working group and sub-committees on Customs, SPS, TBT and Port Management.

4.8. A roadmap towards completion of the implementation has been approved by the EAC and the Authority. However, after an interruption in the momentum between 2016 and 2021, the Commission is now revitalising the work with the reconstitution and reactivation of the institutional framework and the updating of the roadmap and implementation timelines.

4.1.3 Implementation of the OECS Free Trade in Services Regime

4.9. Under Article 26 of the RTB Protocol, Member States committed to work towards the progressive harmonization of policies on the services sector including where advisable the adoption of common policy towards development and regulation of the services sector. Article 27 provides for the right of establishment and the freedom of trade in services in the Economic Union.

4.10. In 2016, with assistance from the International Trade Centre the Commission undertook a an OECS Regulatory Assessment on Services Trade and Investment (OECS RASTI), to assess the horizontal regulatory framework and institutional setting, outline the main challenges to services expansion and identify the broad laws and measures affecting operations in accountancy and auditing; architecture and engineering; medical services and dentistry; nursing and midwifery and management consultancy services. The eleven elements defined in the CARICOM Regional Strategic Action Plan for Professional Services formed the basis for the comprehensive Regulatory Assessment on Services Trade and Investment (RASTI) in OECS Protocol Member States and the subsequent development of a Five-Year Action and Implementation Plan for Harmonising the regulatory and legislative policy environment for four targeted sub-sectors.

4.11. The OECS RASTI was followed by the preparation of a Diagnostic Assessment Report in 2018 and Action and Implementation Plan to establish a Work Programme for OECS Member States to address liberalisation of trade in services consistent with the Revised Treaty of Basseterre and to further promote the operationalization of the OECS Economic Union, particularly in respect of the Right of Establishment and Freedom of Trade in Services Regime, governed by the provisions and principles of Article 26 and 27 of the Protocol to the Revised Treaty of Basseterre. These key actions and activities to be undertaken over a recurring five (5) year implementation period are expected to promote reforms necessary to achieve unhindered market access in a single economic space and in trading relations with third parties.

4.12. Currently with resourced under the 11 EDF RIGHT Programme the OECS is seeking to advance the legislative and regulatory reforms, including the drafting and updating of relevant pieces of legislation to remove discriminatory and differential treatment of OECS nationals in relevant services sectors, subsectors and areas of economic activity. The establishment of a Services Trade Information Portal is also being advanced to improve transparency and accessibility of OECS Laws and Regulations for Business Services.

4.2 The CARICOM Single Market and Economy (CSME)

4.13. The creation of a single market and economic space including ultimately a customs union with the free circulation of goods is also a stated aspiration of CARICOM Member States under the Revised Treaty of Chaguaramas (RTC). While major achievements have been achieved in the area of free movement of certain categories of people, free trade in services and the rights of establishment, much remains as work in progress and with some gaps remaining in the CSME project including inbuilt agendas in the RTC.

4.14. As a more deeply integrated sub-regional grouping within CARICOM, the OECS can provide leadership to shape and influence the implementation of the CSME and ultimately the establishment of the CARICOM customs union.

4.2.1 Trade in Goods

4.15. With regard to trade in goods, OECS Member States along with the rest of CARICOM continue to focus on the full compliance by Member States with the RTC and COTED Decisions regarding the implementation of the CET and the rules governing the granting of CARICOM origin treatment. The various derogations, exemptions and suspensions allowed by the treaty and the varied implementation among Member States, have resulted in a very uncommon applied border tariff structure among the CARICOM Member States. A review of the CET is currently underway to agree on reforms to the structure and the allowed flexibilities. The OECS Commission is providing technical support and coordination to OECS Member States for their full and active engagement in the CET review process. This includes a recognition that any flexibilities that continue to be allowed in the revised CET for CARICOM Member States will need to be harmoniously utilised among all OECS Protocol Member States to achieve the CCT needed for the OECS customs union.

4.16. The CARICOM rules of origin, which under the RTB applies *mutatis mutandis* for the ECEU, is also under review by CARICOM.

4.2.2 Trade in Services

4.17. During the period under review, the OECS Protocol Member States, working with the CARICOM Secretariat continued efforts towards the development and implementation of a Regional Services Sector Action Plan, to give effect to the requirements of Chapter III of the Revised Treaty of Chaguaramas and by extension the requirements of Article 26 of the Revised Treaty of Basseterre.

4.18. Six Strategic Action and Implementation Plans for Financial Services, Information Communication and Technology (ICT), Professional Services, Tourism Services, Education Services, Health and Wellness Services, Recreational, Cultural and Sporting Services together with a Draft Framework and Action Plan for the Single Registration of Professionals in CARICOM Member States, were developed. The Regional Services Sector Action Plan seeks to address eleven elements namely External Environment; Goal; Policy; Legislation; Human Resource Requirements; Incentives; Financing Requirements; Technological Needs; Constraints; Cross-sectoral Linkages; Other.

4.19. There is an ongoing process with the development of a Draft CARICOM Regional SWOT Analysis to accompany the seven strategic plans for seven priority sectors, which once approved by the Council for Trade and Economic Development would be used by all stakeholders within the Community, including regional Agencies and Institutions, as the official sub-sector SWOTs when interfacing with international donor partners (IDPs). More recently additional SWOTs for the Renewable Energy and Transportation sub-sectors have been completed.

4.20. CARICOM also has a supporting Draft Master Strategy and Implementation Plan, that is based on a three tier approach viz (i) Stage 1 – COVID-19 Responses; (ii) Stage 2 – Transition and (iii) Stage 3 - Resilience and Sustainability to lesson the implementation burden given the constraints on existing manpower in Member States.

4.2.3 Chapter 7 of the RTC

4.21. OECS Member States are also concerned with the implementation of Chapter 7 of the RTC which provides for special and differential treatment of the designated Less Developed Members of CARICOM. Article 164 is one of the more actively operational provisions which allows for the suspension of CARICOM Origin Treatment on a list of specified products and thus a related suspension of the CET for these products to allow the OECS Member States along with Belize apply import duties on imports from the More Developed Countries of CARICOM and higher than the CET rates on imports from third countries. The last suspension became effective 1 January 2019 for ten years for 26 products and 5 years for 2 products.

4.22. The Community is also to provide support measures and the industry to implement necessary programmes to achieve competitiveness. At the 53rd Meeting of COTED in November 2021, CARICOM agreed to a five-year work programme of support measures for Article 164 enterprises. Financing for the work programme is to come from the CARICOM Development Fund and other regional institutions and development partners. The CARICOM Secretariat, in collaboration with the CDF and Member State representatives from the OECS and Belize, are to coordinate the management and implementation of the programme of financial and technical assistance for the Article 164 regime of support measures.

4.2.4 Protocol on Enhanced Cooperation

4.23. In March 2022, the CARICOM Heads of Government adopted a "Protocol to Amend the Revised Treaty of Chaguaramas Establishing the Caribbean Community including the CARICOM Single Market and Economy to allow Enhanced Cooperation among Member States and to address Related Issues". It provides for groups of at least three Member States to seek to establish Enhanced Cooperation among themselves in areas where they feel the targeted objectives cannot be attained within a reasonable period by the Community as a whole. Approval to pursue the Enhanced Cooperation will require the support of two-thirds of the membership of the Community. This Protocol provides the legal cover under the RTC for the existence and operation of the OECS Economic Union within the CARICOM and the CSME.

5 BILATERAL TRADE AGREEMENTS

5.1 CARICOM Bilateral Arrangements

5.1. CARICOM has concluded five bilateral trade agreements of varying breadth and depth with regional partners over the years. Three are partial scope trade agreements with Venezuela (1992), Colombia (1994) and Cuba (2000) and two are free trade agreements with the Dominican Republic (1998) and Costa Rica (2004).

5.2. The OECS Member States have not been required to reciprocate to grant preferential access to imports under these agreements. However, because of the precedence made under the CARIFORUM EU and UK EPAs where the OECS has granted preferential market access albeit asymmetrically, it is be anticipated that this position will be challenged soon and in the case of the Dominican Republic, CARICOM is required under the EPA to grant at least same treatment to the DR as was granted to the EU and UK.

5.3. CARICOM and Columbia have begun Negotiations on Expansion of Preferential Market Access under the CARICOM-Colombia Agreement. CARICOM has just received a request from Costa Rica for Engagement in the Committee on Market Access Established under the Free Trade Agreement (FTA) between CARICOM and Costa Rica.

5.4. While the OECS do not grant preferential market access under these agreements, it does shape the positions taken by CARICOM in negotiations. OECS export interests in the MDCs can influence which tariff lines are offered for market access concessions by CARICOM.

5.5. Trade between the OECS WTO Members and the partners under these agreements have been inconsistent and largely in the favour of the partners. From 2015 and 2021, the negative balance of trade averaged USD 52 million with Colombia, and USD 6.5 million, USD 5.3 million and USD 4.3 million with the Dominican Republic, Venezuela and Costa Rica. A tiny positive balance was observed with Cuba at USD 0.02 million. Exports are very low. Data[18] shows average exports since 2015 ranging from USD 24 million to the Dominican Republic, USD 1.2 million and USD 2.3 million to Costa Rica and Colombia to less than USD 0.4 million for Cuba and Venezuela.

5.6. Much work therefore needs to be done to leverage the market access granted under these agreements to expand exports.

[18] ITC Trade Map. Viewed at: http://oecs.org/en/trade-map.

5.2 CARIFORUM-EU and UK Economic Partnership Agreement

5.7. The Economic Partnership Agreement (EPA) between the EU and the 15 Caribbean Forum of OACP States (CARIFORUM) including OECS Member States, is fourteen years into implementation. The withdrawal of the UK from the EU necessitated the transposition of the commitments of CARIFORUM and the UK under the CF - EU EPA to a new CARIFORUM - UK EPA. The roll-over process was completed and the CARIFORUM - UK EPA began to be provisionally applied between CARIFORUM States and the UK from January 2021.

5.8. Implementation of commitments under the two agreements and the realisation of the expected benefits to the economies and the relevant economic actors are the key concerns of both sides currently. This includes implementation of the tariff cuts on EU and UK imports by CARIFORUM; addressing the concerns of both parties but primarily CARIFORUM regarding the low and/or uneven level of export to the EU and UK; and the challenges faced in operationalising the market access granted by the EU particularly in services. There are also a range of other implementation issues such as the HS transposition, identifying and addressing non-tariff measures, rules of origin, and fees and other charges. For services these include concluding mutual recognition agreements for exports of professional services, and addressing the challenges encountered by exporters of services.

5.9. The CARIFORUM-EU EPA is currently undergoing its second five-year review which is meant to identify and provide recommendations for addressing the challenges to implementation, to leveraging opportunities and to the realisation of the expected benefits.

5.10. OECS Member States and the Commission have recognised the need to engage in active monitoring and evaluation of implementation of the EPAs. This includes monitoring of trade performance and identification of issues and challenges to investment, production and trade under the EPAs. OECS full participation in the organs and committees of CARIFORUM and the institutional bodies of the EPA is critical.

5.11. Efforts to enhance trade performance under the two agreements through actions to address challenges faced in the export market and to address the supply side constraints is a priority. Also a priority is the operationalisation of the development cooperation provisions under the two agreements to support these efforts.

6 NON-RECIPROCAL TRADE AGREEMENTS

6.1. OECS Member States continue to be eligible for the preferential market access granted under two non-reciprocal and unilateral trade arrangements in the hemisphere – the Caribbean Basis Initiative (CBI) and the Caribbean-Canada Trade Agreement (CARIBCAN). OECS Member States welcomed the decision of the General Council of the WTO in 2015 to approve the last request for an extension of the waiver for both the CBI and CARICAN to 2025 and 2023 respectively. Based on OECS export trade performance to the US and Canada, there remains much room for increasing the participation of the OECS economic operators in the CBI and CARIBCAN. The Commission intends to work with and support Member States and the private sector to enhance trade competitiveness and to explore and take advantage of export opportunities under these two arrangements.

7 MULTILATERAL TRADING SYSTEM - THE WTO

7.1. The Member States of the OECS continue to place a high level of priority on a fair, equitable, open, transparent, inclusive and rules-based multilateral trading system that meets the needs of all its members, particularly developing countries, and more so SVEs and LDCs.

7.2. Due to the small size of their economies and the inherent power imbalance which flows from this, OECS countries rely on a functioning and rules-based multilateral trading system, with the WTO at its core, to help in safeguarding its fundamental interests.

7.3. Notwithstanding the small size of OECS countries and their economies, they nonetheless see themselves as playing a meaningful and constructive role in the decision-making process of the multilateral trading system. In particular, the OECS-WTO Member States maintain the position that trade negotiations and relations between developed and developing countries and LDCs must be conducted on the premises of asymmetry and special and differential treatment in favor of the latter of the two parties. Such principles require that special consideration be given to the needs of developing countries and LDCs whose capacity and resource constraints have created significant development gaps relative to their more developed counterparts.

7.4. Since the last OECS trade policy review, many developments have occurred on the multilateral and plurilateral trade agenda, including, but not limited to the entry into force of the Trade Facilitation Agreement (TFA); the conclusion of a Fisheries Subsidies Agreement, albeit with outstanding elements to be negotiated; the launch of several Joint Statement Initiatives (JSIs), namely with respect to Electronic Commerce, Investment Facilitation for Development, Domestic Regulation in Services, Micro-Small-and-Medium-Sized-Enterprises (MSMEs), Women's Economic Empowerment, Plastics Pollution and Environmentally Sustainable Plastics Trade, Trade and Environmental Sustainability, and Fossil Fuel Subsidy Reform. Issues relevant to agriculture, WTO reform, the E-Commerce Work Programme and Moratorium, and services, are also of significant importance to the OECS.

7.5. On the TFA, the estimated rate of implementation in the OECS ranges from a low of 39% to a high of 97%. The average rate of implementation for the six OECS WTO Members is roughly 68.5%. Challenges with respect to implementation largely revolve around institutional gaps, as well as human and financial resource constraints. It should be noted that OECS Member States, classified as high-income, continue to face challenges in accessing concessional funding to assist with their TFA implementation as well as in benefiting from certain technical assistance activities.

7.6. The OECS recognises the work of the WTO Secretariat, including the Trade Facilitation Agreement Facility (TFAF). The OECS is particularly pleased to have been involved in the sub-committee established to advance work on the TFAF Workplan 2023. The TFAF has been extremely beneficial to OECS countries and OECS Members look forward to the continuation of this constructive relationship.

7.7. The OECS is extremely pleased that after over two decades of negotiations, WTO Members were finally able to achieve an outcome on fisheries subsidies at MC12. The OECS engaged actively in the negotiations, including through the CARICOM and ACP Groups, and looks forward to the completion of the outstanding work on Overcapacity and Overfishing. Key to concluding this work is for WTO Members to agree on what constitutes appropriate and effective special and differential treatment, as per the mandate outlined in SDG 14.6. For the OECS, a small players exemption is essential to provide sufficient policy space to developing countries and LDCs to further develop their fisheries sector in a sustainable manner.

7.8. On JSIs in general, All OECS WTO Members are co-sponsors of the initiatives on MSMEs and Women's Economic Empowerment. Three OECS WTO Members – Antigua and Barbuda, Dominica and Grenada are active participants in the JSI on Investment Facilitation and have made concrete proposals on special and differential treatment, technical assistance and capacity building, needs assessments and home state measures. No OECS country participates in the other JSIs, largely because of capacity constraints, both in Geneva and in capitals. The OECS believes that Members ought to find a way to integrate the JSI discussions into the multilateral fold.

7.9. Concerning agriculture, the OECS remains disappointed that the 12th Ministerial Conference did not yield a concrete outcome on the agriculture negotiations. The threat of food insecurity continues to hang over OECS Members due to geopolitical forces, inflation, choked supply chains and the impacts of climate change. As Net Food Importing Developing Countries (NFIDCs), OECS Member States are exposed to threats of severe proportions. Given the fragility of our agriculture sector, the OECS has an interest in maintaining the status quo with respect to Article 6.2 – Domestic Support, and where possible, WTO Members may even need to explore what additional flexibilities can be granted to small vulnerable economies (SVEs) to safeguard their food security and boost domestic production. Here, the Nairobi Ministerial Decision of 2015 might be instructive, where it was agreed to address in every area of WTO work, and in a substantive and meaningful manner, the needs of SVEs, and to favourably consider the adoption of such measures as would facilitate their fuller integration into the multilateral trading system, and to take into account the needs of SVEs in all areas of negotiations, without creating a sub- category of WTO Members.

7.10. With respect to WTO reform, the OECS assigns a high level of priority to this work. The OECS recognises that in terms of the regular work of the WTO across its various functions, reform is likely to be incremental. Nonetheless, the OECS maintains that the work on WTO reform must remain Member-driven, open, transparent and inclusive. This is of necessity, both because these are foundational principles of the WTO, and because of the small size of many delegations which ought not to be left out of these conversations. The OECS is concerned at the ongoing impasse in the dispute settlement system, particularly as it relates to the Appellate Body (AB) which has collapsed. The OECS is committed to engaging meaningfully in discussions to resolve challenges in the dispute settlement system, including a resolution on the AB impasse by 2024 as pronounced on by Ministers at MC12. The OECS also remains committed to having a two-tiered dispute settlement system. All discussions on reform of the dispute settlement system must take into account the special needs and circumstances of developing countries and LDCs, with a view to ensuring that the system is equitable, accessible and cost effective for these Members.

7.11. With respect to the E-Commerce Work Programme, any objective review of its results in the past two decades would suggest that it has not produced concrete outcomes, with the notable exception of the periodic renewal of the Moratorium on customs duties on electronic transmissions. Since 1998, the OECS WTO Members have supported both the renewal of the E- Commerce Work Programme and the Moratorium owing to the enormous potential of e-commerce and digital trade, as well as the need to provide a stable and predictable environment for the private sector to pursue e-commerce development. Nonetheless, there is a recognition that more can and should be done to ensure that developing countries, including least-developed countries (LDCs), can extract greater benefits from the Work Programme, particularly from the perspective of development. The OECS supports an intensification of the discussions on the Work Programme, including the development dimension. Furthermore, to achieve more meaningful outcomes on the Moratorium, particularly on issues of definition, scope and impact, the OECS also believes that an objective assessment or study would be a useful way forward.

7.12. In the area of services where the OECS has some competitive advantage, there still exist several market access barriers within other WTO Member States of interest which have prevented OECS service providers from enjoying greater success in penetrating those markets. These barriers entail lack of equivalency and mutual recognition of qualifications, residency requirements, and some mandatory requirements to establish commercial presence.

7.13. Furthermore, the OECS reiterates the importance it attaches to the work of the Committee on Trade and Development (CTD) and particularly the work programme on small economies as contained in several Ministerial Declarations and Decisions, most recently Ministerial Decision WT/MIN(22)/25 of the 12th Ministerial Conference of the WTO held in June 2022. The OECS intends to play an active and constructive role in the CTD's Dedicated Session on Small Economies, including the work on integrating small economies into the post COVID-19 economy, and other topics.

7.14. Finally, the OECS Member States remain committed to the successful conclusion of the Doha Development Agenda negotiations in accordance with the mandates and Members decision to place development at the core of the outcomes. For this reason, the OECS remains concerned that some Members view the DDA as obsolete.

8 CONCLUSION

8.1. This period of review of the OECS-WTO Member States' trade policies and procedures was plagued by the effects of the COVID-19 pandemic, the volcanic eruption in Saint Vincent and the Grenadines and a series of natural disasters in the region, including those induced by climate change. This helped to further strain the already limited human and financial resource capacities of these economies. Nonetheless, the OECS remained resilient and committed to the process of meeting its obligations under the multilateral trading system.

8.2. The effects of the pandemic were particularly deleterious, with data from the Commonwealth Secretariat revealing that the pandemic resulted in GDP loss of USD 1.2 billion; output loss as high as 28%; and a loss of USD 800 million in global exports for OECS WTO Members during the first year of the pandemic.

8.3. Furthermore, tourism, perhaps the single most important sector for OECS countries, also came to a halt during the first 18 months of the pandemic. OECS economies are among the most tourism-dependent in the world. Tourism accounts for a significant share of direct output in the OECS. Therefore, COVID-19 would have savaged a vital cog of the region's economic machinery.

8.4. There has been evidence of economic recovery since the worst of the pandemic has passed. However, such has been the impact of the pandemic that it is unlikely that the trade and economic losses suffered will be recovered in the short-term. Historically, OECS countries, like other small island developing states, also take much longer to recover from exogenous shocks.

8.5. Notwithstanding the many challenges, OECS Members take courage from the successful conclusion of the 12^{th} Ministerial Conference in June 2022. The OECS looks forward to building on this momentum so as to achieve comparable or even more significant progress at the 13^{th} Ministerial Conference across all relevant WTO issues. The OECS pledges its commitment to continued constructive engagement in the WTO.

ANTIGUA AND BARBUDA

1 ECONOMIC ENVIRONMENT OVERVIEW

1.1. The twin-island state of Antigua and Barbuda is located in the heart of the Caribbean where the beach is just the beginning. Combined, the islands measure approximately 170 square miles with a population of just under 100,000 people and 365 pristine white sandy beaches.

1.2. The nation is a small, open and vulnerable economy characterized by high level of imports, a narrow productive base, high level of vulnerability to climate change, natural disasters and exogenous shocks. Merchandise imports accounted for approximately 39.4% of GDP in 2021. Conversely, the share of merchandise exports was only 1.30 % of GDP.

1.3. To safeguard our survival, sustainability and inclusivity have been introduced as a critical element in our overall development agenda. To date, Antigua and Barbuda has achieved 66% alignment with the sustainable development goals in its development agenda.

1.4. Our sustainable development agenda is guided by several sectoral objectives as indicated by the Ministry of Finance including:

1. Strengthening the macro fiscal foundation of the island state- revitalizing its economy by adopting sound macroeconomic and prudent fiscal management practices and targeting critical sectors that can drive current and/or future economic growth and job creation. This includes a renewed emphasis on the agricultural and fisheries sector, manufacturing, implementing a maritime/blue economy plan, cultural and creative industry (film, music, and arts), building sustainability and resilience within tourism, improving competitiveness, and the enabling environment to attract foreign investments and drive private sector-led growth. Some of the proposed interventions include strengthening value chain linkages by promoting local sourcing and value addition; launching interventions to attract investments in light manufacturing, cultural and creative industry/film and music production, and financial services. Business environment initiatives such as leveraging technology to improve efficiencies and overall competitiveness will be initiated to support these interventions;

2. Investing in climate resilient infrastructure-Interventions to increase investments in physical infrastructures, such as transport (sea, air, road), water and sanitation, energy and housing, to facilitate the movement of goods and people, business operations, and livelihoods; and digital, technology and innovation infrastructure to introduce efficiencies and new ways of working and producing in the economy. To drive economic growth, Antigua and Barbuda will mobilize resources for the rehabilitation, maintenance, and expansion of its infrastructure assets. This will include innovative financing mechanisms for the development of climate-resilient transport and housing infrastructure and strengthen its digital ecosystem;

3. Improving social protection programme- The overarching vision is for all Antiguans and Barbudans to live in an environment that allows them to thrive. As such, the government will invest in a comprehensive/multi-dimensional social protection programme to ensure the poor and most vulnerable are not left behind. Special focus will be placed on empowering women and the youth, both of whom are the most affected (or likely to be affected) by socio-economic shocks. The core pillars of our social development goals are poverty alleviation and job creation. Interventions will include supporting the economic empowerment of women and youth by facilitating access to financing and entrepreneurship training/support;

4. Catalyzing a vibrant, educated and healthy populace- A healthy and educated population is the most critical input for long-term growth and development. Education plays a central role in improving quality of life by increasing productivity, driving inclusive economic growth, and ultimately alleviating poverty. Investing in people and making sure all residents/nationals are given the educational tools to fulfil their potential is very essential.

Health is recognized as a basic human right that every citizen should be able to enjoy living a socially and economically productive life; and

5. Adapting for climate change and environmental sustainability and promoting leadership and partnership throughout society-Environmental sustainability has always been one of the country's key development priorities. Antigua and Barbuda has championed climate change issues, disaster preparedness and resilience building at the regional and international levels. The government has also incorporated climate change mainstreaming in successive development agendas to ensure its limited finances are used effectively to ensure long-term growth, development, and prosperity while building climate resilience. Therefore, interventions to increase renewable energy generation, climate-proof buildings and infrastructure and create the enabling environment for a low carbon development pathway are outlined in the country's National Determined Contribution (NDC) to the Paris Agreement on Climate Change since October 2015.

1.5. Historically, the nation has been guided by a strong development planning and implementation framework that is complemented by the free market mechanism through collectively leadership and public- private partnership inclusive of the public sector, private sector, civil society, NGOs, development partners and other stakeholders.

1.6. Antigua and Barbuda is ranked as a highly developed country based on a Human Development Index of 0.778 and a gross national income per capita of USD 20,895 in 2019. The rise in economic standards and improved living conditions has coincided with the growth in tourism activities. During the period 2016-19, buoyant tourism investments, an increase in stay-over arrivals, and investments in the physical infrastructure drove economic growth on average of 5% year-on-year, except for the COVID-19 pandemic induced recession in 2020.

1.7. The World Travel and Tourism Council has estimated that in 2019 tourism accounted for 40.5% of GDP; 33.7% of total employment; and 40.4% of export earnings in Antigua and Barbuda.

1.8. Important to note, gains in human development are easily reversed and inequality is exacerbated in the face of economic shocks that have significant negative impacts on social, economic, and fiscal stability. Additionally, macroeconomic instability makes it difficult to implement and sustain human development and poverty reduction policies.

1.9. Economic and natural shocks put an estimated 80.4% of the country's GDP at risk, placing Antigua and Barbuda among the top 20 countries with risk to GDP from two or more hazards. The country is still recovering from the economic and social fallout of Hurricane Irma in 2017 when the country suffered damage and loss of USD155.1 million (10% of GDP). In Barbuda, 95% of the housing stock was damaged or destroyed, and the entire population of 1,600 persons were evacuated to Antigua. While most persons have returned to Barbuda, the recovery and rebuilding efforts are still ongoing.

1.10. The March 2020 COVID-19 pandemic is having an adverse macroeconomic and social impact on Antigua and Barbuda. In the health and education sectors, economic output, employment, and public finances have all been severely affected. Real gross domestic product contracted by 20.2% in 2020, with a commensurate 20.7% decline in active employment. Government revenue sharply contracted, while expenditures have increased to address the health emergency and offer social protection through expanded social safety nets.

1.11. In terms of labour market outcomes, in October 2018, there were 47,429 employed persons aged 15 and over in Antigua and Barbuda corresponded to an unemployment rate of 8.7%. Unemployment was, however, more prevalent among women 9.9% than men 7.3%. Notwithstanding, when absolute numbers are considered, there were more employed women than men as women comprise a larger share of the working age population. The overall employment to population ratio stood at 65.9% with females having a lower ratio 62.1% than males 70.5%. By the end of 2020, there were about 11,000 fewer employed persons than at the start of the year. More than 70% of these persons were employed in the hotel accommodation and hospitality sectors.

1.12. The COVID-19 pandemic created fiscal pressures as revenues declined and there was increased spending on programmes related to COVID-19 as well as on imports of medicines and medical equipment. The economic and social disruption has and is expected to, *inter alia*, place downward pressure on economic output, increase unemployment, widen the fiscal imbalance, delay critical development projects, and increase the vulnerability of many, particularly the poor.

1.13. Much of the country's economic progress was facilitated through a large accumulation of public debt to finance critical social and economic infrastructure. Moreover, public spending to mitigate the impacts of recurrent shocks, including the global recession of 2008 and the crisis in the local banking sector, also contributed to elevating debt levels close to 100% of GDP by 2014.

1.14. After Hurricane Irma in 2017, a combination of lower revenues resulting from reduced economic activity and increased spending to support the rebuilding of public infrastructure and support the affected population led to further borrowing. Debt restructuring agreements, debt repayments facilitated by divestments, a 50% debt write-off from the Government of Venezuela in 2018, along with strong GDP growth recovery that averaged 4.4% from 2014 to 2019 helped to reduce the public debt to an estimated 74.4% of GDP at the end of 2019. The country's debt-to-GDP ratio at the end of 2020 was 89%, compared to 74.4% at the end of 2019. Reducing the debt-to-GDP ratio is one of the key thrusts of the Government in pursuit of debt and fiscal sustainability. The pandemic also weakened the financial position of several state-owned enterprises (SOEs). To adequately finance their operations, the public hospital and the Social Security and Medical Benefits Scheme rely on government transfers and are under additional strain due to the increasing demand for healthcare during the pandemic.

1.15. Also, the LIAT airline, headquartered in Antigua and Barbuda and which is partowned by GOAB, was severely impacted by the pandemic, and was declared insolvent in July 2020. To address the fiscal issues that the country is confronted with due to the global Pandemic, enhancing revenue performance, increasing efficiency in public spending, and securing debt sustainability are paramount.

2 POLITICAL STRUCTURE

2.1. Antigua and Barbuda has a parliamentary system of government. The Cabinet, which is headed by the Prime Minister, is responsible for the general direction and control of the Government and the Prime Minister is directly accountable to the Parliament. Once approved by the Cabinet of Ministers, trade treaties and related agreements (bilateral, regional and multilateral) are usually signed by the Prime Minister or any other Minister vested with authority given by the Prime Minister to sign on behalf of the Government. Cabinet also authorizes ratification of and accession to all types of trade agreements (whether bilateral, regional and multilateral). Parliamentary involvement is required for enactment of all legislations including adopting all types of trade agreements.

2.2. The Constitution is the supreme law of the jurisdiction of Antigua and Barbuda. As a result, Antigua and Barbuda cannot provisionally apply any legislation or international trade agreements. All international trade agreements (whether bilateral, regional or multilateral in scope) must be ratified by Parliament as laid out in the Ratification of Treaties Act, CAP 364 of 1987.[1]

2.3. The Barbuda Council is the principal organ of local government for the island of Barbuda and was established in 1967 by the Barbuda Local Government Act.[2] The Council runs the internal affairs of Barbuda however the Barbuda Council must obtain the approval and is subject to the administration of the Central Government of Antigua.

2.4. In addition to membership in the World Trade Organization since 1995, Antigua and Barbuda is a member of the Caribbean Community (CARICOM) whose members are presently in the process of concretizing and strengthening this regional integration grouping into a single economic market. Antigua and Barbuda is also a member of the sub-group of smaller islands, the Organization of Eastern Caribbean States Economic Union (OECS) with one currency and a common monetary policy administered by the Eastern Caribbean Central Bank.

[1] Ratification of Treaties Act (Antigua and Barbuda). Viewed at: http://laws.gov.ag/.
[2] Barbuda Local Government Act (Antigua and Barbuda), http://laws.gov.ag/.

3 TRADE AND INVESTMENT POLICY

3.1 Trade policy framework

3.1. Antigua and Barbuda formulates, implements and monitor trade policy within a multi-layered structure balancing domestic, sub-regional-Organization of Eastern Caribbean States, regional-Caribbean Community and multilateral considerations- World Trade Organization.

3.2 Government procurement

3.2. Antigua and Barbuda is not party to the plurilateral WTO Agreement on Government Procurement. The Procurement Administration Act (2011)[3] was enacted by the Cabinet of Antigua and Barbuda on 27th March 2020 and the Procurement Administration (Transitional) Regulations 2021 was enforced 1st June 2021. The Act encourages public competition in the procurement process while broadening the participation in the process in Antigua and Barbuda and overseas; it also aims at maintaining safeguards to ensure integrity, fairness, and transparency while providing value for money in the procurement process. Competitive sealed bids are the preferred method of procurement

3.3. With the enactment of the provisional regulations in 2021, the Tenders Board under the Ministry of Finance ceased to exist, and the Procurement Board is now responsible for government procurement. Until the Chief Procurement Officer is appointed, the functions of this Officer are delegated to a member of the Procurement Board.

3.4. The Transitional Regulations provide for a period to establish procurement administration, while, concurrently, a legislation reform process amends the Procurement Administration Act. The Transitional Regulations, allows for the delegation of the responsibilities of the Chief Procurement Officer to a member of the Board and further ascribes supervision responsibilities to the Board for determining the subject-matter of procurement, bidder qualification criteria, evaluation, selecting procurement methods, approving solicitation documents and the conduct of emergency procurement. Requests for procurement, meaning all activities pertaining to construction, the purchase, lease, rental or acquisition of goods or rendering of services must be submitted to the Procurement Board and subject to prescribed methods of procurement, which are competitive sealed bids, proposals or quotations and emergency and sole source solicitations. The Board authorises the department's choice of procurement method; sufficiently prepared solicitation documents; prequalifying bidders; establishing evaluation committees and the award of contracts.

3.5. In making its decision, the Board first considers whether the method of procurement is by competitive bids, proposals, quotations, emergency or sole source. For goods, the Board considers quality and lowest responsive bid; or, in the case of works and services, the criterion set out in the invitation to bid related to capability, quality and most advantageous price.

3.6. Agencies, where there is acceptable compliance and capacity and where the agency's contract award procedures conform with the practices of the Act, may be conferred with duties and powers to conduct procurement, below and above a set threshold. The department's procurement unit, if established, is responsible to plan procurement activities, identify requirements, select the method of procurement, prepare solicitation documents and ensure technical requirements, qualifications and evaluation criteria are established. There are no provisions exempting government entities from the procurement requirements. All Government entities are subject to the procurement methods outlined.

3.3 Standards and other technical requirements

3.7. No notifications were made to the TBT Committee during the period under review.

3.8. The Antigua and Barbuda Bureau of Standards (ABBS) is the national standards body, enquiry point, and national notification authority under the TBT Agreement.[4] The ABBS, which is part of the

[3] The Procurement Administration Act (Antigua and Barbuda) Viewed at: http://laws.gov.ag/.
[4] WTO ePing SPS & TBT Platform online information. Viewed at: https://epingalert.org/en/EnquiryPoint/tbt-nep.

Ministry of Foreign Affairs, Immigration and Trade, is responsible for establishing and maintaining the national quality infrastructure, for developing and preparing technical regulations and standards, and for dealing with standards-related matters, such as metrology and quality.

3.9. The ABBS is a member of the CARICOM Regional Organisation for Standards and Quality (CROSQ)[5], Codex Alimentarius (WHO/FAO), and the Inter-American Metrology System (SIM). The ABBS also has subscriber membership in the International Organization for Standardization (ISO); it is an affiliate member of the International Electrotechnical Commission (IEC), and a participating member to the American Society for Testing and Materials (ASTM).

3.10. In 2017, Antigua and Barbuda passed a new Standards Act which replaces the previous legislation issued in 1987. The Standards Act 2017 is in force since 1 November 2020. The Standards Regulations of 1998 remains in force and no additional regulations for the purposes of the Standards Act 2017 was enacted until mid-2022. Under this regulatory framework, standards formulation and development is mainly the responsibility of ABBS.[6] All standards are voluntary in Antigua and Barbuda.

3.11. Technical regulations are documents specifying product characteristics or their related processes and production methods whose compliance is mandatory. On the recommendation of the ABBS, standards may be declared by Order of the Minister to become a technical regulation with the intention to protect the consumer or user against danger to health and safety; to prevent fraud or deception arising from misleading advertising or labelling; to ensure acceptable quality in goods produced for export; to require adequate information to be given to the consumer or user; to ensure quality in a case where the choice of sources of supply is restricted; to protect the environment; or to generally protect public or industrial health, welfare, or safety. At least 60 days before the technical regulation comes into force, a notice must be published in the Gazette specifying the date the technical regulation comes into effect.[7]

3.12. In 2018, the regulatory framework for the commerce of tobacco and tobacco products was updated[8] and the previous regulation enacted in 1948 was repealed. The new regulatory framework includes certain prohibitions on sales, advertising, and promotion of tobacco products and tobacco sponsorship. The packaging and labelling requirements are also prescribed in this legislation.

3.13. In 2019, Antigua and Barbuda enacted labelling requirements on food products.[9] The CARICOM Regional Standard on this matter, which was approved by the COTED in 2010, is fully adopted by this technical regulation. Among others, it covers aspects such as the quantitative listing of ingredients and food additives, and the declaration of weights, origin, producer, production date, durability, and storage conditions.

3.14. The Analytical Services Division under the Ministry of Agriculture, Fisheries, and Barbuda Affairs has three testing facilities to carry out microbiological and chemical analyses, including on heavy metals and pesticide residue. In addition, there are three concrete-testing laboratories: one is in the Public Works Division, and two are private (the Caribbean Testing Laboratory, and Antigua Masonry Products). The ABBS has the legal authority to delegate the testing responsibility for certification purposes.

3.15. Following the Metrology Act 2007, the implementing regulations were enacted in 2017.[10] Under this framework, both the International System of units and the British Imperial System of units may be used concurrently. Verification and licensing to sell, manufacture, and repair weighing and measuring equipment are also prescribed by this regulatory framework. The National Metrology

[5] In 2018, Antigua and Barbuba became the first country to ratify the agreement establishing the CROSQ.
[6] Standards are formulated generally by consensus between the ABBS and concerned parties. Viewed at: https://abbs.gov.ag/qi-services/standards-development/.
[7] Section 28 of the Standards Act 2017.
[8] Tobacco Control Act 2018. Viewed at: http://laws.gov.ag.
[9] The Standards (Technical Regulations) (Labelling of Pre-Packaged Foods) Regulations 2019. Viewed at: http://laws.gov.ag/.
[10] Metrology Regulations 2017. Consequently, the Metrology Act 2007 came into force on 3 April 2017. Viewed at: http://laws.gov.ag/.

Service, which is part of the ABBS, is responsible for the inspection of weighing and measuring instruments.

3.4 Sanitary and phytosanitary measures

3.16. No notifications were made to the SPS Committee during the period under review. During the period the Animal Health Act 2017 was enacted.

3.17. The Plant Protection Unit (PPU) within the Ministry of Agriculture, Fisheries, and Barbuda Affairs is the designated National Plant Protection Organization (NPPO) under the provisions of the Plant Protection Act 2012. The PPU is responsible for the implementation of the International Plant Protection Convention (IPPC) and SPS Agreement; it acts as the national enquiry point and the notification authority for the SPS Agreement. The PPU is responsible for issuing phytosanitary certificates and import permits; carrying out inspection and surveillance pertaining to plant and plant products; disinfecting consignments of plant and plant products; conducting pest-risk analysis; providing information to other countries concerning SPS measures applied; notifying trading partners of non-compliance with import requirements; and providing information regarding import and export regulations in force.

3.18. In 2015, The Coordinating Council on Agricultural Health & Food Safety for Antigua and Barbuda is a multi-sectoral body that was formed by Cabinet Decision. The primary aim of this body is to foster synergies amongst agricultural health and food safety agencies at the national level with a view to, *inter alia*, finding solutions to cross-cutting issues, reduce duplication of effort, and harmonize actions executed by these stakeholder groups.

3.19. There's a level of regional cooperation that influences the work of the Plant Protection Unit at the national level and include collaboration with agencies such as the Caribbean Agricultural Health & Food Safety Agency and the Caribbean Plant Health Directors Forum. Several common areas are addressed through projects at the regional level to include activities such as development of regional priority pest lists which are invariably incorporated to varying degrees into the national work program.

3.20. Several regulations are currently being finalised and expected to be passed in 2023. These include, but not limited to, the format for phytosanitary certificates for export and re-export, official ports of entry, emergency response, requirements/specifications for plant quarantine stations, and lists of quarantine pests and regulated non-quarantine pests. There is a 2016 fees regulation which is expected to be implemented in 2023 upon completion of the administrative arrangements to support the process.

3.21. Antigua and Barbuda has developed a list of prohibited and permitted commodities with respect to specific trading partners.[11] Specific import restrictions apply to some products, for example mangoes from countries with mango seed weevil or fruit flies and citrus from areas with fruit flies are prohibited.

3.22. As a signatory to the Cartagena Protocol on Biosafety, Antigua and Barbuda does not permit the importation or sale of living modified organisms (LMOs). Imports are allowed if an approval, based on a risk assessment, from the competent national authority was obtained.

3.23. Antigua and Barbuda is a contracting party to the International Plant Protection Convention (IPPC), and a member of the Codex Alimentarius Commission.

3.5 Import licenses and quantitative restrictions

3.24. Antigua and Barbuda maintains an import licensing regime governed by the External Trade Act, under the revised laws of Antigua and Barbuda, of 1992. Most imports are subject to automatic licensing for data collection purposes and are granted on request. Non-automatic licensing is applied on products subject to tariffication under Article 164 of the revised Treaty of Chaguaramas (aerated

[11] Import Status of Plant Commodities and Regulated Items. Viewed at: https://agriculture.gov.ag/wp-content/uploads/2017/02/Import-Status-of-Plant-Commodities-and-Regulated-Items-PLANT-PROTECTION-ANTIGUA-AND-BARBUDA-02122016.pdf.

beverages, beer, stout, ale, porter, pasta, candles, solar water heaters, oxygen in cylinder, carbon dioxide in cylinder, acetylene in cylinder, chairs and other seats of wood and upholstered fabric, other furniture of wood and upholstered fabric, mops); imports of animals, poultry, livestock, and poultry products; plants and plant products; pesticides; drugs and antibiotics; firearms, fireworks, arms and ammunition; and chemicals controlled by the Montreal Protocol.

3.25. The law requires that a license be acquired prior to the importation and arrival of certain items into Antigua and Barbuda. License forms must be completed in triplicate at from the Licensing Section of the Ministry of Foreign Affairs Immigration and Trade.

3.26. The Ministries which recommend licenses for importation are the Ministry of Agriculture, (fresh produce, meat, poultry, eggs, fish and honey), the Ministry of Public Works (satellite dishes and related equipment); the Ministry of Health (medicinal drugs); and the Commissioner of Police (firearms and ammunitions). For specific goods such as refrigerators, motor vehicles, air conditioning units and other equipment which can operate using Ozone Depleting Substances (ODS), a Refrigerant Form must be completed in addition to the Import License Form. The Refrigerant Forms are obtained from the Ozone Unit within the Ministry of Foreign Affairs, Immigration and Trade. Licenses for five agricultural products are regulated on a seasonal basis in Antigua and Barbuda, depending on sufficient supply to satisfy domestic demand. Regulations are monitored by the Ministry of Foreign Affairs, Immigration and Trade in consultation with the Central Marketing Corporation (CMC).

3.27. Meanwhile, for commercial importation of fruits, vegetables, plants, flowers, meat and fish must first secure a valid import permit prior to making an application for the importation license.

3.6 Customs valuation and rules of origin

3.28. In Antigua and Barbuda, customs valuation is based on the second schedule of the Customs (Control and Management) Act of 2013 which is consistent with the WTO Customs Valuation Agreement. The transaction value is to be used first for valuation purposes, followed by the transaction value of identical goods, the transaction value of similar goods, the deducted valuation, and computed valuation, in that order. However, the order of application of the last two valuation methods may be switched if both the Comptroller of Customs and the importer agree.

3.7 State trading enterprises

3.29. Since becoming a developing Member of the WTO in 1995, Antigua and Barbuda has not notified any state trading enterprise to the WTO. The Central Marketing Corporation (CMC), a statutory body established in 1973, is mandated to provide a market for locally grown produce, secure markets for them, and ensure that prices of basic food commodities remain stable.

3.30. The import licensing regime restricts imports of an assortment of vegetables that local farmers could produce. The CMC has sole responsibility for the importation and marketing of these vegetables including carrots, cabbage, onions, sweet peppers, and tomatoes. The CMC's monopoly is not enforced, and private importation of these commodities are unrestricted. The CMC is not obligated to purchase produce from local farmers and the CMC does not subsidise agriculture in any form.

3.8 Safeguards

3.31. During the period under review, there was no change to Antigua and Barbuda's safeguards construct. As a least developed country, Antigua and Barbuda, may invoke, when necessary, the special provisions in Chapter 7 of the Revised Treaty of Chaguaramas, in particular Articles 150 and 164, with respect to other CARICOM member states. Article 150 (Safeguard Measures) allows a disadvantaged country to limit imports of goods from other member states for up to three years, and to take such other measures as COTED may authorize. Article 164 (Promotion of Industrial Development) entitles less developed CARICOM countries to request COTED to suspend Community-origin treatment to certain products as a temporary measure to promote the development of an industry, and to apply tariff rates higher than the CET. Antigua and Barbuda has not applied any safeguards measure in this sense.

3.32. In addition, Antigua and Barbuda may apply safeguards for balance-of-payments reasons under Article 84 of the Revised Treaty of Chaguaramas; however, it has never done so. The Caribbean Community (Movement of Factors) Act 2006 entitles the Minister to use safeguards measures, consistently with international obligations, in case there are serious balance-of-payments and external financial difficulties or the threat thereof.

3.9 Anti-dumping and countervailing measures

3.33. Under the period of review, Antigua and Barbuda did not impose any anti-dumping or countervailing measures and there is no entity appointed in the country to execute anti-dumping or countervailing laws. The Customs Duties (Dumping and Subsidies) Act 1959, which was notified to the WTO in 2002, prescribes the regulatory framework in this regard.[12]

3.10 Competition policy and price controls

3.34. Antigua and Barbuda has not enacted any competition legislation. The Revised Treaty of Chaguaramas addresses competition policy and provides for the enactment and harmonization of legislation in CARICOM member States; it established the CARICOM Competition Commission in 2008 to deal with competition issues and enforcement in the CSME.

3.35. The EPA and the agreement with the United Kingdom contain provisions with respect to competition policy. Regional competition policy at the CARICOM level is not yet implemented. The OECS agreed to establish a regional competition body to handle competition matters within its single market and a draft OECS Competition Bill is under review by the Ministry of Legal Affairs, Public Safety, and Labour. No specific date has been set for the completion of this review. At the approval of this Bill, Antigua and Barbuda is expected to create a national competition authority to deal with domestic competition issues.

3.36. Antigua and Barbuda applies price controls on a list of products, which include bread and petroleum products (gasoline, kerosene, etc.).[13] The wholesale and retail margins allowed for 41 items are prescribed. The wholesale margin is 10% in most cases, 12.5% in some instances, and in one instance 15%. The retail margin is generally 15% or 20%, but may be higher for some goods, for example for frozen goods (22.5%). Prices are set by the Ministry of Finance, Corporate Governance, and Public Private Partnerships in response to developments in the international market; market surveillance is conducted by the Consumer Affairs Division of the Ministry of Foreign Affairs, Immigration and Trade.

3.11 Intellectual Property Rights

3.37. During this period of review, the intellectual property regime in Antigua and Barbuda welcomed the enactment of the Patent Act 2018 and its implementing regulations. Under the Ministry of Legal Affairs, Public Safety, and Labour, the Antigua and Barbuda Intellectual Property and Commerce Office (ABIPCO) is responsible for all functions relating to the grant of patents and utility model certificates; the registration of industrial designs, marks, collective marks, and geographical indications; supervising and performing other duties conferred by the intellectual property legislation or its regulations; and carrying out studies, programmes or exchanges of items or services on domestic and international IP issues, and on the use of patent documents as a source of information.[14] Fees and forms for all IP related matters are available online.[15]

3.38. Antigua and Barbuda is a member of the World Intellectual Property Organization and the country is a contracting party to a number of intellectual property conventions as well.

3.39. The enforcement regime of intellectual property rights in the jurisdiction of Antigua and Barbuda is based on a combination of national legislations and common law. Intellectual property

[12] WTO documents G/ADP/N/1/ATG/2 and G/SCM/N/1/ATG/2, 19 March 2002.
[13] Price Control Order 1967.
[14] Intellectual Property Office Act 2003.
[15] ABIPCO online information. Viewed at: https://abipco.gov.ag/intellectual-property/fees/. the ABIPCO launched an electronic platform for some of its services, however, it does not yet cover IP related procedures.

rights in Antigua and Barbuda are treated as private rights and therefore the matter of enforcement lies with the private right holder.

3.12 Investment

3.40. Antigua and Barbuda's foreign investment regime is the responsibility of the Antigua and Barbuda Investment Authority, which was established in 2007. The functions of the Antigua and Barbuda Investment Authority are captured under the Antigua and Barbuda Investment Authority Act. During the review period, this framework was amended at three instances. Since 2016, incentives and concessions to be granted require the approval of the Cabinet instead of Prime Minister as previously. Whenever the owner of a hotel or a group of hotels representing more than 5% of the country's room occupancy intends to carry business for less than 10 months during the year or to close temporarily for two months or more, the owner must submit a notice of intention, at least 30 days before the intended closure date, to the Minister of Tourism. In 2019, the eligibility criteria and the related incentives offered under the ABIA Act were also amended.

3.41. Under the amended provisions of this Act, Antigua and Barbuda offers a slate of incentives. These are based on the size of capital investment and the number of employees that will be employed as a result of the specific investment; however, the capital thresholds were increased and a requirement of local residency for at least a director or owner was added.

3.42. Since the last period of review, Antigua and Barbuda continues to maintain an open and non-restrictive foreign investment regime, with foreign investors being subject to national treatment as locals. Despite this, foreign investors who are desirous of purchasing real estate for residential or commercial purposes are required to acquire an alien landholders license. All licenses are subject to Cabinet approval and payment of the requisite fee is required, which accounts for approximately 5% of the purchase price of the property. In addition, certain sectors are reserved for domestic or local investors; these sectors include fishing and fisheries and agriculture.

3.43. Since its establishment in 2013, the Citizenship by Investment programme has been amended several times. The Citizenship by Investment Unit administers the programme and introduces fees for the renewal of passports and for the application of additional dependants. Additionally, the right to appeal to the High Court in case of deprivation of citizenship is now available. In 2018, the Citizenship by Investment Board was created to provide policy and oversight advisory to the programme and since 2020, the Prime Minister can suspend the residence requirement of five days for sanitary and other grounds considered as necessary.

3.44. The Citizenship by Investment involves the granting of citizenship status to an individual and immediate family members contingent upon a specified and quantifiable investment in Antigua and Barbuda. The usual grounds for the granting of citizenship is birth within a certain territory, descent from a parent who is a citizen, marriage to a citizen, and naturalization. The administration and benefits of the Antigua Citizenship by Investment program can be found on its website.[16]

4 SECTORAL DEVELOPMENT

4.1. The Agriculture and Fisheries Industry is recognized as important for food security, economic diversification, social protection, sustainable entrepreneurship, livelihoods and promoting and supporting good governance. Its contribution to GDP in 2021 was 2.2%. The agriculture sector represents about 2.2% of the total employed labour force. The industry largely comprises subsistence farming or small-scale commercial farming primarily for the domestic market. Women participate in farming activities to fulfil the basic needs of their families and while there is limited sex-disaggregated data on land ownership, women participate more extensively in the processing and marketing than men, who lead in the production.

4.2. Currently, Fishing contributes about half of the value-added from the agriculture and fishing sector. The main agricultural products are mixed vegetables and fruits, poultry, and honey. There is also a resurging trade in livestock with the production of cattle, pigs, and goat meat. The decrease in the contribution of the agriculture sector to the economy, notwithstanding growth in 2021, has been due to high labour costs and unavailability of labour for agriculture (due to dominance/pull of

[16] Viewed at: https://cip.gov.ag/.

the services sector/tourism), diseases and pests and a series of damaging weather events which affected output.

4.3. Following the passage of Hurricane Irma in 2017, which devasted the agriculture sector, there is now renewed focus on improving the resilience of the sector to the impact of natural disasters and climate change. In the case of Barbuda, 1,407 persons were made homeless with the passage of Irma and the agriculture sector completely ruined - crops, livestock, bees, the fishing industry, infrastructure, machinery and equipment were either totally destroyed or significantly damaged. To address these challenges, agriculture (including fisheries) has emerged as a strategic priority of the Government as it is recognized that the sector is key in advancing food and nutrition security, livelihoods, environmental protection and rural economic and social development - including health (support in the fight against NCD).

4.4. The development of the agriculture sector is guided by the National Food and Nutrition Policy (2012) and the related National Food and Nutrition Security Action Plan which are closely aligned to the OECS Action Plan on Agriculture (2012-22), the Caribbean Community (CARICOM's) Regional Food Security Plan 2011-2025 and the CARICOM Agriculture Policy. The Ministry of Agriculture, Fisheries and Barbuda Affairs is also in the process of a short to medium term sector strategic plan in collaboration with the IICA. Priorities between (2016-20) sought to improve access to and generate water from irrigation, attract new investment in agriculture, reduce vulnerability to disaster and climate change risks and expand and improve agro-processing.

4.1 Services

4.5. Services trade in Antigua and Barbuda accounted for 71.4% of GDP in 2021 and 62.6% in 2020 and 100.7% in 2019. More specifically the three services areas that dominate Antigua and Barbuda's economy are: tourism, financial services (banking, offshore services and insurance) and professional services (legal, engineering, accounting, architectural services). Other service areas are maritime transport services.

4.6. The tourism industry represents an important component of national development for Antigua and Barbuda. It is one of the key industrial clusters that can drive sustainable economic growth over the long term and has played a central role by contributing to income generation, job creation, and foreign exchange earnings.

4.7. Tourism accounts for about 47% of annual output and is the key driver of growth, investment, and income generation, including a major contributor to government revenues and employment . The rise in economic standards and improved living conditions over the past three decades have coincided with growth in tourism activities. During the period 2016-19, buoyant tourism investments, an increase in stay-over arrivals, and physical infrastructure development drove annual economic growth that averaged 5.3%.

4.8. In 2020, the Economic Recovery Committee estimated an additional USD 700 million high-end/luxury tourism investment projects in the pipeline that will, in the medium term expand the tourism offering, and generating jobs and government revenues.

4.9. Over the years, the tourism sector has been adversely affected by natural disasters such as hurricanes and economic shocks in the major tourism source markets. Notwithstanding, the industry, remains the dominant sector and it continues to drive growth in the construction and telecommunications sectors. The World Travel and Tourism Council has estimated that in 2019 tourism accounted for: 40.5% of GDP; 33.7% of total employment; and 40.4% of export earnings in Antigua and Barbuda.

4.10. Major progress made during the review period include expansion in hotel room stock with the addition of luxury brands and boutique hotels to over 3500 rooms as of December 2019; Green Tourism Initiative to foster efforts in the tourism industry to implement projects/programmes related to energy conservation and use of renewable energy, water conservation, waste disposal practices, recycling, green building practices, customer education, and other conservation practices; Construction of a 5th cruise pier to accommodate the world's largest cruise ships, development of new commercial properties, as well as renovations of Heritage Quay via a public-private partnership with Global Ports Holding (GPH) at an investment of USD 57 million; Enhance the tourism product to leverage international competitiveness to facilitate the development of other varieties of tourism accommodation; Further development and diversification of geographic source markets and niche markets; Transform Barbuda into a Green, Low Density, High-end tourism destination; Develop tourism-related human resources/capabilities and improve worker welfare; Promulgate a tourism master plan and develop a green growth strategy for the tourism sector; Mainstream environmental sustainability and adaptation of the tourism sector to climate change; Accelerate efforts to attract foreign investment to reposition the tourism industry and develop new and emerging industries

4.2 Financial Sector

4.11. The financial sector in Antigua and Barbuda comprise of domestic commercial banks, offshore banks, non-bank financial institutions, insurance companies and agents, and credit unions. Domestic banks are regulated by the Eastern Caribbean Central Bank (ECCB), while the rest are regulated by the Financial Services Regulatory Commission (FSRC). During the review period, the sector's contribution to GDP is 7.1%. The main legislation governing domestic banks and non-bank financial institutions, except insurance companies and credit unions, is the Banking Act 2015[17], which is an ECCB-wide harmonized banking framework.

4.12. During the review period, the banking sector in Antigua and Barbuda has come under significant pressure including dealing with the very real possibility of being locked out of the global financial architecture as a consequence of de-risking/ debanking and the significant reduction in existing corresponding banking relations. This bares serious implications for international trade and commerce particularly because Antigua and Barbuda is a net importer, remittances, financial account flows which is critical to financing investments and offshore banking operations and services.

4.13. Additionally, the sector has undergone a consolidation of its activities. Between 2016 and 2018, a total of two banks and a financial institution had their licences revoked. In 2021, Scotiabank in Antigua and Barbuda completed the sale of its operations to the Eastern Caribbean Amalgamated Bank (ECAB) and ACB Caribbean (previously known as the Antigua Commercial Bank) acquired the operations of the Royal Bank of Canada (Antigua).[18] The number of domestic banks in operation has been reduced to four, out of which two are locally incorporated and owned banks while the two others are branches from other banks in the region.

4.3 Telecommunications

4.14. In Antigua and Barbuda, currently, the Telecommunications sector is governed by the Telecommunications Division of the *Ministry of Information*, Communications Technology and Digitalization. The Telecommunications Act 1951, which is the main legislation governing the sector, was updated in 2018.[19] A critical change the act envisions is for the creation of the Telecommunications Authority and once established will be responsible for regulating the sector under the directions of the Minister of Information, Communications Technology, and Digitalization. The Telecommunications Authority will consist of five members representing different national entities as well as telecommunications experts.

4.15. To date, Antigua and Barbuda is still the only OECS-WTO Member that is not a member of the Eastern Caribbean Telecommunications Authority (ECTEL).

4.4 Maritime transport services

4.16. The main legislation governing the sector is the Merchant Shipping Act 2006, as amended. During the review period, the Act was amended to remove restrictions on the registration of passenger ships and high-speed craft; to increase the choice of ports of registry for commercial and pleasure yachts; to formalize the issuance of temporary permissions; to implement international conventions and agreements to which Antigua and Barbuda is a party; to prescribe the removal of ships from the Registrar in given circumstances; to enable the provisional registration of ships; and to amend qualifications to own Antigua and Barbuda ships. The Department of Marine Services and

[17] This Act entered into force on 1 October 2015 and repealed the previous Banking Act 2005.
[18] Viewed at: https://www.eccb-centralbank.org/news/view/acquisition-of-royal-bank-of-canada-eccu-operations-by-consortium-of-national-banks-finalised.
[19] Telecommunications (Amendments) Act 2018.

Merchant Shipping (ADOMS) within the Office of the Prime Minister regulates small craft and merchant shipping activities.

4.17. St. Johns is the main commercial seaport in Antigua and Barbuda. Bulk cement enters through Crabbes Port, while High Point Port and Fort James Port (West Indies Oil Sea Island Jetty- Off Fort James) handle bulk petroleum products. All ports are owned and controlled by the State.

4.18. Recently changes have been introduced by the Merchant Shipping (Vessels in Commercial Use for Sport or Pleasure) Regulations 2022, which replace the Merchant Shipping (Commercially Operated Large Vessels) Regulations 2020. The new Regulations provide for the recognition and application of the codes applying to vessels above or below 24m in length. The UK Marine Guidance Notice 280 (M) as published by the UK Maritime and Coastguard Agency (MCA), is applicable to vessels under 24m. For vessels over 24m the UK Red Ensign Yacht Code or the newly adopted Marshall Islands Yacht Code 2021 may be used.

4.19. Cabotage, which is the operation of commercial vessels solely within the maritime jurisdiction of Antigua and Barbuda, is reserved for ships registered in Antigua and Barbuda. Masters, chief officers, and chief engineers of merchant ships registered in Antigua and Barbuda must be nationals of Antigua and Barbuda, except if vessels are mainly employed between ports outside Antigua and Barbuda.

4.5 Institutional Framework

4.20. During the period under review the Ministry of Foreign Affairs is responsible for trade policy formulation, implementation and surveillance. This ministry in collaboration with various stakeholders and agencies of the government, private sector and our diplomatic missions overseas map and create trade policy in Antigua and Barbuda.

5 TRADING ARRANGEMENTS

5.1 Regional Integration

5.1.1 OECS Economic Union

5.1. Antigua and Barbuda is a member of the OECS Economic Union guided by the Revised Treaty of Basseterre which was signed on 18 June 2010 during the 51th Meeting of the Authority of Heads of Government of OECS Member States. The Treaty established a single financial and economic space within which goods, people and capital move freely, monetary and fiscal policies are harmonized and countries continue to adopt a common approach to trade, health, education and environment, as well as to sectoral development in agriculture, tourism and energy. The Revised Treaty of Basseterre has been ratified by all OECS WTO Members; it came into force in January 2011.

5.2. The principal Organs are: (a) the OECS Authority of Heads of Government of the Member States; (b) the Council of Ministers; (c) the OECS Assembly; (d) the Economic Affairs Council; and (e) the OECS Commission.

5.1.2 Caribbean Community

5.3. The creation of a single market and economic space including ultimately a customs union with the free circulation of goods is also a stated aspiration of CARICOM Member States including Antigua and Barbuda under the Revised Treaty of Chaguaramas (RTC). While major achievements have been achieved in the area of free movement of certain categories of people, free trade in services and the rights of establishment, much remains as work in progress and with some gaps remaining in the CSME project including inbuilt agendas in the RTC.

5.1.3 CARIFORUM-EU and UK Economic Partnership Agreement

5.4. The Economic Partnership Agreement (EPA) between the EU and the 15 Caribbean countries of OACP States (CARIFORUM) including Antigua and Barbuda, is fourteen years into implementation. The withdrawal of the UK from the EU necessitated the transposition of the commitments of CARIFORUM and the UK under the CF-EU EPA to a new CARIFORUM-UK EPA. The roll-over process was completed and the CARIFORUM – UK EPA began to be provisionally applied between CARIFORUM States and the UK from January 2021.

5.5. The CARIFORUM-EU EPA is currently undergoing its second five-year review which is meant to identify and provide recommendations for addressing the challenges to implementation, to leveraging opportunities and to the realisation of the expected benefits.

5.2 Preferential Trading Arrangements

5.2.1 CARICOM bilateral trade arrangements

5.6. As a member of the Caribbean Community (CARICOM), Antigua and Barbuda is party to five special trading arrangements that have been negotiated by the regional trading bloc with third parties. These CARICOM bilateral trading arrangements with third parties are: (a) Agreement on Trade, Economic and Technical Cooperation between CARICOM and Venezuela; (b) Agreement on Trade, Economic and Technical Cooperation between CARICOM and Colombia; (c) CARICOM – Dominican Republic Free Trade Agreement (d) Partial Scope Agreement between the Republic of Cuba and the Caribbean Community; and (e) CARICOM-Costa Rica Free Trade Agreement.

5.2.2 Non-reciprocal trade agreements

5.7. Antigua and Barbuda continues to be eligible for the preferential market access granted under two non-reciprocal and unilateral trade arrangements in the hemisphere – the Caribbean Basis Initiative (CBI) and the Caribbean-Canada Trade Agreement (CARIBCAN). In 2015, the General Council approved the request for an extension of the waiver for both the CARICAN and the CBI to 2023 and 2025 respectively.

5.2.3 Multilateral trading system - The WTO

5.8. Antigua and Barbuda, a small vulnerable economy remains committed to the World Trade Organisation by placing a high level of priority on a fair, equitable, open, transparent, inclusive and rules-based multilateral trading system geared towards meeting the needs of all its members irrespective of size, economic dominance or lack thereof.

5.9. Since the last OECS trade policy review, many developments have occurred on the multilateral and plurilateral trade agenda, including, but not limited to the entry into force of the Trade Facilitation Agreement (TFA); the conclusion of a Fisheries Subsidies Agreement, albeit with outstanding elements to be negotiated; the launch of several Joint Statement Initiatives (JSIs), namely with respect to Electronic Commerce, Investment Facilitation for Development, Domestic Regulation in Services, Micro-Small-and-Medium-Sized-Enterprises (MSMEs), Women's Economic Empowerment, Plastics Pollution and Environmentally Sustainable Plastics Trade, Trade and Environmental Sustainability, and Fossil Fuel Subsidy Reform. Issues relevant to agriculture, WTO reform, the E-Commerce Work Programme and Moratorium, and services, are also of significant importance.

5.2.4 DS: 285:United States — Measures Affecting the Cross-Border Supply of Gambling and Betting Services

5.10. In March 2003, Antigua and Barbuda requested consultations with the US regarding measures applied by central, regional and local authorities in the US which affect the cross-border supply of gambling and betting services. Antigua and Barbuda considered that the cumulative impact of the U.S. measures is to prevent the supply of gambling and betting services from another WTO Member to the United States on a cross-border basis.

5.11. A dispute ensued dubbed the Gaming Dispute[20] and respective reports were issued in accordance with the WTO Dispute Settlement Understanding. In the end, the Appellate Body upheld the Panel's finding, albeit for different reasons, that the United States' Schedule includes a commitment to grant full market access in gambling and betting services; upheld the Panel's finding that the United States acts inconsistently with Article XVI:1 and sub-paragraphs (a) and (c) of

[20] Viewed at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds285_e.htm.

Article XVI:2 by maintaining certain limitations on market access not specified in its Schedule; and upheld, albeit on a narrower ground, the Panel's finding that the United States had failed to show that these measures satisfy the conditions of the chapeau of Article XIV.

5.12. Subsequently during the compliance hearing in 2006, the panel ruled that the United States failed to comply with rulings of the DSB. Consequently, the Arbitrator in 2007 determined that the annual level of nullification or impairments of benefits accruing to Antigua is USD 21 million.

5.13. To date, the United States is yet to comply with the rulings and recommendations of the DSB.

6 CONCLUSION

6.1. During the period, Antigua and Barbuda was subjected to the devastating impacts of the COVID-19 pandemic, and a series of catastrophic hurricanes and other adverse weather occurrences. This helped to further strain the already limited human and financial resource capacities of the economy. Nonetheless, Antigua and Barbuda remained resilient and committed to the process of meeting its obligations under the multilateral trading system.

6.2. The effects of the pandemic were particularly deleterious, with GDP significantly contracting by 20.2% in 2020 compared to growths of 4.9% in 2019 and 5.3% in 2021. Data indicates that the pandemic resulted in GDP loss of USD 0.32 billion and a loss of USD 15.5 million in exports.

6.3. Furthermore, tourism, the most important sector of the economy, also came to an abrupt halt due to the pandemic.

6.4. Evidence of economic recovery are visible however we are yet to regain the grounds lost due to the pandemic.

DOMINICA

1 INTRODUCTION

1.1. The Government of Dominica welcomes the Fourth Trade Policy Review (TPR) which gives a clear indication that this WTO Member State, which is also a Member State of the Caribbean Community (CARICOM) and the Organization of Eastern Caribbean States (OECS), remains on a path set on realising full integration into the regional and international trading arenas. The years preceding this TPR are indicative of this pursued agenda with engagement of Two (2) Five (5) year Reviews of the CARIFORUM-European Union (CAR-EU) Economic Partnership Agreement (EPA), the conclusion of the CARIFORUM-United Kingdom (CAR-UK) Economic Partnership Agreement (EPA) in 2019 and its ratification thereafter by the Commonwealth of Dominica. The Government of Dominica recognizes that these agreements are important tools of trade policy that can facilitate the achievement of important developmental gains one of which is increased market access and development cooperation[1].

1.2. The regional integration process, at the CARICOM level, is advancing, in accordance with, for example, Article 46 of the Revised Treaty of Chaguaramas (RTC) facilitating, administratively and otherwise, CARICOM Nationals a right to enter the municipal planes of a other Member State for Six (6) months; the possession of a CARICOM Skills Certificate will give rise to Indefinite Stay in a fellow Member State. Notably also is the fact that the Categories of CARICOM Nationals with the right, under Article 45 of the RTC, to move freely for the purposes of employment has been further enlarged from the 2001 Treaty depictions from Five (5) categories to Thirteen (13). In an effort to speed up the implementation of the CARICOM Single Market and Economy (CSME) Member State Implementation Plans have been created and activities therein are being actively pursued. Dominica moved to create the impetus to implement its Plan by formalizing this through a Cabinet Decision taken in March 2022.

1.3. As a Member State of the OECS, Dominica is poised to engage the aggressive integration agenda set by OECS Member States. There is the establishment of an Economic Union inclusive of a Customs Union and harmonized border taxes; there is a Roadmap in place to see this to fruition. More structured and bi-annual scheduled Ministerial Meetings have also been agreed in an effort to prepare for engagement at other Regional and international fora and to ensure political buy in for matters of significant importance to regional economic and social growth and enhancement.

1.4. Dominica's trade policy is being guided, developed and implemented within the broader National Development Framework contained in the National Resilience Development Strategy (NRDS) Dominica 2030; the goal is to reap the benefits of globalization, to combat climate change and overcome the numerous challenges the country is facing as a small developing country.

1.5. Dominica National Resilience Development Strategy 2030 seeks to integrate inclusive economic growth with building climate resilience. This provides an overarching and strategic perspective on the management of Dominica's economy into the future as the country strives to become the world's first climate resilient country. This current development strategy is set against the backdrop of the most unusual and challenging times Dominica has faced as a result of the passage of category 5 Hurricane Maria[2] which was preceded by Tropical storm Erika, both natural disasters destroyed more than 300% of the country's GDP.

1.6. Enhancement of Dominica trade performance is guided by a Cabinet approved National Trade Policy (2022-2035), the strategic orientation and theme of which is Growth, Resilience and Sustainable Development while pursuing economic growth through increased economic output, consumption and trade, balanced by ensuring increased equity, empowerment and inclusion for all but particularly the most marginalised like women, youth, the Indigenous race and other disadvantaged groups and the protection, preservation and reuse of environmental resources.

[1] National Trade Policy 2022-2035.
[2] National Resilience Development Strategy 2030.

2 RECENT ECONOMIC PERFORMANCE

2.1. The revised projections provided by the IMF, in May 2021, indicated that economic activity in Dominica contracted by 11% in the calendar year 2020. This was due to reduced activity in all main sectors of the economy including construction, tourism, wholesale and retail trade and transport. Conversely, increased activity in Agriculture was evident in 2020; the Sector registered another year of positive growth and expanded by 2.1% in 2020. The output in the crops sub-sector increased by 2.3% and livestock and forestry grew by 2% in 2020. The Central Government's fiscal position improved with an overall deficit of XCD 97.9 million recorded in the Fiscal Year 2020/21 down from XCD 163.2 million in the Fiscal Year 2019/2020. Notably, the recent crises have seen an increase in public debt from 72.1% in 2012/13 to 102.7% in 2021.[3]

2.2. Dominica has managed to keep up with prudent fiscal management coming out of Tropical Storm Erica in 2015, Hurricane Maria in 2017 and the COVID-19 Pandemic crises. Dominica's debt is considered manageable and servicing of debt remains a high priority for the government. Greater financial discipline and increased attention to cash flow management continues to allow for more effective control of current expenditure.

2.3. Dominica's trade in services profile, in contrast with its trade in goods reflects an increase in imports by 6% to XCD 183.39 million between 2007 to 2011, while exports increased by 62.6% to XCD 442.31 million within the said period. Conversely, between 2016 and 2020, exports of services decreased by 65%, from XCD 659.41 to XCD 229.00; imports also decreased by 39% from XCD 381.88 million to XCD 231.88.[4] Dominica is a net exporter of telecommunications, computer and information services.

2.4. According to IMF estimates[5] growth was projected at 3.1% in 2014 and projected at 4.8% in 2021, supported by new public infrastructural projects and recovery in the Agricultural and Tourism sector.

3 CHALLENGES FACING DOMINICA

3.1. Dominica as a small developing state is faced with inherent and structural challenges to include economic, social, political, and environmental. The country continues to be challenged by the current global economic status quo, weather systems, and setbacks in foreign investments flows. Notwithstanding the challenges, the Government continues in its thrust to elevate the lives of its citizens through poverty reduction via the enabling of economic opportunities resulting in employment creation. The Government views investment in agriculture, community tourism, human resource development and improving environment for private sector activity as offering the best prospects in this endeavour.

3.2. The Government has, in an effort to create direct employment and to enhance employability of the youth, through internship and other initiatives, launched a National Employment Programme, on 2nd December 2013. The programme is coordinated by the Employment Unit, within the Ministry Environment, Rural Modernisation and Kalinago Upliftment.[6] In response to Hurricane Maria in 2017 and the global crises, the government has expanded the Program. The program expanded its coverage, absorbing a substantial proportion of the unemployed population.[7] The number of persons employed as of October 2022 is 4337.[8]

3.3. Dominica still continues to grapple with the following:

- Continuing sound fiscal management to consolidate progress towards reducing the government's financing requirements to sustainable levels and reducing public sector indebtedness;

[3] Debt Unit, Ministry of Finance, Commonwealth of Dominica, 2021.
[4] Ibid.p.2.
[5] IMF, 2013, 2022.
[6] Ministry of Environment, Rural Modernisation and Kalinago Upliftment.
[7] Voluntary National Review of Dominica 2022.
[8] Ibid.p.4.

- Reducing poverty levels through social services and social assistance programmes. The latter is being addresses in part by a government programme providing primary care services at no cost to the poor, pregnant women, seniors above 60 years, citizens below 18 years old;

- Improving the efficiency of institutions and simplifying procedures that make the enabling environment for private enterprise with a view to shortening the process and reducing the cost of establishing new and expanding existing businesses. This is being pursued through the implementation of the WTO Trade Facilitation Agreement guided by a Roadmap, containing 48 activities to be implemented by the end of 2024.

4 GOVERNMENT'S MEDIUM TERM DEVELOPMENT STRATEGY

4.1. The National Resilience Development Strategy (NRDS) 2030 is the most recent development strategy for Dominica; this was birthed in the aftermath of the devastation caused by Hurricane Maria in 2017, which inflicted damages of 226% of GDP in 2017.[9] It integrates inclusive economic growth with building climate resilience and is designed to continue the policy thrusts of the Growth and Social Protection Strategy (GSPS), 2014–2018, while orienting Dominica's development strategy to the Sustainable Development Goals (SDGs) adopted by the international community. The key pillars of the national policy are employment creation, revenue generation, economic diversification, sustainable and inclusive growth, social protection, poverty reduction, environmental and cultural preservation.

4.2. The NRDS envisages a "five staged framework" over the 12 years, 2018-2030, which sums up "resilience" and comprises of seven (7) multiple development objectives:

1. The promotion of food security and self-sufficiency through Climate Resilience Agriculture and Fisheries Development;
2. Enhancing the resilience of Ecosystems and sustainable use of natural resources (Forestry, Marine, Water resources);
3. Enhancing Infrastructure Resilience;
4. Promotion of Sustainable Human Settlements/Communities;
5. Provision of adequate and sustainable social protection systems with the ability to respond rapidly to the impact of shocks at the individual and household levels;
6. Implementing a Comprehensive Risk Management Framework (including National Vulnerability Risk Resilience Fund) and pursuing the Low Carbon Development Pathway (the greening of the economy);
7. Economic empowerment and innovations through sustainable Climate Financing.

4.3. This strategy is characterised by a tripod: Sustainable Development Goals, Building the First Climate Resilient Country in the World vision and People-centred Development. These strategic guiding principles are shaped by three (3) key elements:

- Environmental Protection;

- Social Development;

- Economic Development and Transformation.

4.4. At the core of this strategic framework are the national goals of Sustainability and Resilience. Sectoral strategies which focus on people, sound macro-economic and fiscal policies, environmental management, sustainable and inclusive growth with jobs, and synergistic and cross-cutting areas are the engines that drive the NRDS, and once successfully implemented will lead to a resilient Dominica.

4.5. In Brief, Dominica's economic outlook will be characterized by the acceleration in the implementation of the Public Sector Investment Programmes (PSIP) largely financed by proceeds

[9] Post Disaster Needs Assessment (PDNA).

from the Citizenship by Investment (CBI) Programme, the Construction of the International Airport and Private Sector initiatives inclusive of t building luxury hotels to support the Tourism Sector.

5 SECTORAL DEVELOPMENTS AND PROGRAMMES

5.1. The Government of Dominica has embarked on several interventions, on a sectoral level, geared at the realization of sustained economic growth over the medium and long term. Eco-tourism, agro-industries, manufacturing of soaps and varied flavoured Sea moss Beverages, as well as Paints and Varnishes, niche-focused agriculture, innovative interventions in the marketing of water (our premier natural resource) and the quarrying of sand and aggregate are some of the resource based industries which Dominica enjoys some comparative advantage in and have great potential to generate employment and income growth opportunities.

5.2. The sectors will now be expounded upon hereunder:

a. Agriculture

5.3. Dominica National Agricultural Policy (NAgriP) 2021-2030 has been developed within the framework of the resilient nation vision, to guide the sector recovery and to set the foundation for sustainable growth. Hurricane Maria caused significant damage to the sector with total damages estimated at XCD 149.2 million and losses amounting to XCD 335.8 million. Over the last decade the sector's contribution to GDP has been increasing and reached 11.2% in 2020 and 13.06% in 2021. The Government's goal is for an increase in the Aagricultural sector's contribution to GDP to XCD 700 million by 2030. Dominica's non-banana crops include plantains, citrus fruits, root crops, vegetables, herbs and spices. The sector employs approximately a third of the labour force and is an important source of foreign exchange earnings.

5.4. Government's recognition of the contribution of agriculture to the economy can be seen in its 2018 intervention through the Emergency Agricultural Livelihoods and Climate Resilience Project (DEALCRP) where XCD 67.0 million was invested in the restoration of the sector. This included projects to propagate **627,600** tree crops, **5,249,000** root crops, **837,000** vegetable seedlings over the next five (5) years; it also included technical and financial support as well as provision of tools and equipment to farmers.[10] As of 28 May 2021, a total of **3,485** farmers and fisher folks benefited from this Project.

5.5. In this Sector the Government ensured investment in supporting infrastructure one of which remains the Multi-Purpose Pack Houses which have significantly improved the country's handling of fresh produce, enabling the enhancement and attractiveness of the produce to meet Regional and international phytosanitary requirements. In 2019 the Multi-Purpose Packhouse processed XCD 2.1 million of fresh produce and approximately XCD 1.4 million in 2020.

5.6. The transfer of modern agricultural technologies is also remaining a strong feature of the development objectives for the agricultural sector; as part of Government's efforts towards modernizing agriculture a modern tissue culture facility at One Mile, Portsmouth, on the North of the Island, will be constructed, this Project will be financed with a grant of XCD 13 million, from the People's Republic of China (PRC).[11]

b. Tourism

5.7. Government has identified tourism as having the potential for the most rapid growth in the economy because of Dominica's comparative advantages in this Sector and the country's enhanced tourism product. The Government of Dominica approved a National Tourism Policy and a Revised Master Plan in 2021. The Four (4) objectives of the Tourism Policy are: (1) To create economic wealth for all citizens and to ignite other sectors of the economy; (2) To use Tourism as a tool to sustain the environment; (3) To use the Tourism Industry as a vehicle for nation-building and an to manifest an improved quality of life for Dominicans through the development of the infrastructure, services, amenities, job creation, increased competitiveness and economic diversification; and

[10] Dominica National Budget Address 2020/2021.
[11] Ibid.p.6

(4) To encourage spin-off effects of tourism to grow the cultural and creative industries and festivals. The content of the Master Plan was generally outlined in Dominica's 2014 TPR.

5.8. During the period under review the Ministry of Tourism and Discover Dominica Authority have been working towards establishing a bolder identity for the Commonwealth of Dominica; work began in earnest from 2016. Dominica is frequently confused with the Dominican Republic and therefore it is important to create a clear distinction in the mind of potential visitors. A global study revealed that changing the logo would help Dominica stand out in the global tourism market. The new logo is unambiguous and clear and can be clearly identified when used in smaller applications such as digital advertising and social media.

5.9. Dominica's tourism product has expanded and evolved in the past few years, so the new logo better reflects Dominica as a unique and desirable Caribbean destination. The process was guided by key stakeholders including global source market representatives, prospective visitors, hoteliers, business owners, government officials, residents and Dominicans Living Abroad.

5.10. Attention is also being paid to the enforcement of standards and quality service within the accommodation sector aimed at increasing the total number of quality rooms available for stay-over visitors. Emphasis is being placed on development of sites and facilities. In order to ensure that the benefits of tourism spread throughout the society Government has initiated community based tourism. Under the initiative several communities are receiving financial support for the implementation of projects; training continues to ensure that perceived outcomes are met and surpassed.

c. Manufacturing

5.11. The Government in the NRDS outlined an agenda for the development and transformation of the sector specifying the development of infrastructure, continued financial support including developing eco-industrial parks.[12] The advancement of agro-industries is a major part of the development of the manufacturing sector. Agro-processing and deep manufacturing provides great opportunities for employment generation during the medium-term since it is a natural resource-based industry that can be internationally competitive. In an effort to allow for a more competitive finished product Government removed the Value Added Tax (VAT) and import duty on packaging and labelling materials, as well as on the equipment and machinery used in the production of goods, from 1 September 2020.[13]

5.12. Agro-processing also plays an important role in reducing post-harvest losses in agriculture that are very significant for fruit and vegetables and which adversely affect returns and incomes for those involved in agriculture. Agro-industries are also amenable to small-scale cottage type industrial development. Despite these advantages, agro-processors are prone to global realities such as the high cost of sourcing agricultural raw materials, obtaining of capital for development, transportation to export markets, lack of "on the spot" market intelligence; and inadequate/inaccessible institutional support.

5.13. Government's strategy towards agro-processing is broadly the same as for the manufacturing sector as a whole and is centred around the reduction of barriers to growth and the creation of a more conducive environment for these investments to thrive. The Government has available funding to be disbursed to manufacturers and agro-processors, through the country's Agricultural, Industrial and Development Bank (AID Bank), for supporting of productive activities within this Sector.

d. Energy

5.14. The government recognises that energy services are key to unlocking the potential for more sustainable environmental, social and economic development in Dominica. To that end, a National Energy Policy has been developed, approved in January 2021. and is intended to address the needs of the citizens of the Commonwealth of Dominica, help combat increasing energy costs and dependency on fossil fuels, and reduce Dominica's greenhouse gas emissions in line with its mantra the "Nature Island of the Caribbean." As reflected in the Policy Document "…The Policy represents the desire of the Dominican people to improve the quality of life and living standards on Island for

[12] Source: National Trade Policy.
[13] The National Budget of the Commonwealth of Dominica Fiscal Year 2020/21.

this generation and future ones as set out and tracked in the Growth and Social Protection Strategy (GSPS)."

5.15. The Policy establishes the framework for an energy transition which will deliver national development outcomes for the environment, society and the economy of Dominica and aligns with Government's stated target of 100% Renewable Energy by 2030. The transition to a more affordable, resilient and low-carbon energy system will require phasing out fossil fuels in power generation and transport. Five policy objectives therefore seek to deliver outcomes in terms of: (1) Increasing access to modern energy services that are safe, affordable and reliable for all citizens; (2) Provision of Energy Services for Stimulating Environmental, Social and Economic Development; (3) Managing energy-related environmental, health and safety impacts; (4) Enhancing Resilience in the Electricity Sector and existing and planned centralized infrastructure; and 5. Improving governance in the energy economy.

5.16. The Government, in an effort to ensure that its Energy Policy can influence properly the company's internal policies, has purchased the majority shares in the main electricity provider in Dominica the Dominica Electricity Services Company (DOMLEC). Since then, the generation of hydroelectricity has been expanded thereby increasing the hydro – output of the company and in so doing reducing the dependence on fossil fuel for electricity generation.

5.17. The Government of Dominica also has embarked on a national street lighting project which involved the installation of 4851 solar street lights, across the country, at an estimated cost of XCD 92.45 million. This will, in part, reduce the burden on the government electricity budget and also reduce reliance on the electricity grid.

5.18. Dominica's long-term goal, in this Sector, is to explore and utilize renewable and alternative energy potential and work has begun on a Geothermal Development Project, in the Roseau Valley, with the construction of two additional wells in Laudat; with financial and technical support from the World Bank. Additionally, the government has also conducted five (5) procurements associated with the drilling of these wells and this includes the civil works for access roads and well pads, for which a contract of has been awarded to a local company in May 2021.

6 THE ENABLING ENVIRONMENT AND THE CLIMATE FOR INVESTMENT

6.1. The Government of Dominica continues to make a an attractive and rewarding investment climate a priority and, in this thrust, has secured funding and signed a contract for the construction of a modern and resilient international airport which will provide direct connections to key metropolitan cities in North America and Europe with the potential for connections to South America, Africa and Asia and the Pacific. This, it is envisioned, will improve trade as it will enhance the capabilities for producers to access and secure certain inputs in shorter periods of time and will also benefit the hotel and restaurant sectors catering to certain touristic experiences; further, fresh ingredients, required on a daily basis, will become much more accessible.

6.2. To encourage further investment, the government has introduced fiscal and other measures to include the temporarily reduction in land transfer fees as of September 2020, with a view to making this permanent upon expiration of the twelve (12) months Pilot introduction. As of 1 November 2022, the applicable fees on the transfer of land changed to 2% Stamp duty, 1% on Judicial Fee, 1% on Assurance Fund and a maximum 2.5% fees Legal Fees.

6.3. Administrative transparency and efficiency that affect the time and cost of doing business have been identified as the essential aspects of investment climate that need to be addressed.

6.4. Moreover, the Government of Dominica has been aggressively implementing the WTO Trade Facilitation Agreement (TFA) within its jurisdiction. Dominica benefitted, in the structured approach to this effort, from UNCTAD which worked with the Members of the formalized, Cabinet approved, National Trade Facilitation Committee (NTFC) to develop a Roadmap for the implementation of the TFA. This Roadmap envisions Forty-Eight (48) activities which will ensure implementation, in full, by 2024.

6.5. The activities include but are not limited to a 25% reduction in the cost of import and export by 2024; 25% reduction in the time to import and export by 2024; 100% of TFA Measures implemented as reflected in the Notifications; a fully operational NTFC (this has been achieved as of 2019); and including Trade Facilitation into Dominica's planning and budgetary processes. Dominica's expectation, post the full implementation of the TFA, is the reduction in overall trade related transaction costs by no less than 17% thereby allowing improved ratings in its World Bank Doing Business Report reflections.

6.6. Dominica has also realized Fifty-Seven (57) amendments and enactments of laws and regulations, during the period of review, to include Financial and Intellectual Property pieces of legislation all in an effort to ensure a robust legislative framework within which investors can feel comfortable and confident working within.

7 TRADE POLICY AND NATIONAL ECONOMIC DEVELOPMENT

7.1. Dominica continues to recognize its obligation to strive to ensure a harmonized trade policy within the regional construct – CARICOM and the OECS; the efforts to continue the deepening of the regional integration process continues unabated with its focus on realizing expected outcomes within its CSME Implementation Plan (CARICOM) and efforts to establish the OECS Economic Union. The CSME Implementation Plan, as stated earlier, has received Cabinet's Approval.

7.2. Dominica has also completed its National Trade Policy (NTP); this has received Cabinet's Approval and will be the yardstick by which our local, Regional and International Trade is aptly guided. Its Vision Statement being: "**Globally competitive exports driving a more balanced, diversified, sustainable and resilient economy."** Its Mission Statement: **"To establish a market-driven, development-led, sustainable trade policy capable of catalysing expanded economic growth, reduce poverty and attain improved living standards for all Dominicans."** Its ultimate goal being to **"... significantly improve Dominica external trade performance and balance of trade position and to improve the ease, efficiency, and confidence of Dominica domestic trading environment."**

7.3. The NTP is set to be the yardstick by which Dominica conducts its trade related activities and interventions locally, regionally and internationally. The idea being that it will be the catalyst for national economic development. The key policy objectives are as follows: (1) **Enterprise and Business Development**: Enhance the capacity and capability of Dominica's business enterprises to produce and trade; (2) **A Healthy Business Ecosystem**: Improve the health of Dominica's business ecosystems; (3) **An Enabling Business Environment**: Strengthen the enabling environment for business and trade; (4) **Product Diversification**: Identify and support new and emerging goods and services for production and exports; (5) **Opening Markets**: Open and improve market access to existing and new export markets; (6) **Trade Agreements**: Implement and secure intended benefits from bilateral, regional and multilateral trade agreements.

7.4. The TPR engages guiding principles which include but are not limited to the following:

- **Mainstreaming of Trade:** Recognising the importance of trade to Dominica's economic development the National Trade Policy promotes the mainstreaming of trade into the wider development policy of Dominica;

- **Simplicity and Clarity of Policy:** The Policy is stated and communicated with simplicity and clarity. This applies even when dealing with complex and difficult matters. The idea being that any member of the public will be able to understand the policy with little or no difficulties;

- **Realism:** The policy strives to be realistic about what autonomous domestic policy can be achieved and delivered taking full account of the interdependence between Dominica and its regional and international contexts and partners;

- **Entrepreneurship and Innovation:** Fostering a culture for careful risk taking and creativity;

- **Partnership and Collaboration:** With trade and development partners regionally and internationally.

7.5. This Policy, upon full implementation will transform both Dominica's present trade related realities and future engagements such as the Orange, Blue and Circular Economies. Monitoring and Evaluation, key to success, are to be embraced to ensure that the Vision and Mission of this Policy are achieved.

8 REGIONAL INTEGRATION

8.1 The OECS Economic Union

8.1. Where Dominica is concerned, the OECS integration process remains the foundation on which the wider regional integration process is based. The OECS Member States have more in common in terms of the structure of their economies, language, a single currency and a common goal towards the creation of a supra-national regional entity.

8.2. Dominica remains committed to the goals and ideals of the OECS which includes the building of institutions at the OECS level, the provision of shared services, and the growth in functional cooperation. The Implementation Plan to create a more harmonious Region, legislatively and otherwise, will be engaged and stakeholders are poised to move this process forward understanding what's at stake in this unpredictable global environment.

8.2 The CARICOM Single Market and Economy (CSME)

8.3. The RTC, which birthed the CSME, continues to hold importance in Dominica's regional integration thrusts; Dominica has approved, in December 2019, the implementation of Article 164 of the RTC on its soil. This Article would allow additional tariff protections, within the CSME, for Member States, such as Dominica, to allow their Article 164 qualifying products to be more competitive, within tariff walls, even from similar and the same products coming from the ore Developed Member States (MDCs) of CARICOM. This stands to benefit Dominica's producers of Oxygen, Paints and Varnishes, Solar Water Heaters, Carbon Dioxide and Water.

8.4. The CSME space has also allowed for the enhancement of a more competitive environment for Dominica's premier manufacturing entity which produces bar soaps and Shampoo Bars. The CSME, through its Common External Tariff, has allowed for a tariff to be placed across Member States, which provides a competitive shelter for these products.

8.5. Dominica is also advancing its obligation under Article 46 of the CSME; the government is currently undertaking legislative and administrative interventions to facilitate the movement of additional categories. The new categories include:

- Persons with Associates Degrees;
- Nurses;
- Teachers (not necessarily graduates);
- Artisans with CVQs;
- House Servants with CVQs;
- Agriculture Workers;
- Security Guards.

8.6. Dominica's CSME Implementation Plan, a living document, will ensure that the country work towards the elimination of all administrative, legal, regulatory and procedural impediments to the full implementation of the RTC in Dominica.

9 BILATERAL/HEMISPHERIC AND PREFERENTIAL TRADE ARRANGEMENTS

9.1 CARICOM Bilateral Arrangements

9.1. These arrangements are set to be properly dissected and the benefits therein harnessed within the context of Dominica's National Trade Policy. There are numerous existing constraints which are presently preventing the full benefits of these agreements from being effectively embraced by Dominica; most notable of these being the onerous administrative procedures to set up a company, language barriers and prompt payment for products exported into those markets.

9.2. Presently, working collaboratively with the CARICOM Secretariat further negotiations are taking place within the auspices of the CARICOM – Columbia; the CARICOM - Dominican Republic and most recently the CARICOM – Cuba Agreements.

9.2 CARIFORUM-European Union (EU)/United Kingdom (UK) Economic Partnership Agreement (EPA)

9.3. The CARIFORUM and the EU/UK EPAs remain high on Dominica's Trade Policy agenda. These Agreements hold benefits for Dominica firstly due to the geographical location of the French Departments to Dominica and the blossoming historical trading relationship between Dominica and these countries on the CARIFORUM-EU EPA front. Additionally, Dominica enjoys a relationship with the UK as a Member of the Commonwealth States and coming from the Banana trade era. There is also developmental aspect to such Agreements which remain critical to enhancing Dominica's trade related infrastructure. In 2022 imports from the EU and the UK into Dominica, for the first Six (6) months of 2022, stand at XCD 46,476,07.26 and XCD 133,097,31.84 respectively.

10 MULTILATERAL TRADING SYSTEM - THE WTO

10.1. Dominica has been a founding Member of the WTO since its birth in 1995. Dominica remains committed to the disciplines, principles and ideals of this August Organization. Through the OECS Mission, in Geneva Switzerland, the country articulates its positions on thematic issues and remains active in the ongoing Negotiation process. Dominica is one of the few Member States of CARICOM participating in the discussions on Investment Facilitation (IF) and has implemented more than 90% of the Measures found within the auspices of the WTO TFA.

10.2. Earlier this year, Dominica, as a Member State of CARICOM, contributed to the outcomes which realized success in the conclusion of a Partial Agreement on Fish and Fish Subsidies at the 12th WTO Ministerial Conference in Geneva, Switzerland. Dominica will continue to participate actively in the ongoing Multilateral processes.

11 TRADE FACILITATION IN DOMINICA – EFFORTS TO ESTABLISH A SINGLE WINDOW

11.1. Dominica remains one of the first Member States in CARICOM to embrace the ASYCUDA World platform; since then, the Country has updated to ASYCUDA 4.2.2. Dominica, however, sees value in the creation of a Single Window (SW) on Island to allow for savings in time and costs where the movement of goods, across borders is concerned and further, to fulfil its Trade Facilitation (TF) Commitments.

11.2. It is contingent on this desire that the Investment Climate Reform (ICR) Facility was contacted, in May 2020, and a request was submitted to garner support for the establishment of a Single Window trade facilitation in Dominica. The project's Terms of Reference were prepared in consultation with the Ministry of Trade, Customs, and Invest Dominica Authority. The expert consultants were selected by SNV, the Netherlands Development Organization, which implements the ICR Facility. The Reform Management Unit (RMU) of the Ministry of Governance acted as the local counterpart to the ICR Facility for this Project. The project implementation period was from September 2021 to June 2022.

11.3. The Project sought to contribute to the establishment of a SW, pursuant of the commitment adopted by Dominica under the World Trade Organization's Trade Facilitation Agreement. The Project built upon the National Trade Facilitation Roadmap for Dominica and was organized in three phases: Phase 1: Proposal for a common data model for the SW (October-December 2021); Phase 2: Review of legislative, institutional, and regulatory frameworks pertaining to the SW (December 2021-February 2022); Phase 3: Design of a single payment mechanism for fees charged by border agencies (March-June 2022).

11.4. This Project was carried out in active consultation with key Government Ministries and other public stakeholders, including Ministry of Finance Customs and Excise Division, Ministry of Trade & Commerce, Ministry of Governance, Attorney General's Chambers, Ministry of Public Works and the Digital Economy, Invest Dominica Authority, Police, Dominica Bureau of Standards, Ministry of Health Environmental Health Unit, Ministry of Agriculture, and Dominica Air and Sea Port Authority, among others, as well as private sector trade operators.

11.5. The Three (3) phases of the Project have been completed and recommendations, on the way forward, have been made available to the relevant Government Authorities for required action. Presently, key stakeholders have met and have decided to employ the services of a manager whose primary responsibility will be the implementation of the recommendations stemming out of this Project, and to realize the SW platform in Dominica.

12 CONCLUSION

12.1. This Trade Policy Review for Dominica is set within the context of a country being ravaged twice by Natural Disasters (Tropical Storm Erika (2015) and Hurricane Maria (2017)) which caused loss and damage equivalent to over 300% of GDP; the final year under review was spent battling the ravages of the novel Coronavirus (COVID-19) which, to a large extent set back economic growth prospects, projected by the International Monetary Fund (IMF), of 5.5% for the year 2020.

12.2. This Trade Policy Review therefore is indicative of a story of triumph over adversity and the setting of the foundations for the realization of the first climate resilient country in the world!

GRENADA

1 ECONOMIC PERFORMANCE

1.1. Grenada is a small, open and vulnerable economy (vulnerable to external shocks and to natural disasters). It has a physical size of 133 square miles with a population of approximately 110,000. Its Gross Domestic Product (GDP) per capita is approximately USD 9680.00 with an adult illiteracy rate of about 4.0%.

1.2. Historically the economy has been buoyed by the production and export of three principal primary products; nutmeg, banana and cocoa. In the case of banana Grenada's export benefited from preferential treatment on the UK market and later the European Union (EU) market. By the turn of the late 1980s there began a structural shift to services, in particular tourism. Since then the production and export of the three primary products experienced a relative decline.

1.3. Grenada's economy grew strongly prior to the COVID-19 shock, supported by the implementation of important reforms and favorable external conditions. Real GDP growth averaged 4.5% during 2014-19, driven by agriculture, tourism, and construction.

1.4. The successful implementation of the Fiscal Responsibility Framework (FRF) helped address fiscal imbalances, boosted confidence, and underpinned an impressive reduction in public debt. An updated tax incentives regime helped attract foreign direct investment (FDI) inflows. Although still high, the poverty rate fell to 25% (from 38% in 2008) and unemployment declined to 15.4% in 2019.

1.5. Tourism directly and indirectly made up 40% of value-added, one-quarter of employment, and 80% of exports. Lockdown measures, necessary to contain the spread of the virus, prompted a collapse of tourism-related activities and suspension of in-person classes at Saint George's University (SGU), a key contributor to activity. Real GDP contracted by 14% in 2020 and over 14,000 jobs were lost (over one-quarter of the labor force).

1.6. Real GDP is estimated to have expanded by 5.6% in 2021 (Table 1), driven mainly by growth in public-led construction and agriculture, and, to a lesser extent, a recovery in wholesale and retail, hotels and restaurants, manufacturing, and financial intermediation.

1.7. The economy is projected to recover gradually from the pandemic. The war in Ukraine will affect Grenada primarily through commodity prices.

1.8. Output is projected to expand by 3.6% in 2022, underpinned by construction activity, the gradual pickup in tourist arrivals, and the continued return of SGU students. Inflation is expected to further increase to 5.4% by end-2022, in line with rising global commodity prices, and to ease gradually. The current account deficit is projected to worsen further in 2022 given the sharp increases in import prices, before improving in 2023 supported by increases in tourism export receipts.

1.9. In response to the pandemic, fiscal policy swiftly shifted toward supporting activity and protecting the vulnerable. The escape clause under the FRF was triggered in both 2020 and 2021, allowing the government to launch two stimulus packages (equal to 2.1% and 1.2% of GDP, respectively), increase public investment (including to build resilience), and reprioritize expenditures.

1.10. Central government debt rose from 59 to 70% of GDP during 2019-21.

1.11. As a Small Island Developing country, Grenada is constrained in its development by a number of factors. These include: susceptibility to natural disasters; limited diversification due to a very narrow resource base and small domestic market; limited domestic and export production on a limited number of products; Inadequate Infrastructure; and low levels of productivity.

Table 1

Rank in UNDP Human Development Index out of 189 countries (2020)	74	Infant mortality rate (2019, per 1000)	14.7
		Adult illiteracy rate in % (2014)	1
Life expectancy at birth in years (2020)	72	Poverty rate in % of population (2019)	25
GDP per capita in USD (2020)	9,680		
Population in millions (2018)	0.11		
		Unemployment rate (2021 Q2)	17

	2019	2020	2021	2022	2023	2024	2025	2026	2027
National income and prices		Est.				Proj.			
GDP at constant prices	0.7	-13.8	5.6	3.6	3.6	3.9	3.5	3.2	2.8
GDP deflator	0.6	-0.7	1.2	3.1	3.3	1.8	2	2.2	2.2
Consumer prices, end of period	0.1	-0.8	1.9	5.4	2.3	1.8	2	2	2
Money and credit, end of period									
Credit to private sector	1.4	3.1	3.8	3.8	3.9	4.2	3.8	3.4	3.2
Broad money (M2)	2.9	9.1	8.5	3.3	3.4	3.6	3.4	3.3	3
Central government balances (accrual)									
Revenue and grants 1/	26.6	28.1	31.8	29	29.6	28.8	28.2	28	28
Expenditure 2/	21.6	26.9	31.5	32.4	27.9	26.6	26.1	25.7	25.6
o.w. Capital expenditure	2.6	3.8	8.6	10.4	6.9	5.7	4.6	4.7	4.7
Primary balance	6.8	3.2	2.1	-1.5	3.5	3.8	4.2	4.3	4.2
Overall balance	**5**	**1.2**	**0.3**	**-3.4**	**1.7**	**2.2**	**2**	2.3	2.4
Public debt (incl. guaranteed) 3/	58.5	71.4	70.3	69	66.5	64.4	58.9	53.6	48.6
Domestic	14.6	16.2	15.4	15.3	13.8	12.5	11.4	9.6	8
External	44	55.2	54.9	53.8	52.7	51.8	47.6	44	40.6
Savings-Investment balance	-14.6	-21	-24.5	-27.9	-20.6	-15.4	-13.6	-12.9	-12.4
Savings	9.8	4.2	3.4	0.3	4.5	8.9	10.1	11.4	12.5
Investment	24.4	25.2	28	28.2	25	24.4	23.8	24.3	24.9
External Sector									
Gross international reserves (USD millions)	234.1	290.9	324.2	353.2	357.2	361.2	363.2	371.2	378.7
(in months of imports)	4.8	5.2	4.8	5.1	4.8	4.6	4.5	4.4	4.2
Current account balance, o/w:	-14.6	-21	-24.5	-27.9	-20.6	-15.4	-13.6	-12.9	-12.4
Exports of goods and services	54.5	40.4	40.1	47.5	54.4	59.9	61.7	61.3	61.2
Imports of goods and services	59.9	56.3	60.4	67.5	65.6	66	65.9	64.7	64
External debt (gross)	81.8	92.9	94.8	91.7	87.5	83.9	77.5	72.5	68

1/ Includes Citizenship-by-Investment (CBI) related non-tax revenue.
2/ The expenditure classification was revised in 2016 from GFSM 1986 format to GFSM 2014 format.
3/ Includes the impact of the debt restructuring agreement for the 2025 bonds.

Sources: Country authorities, ECCB, UN, World Bank, and IMF staff estimates and projections.

2 HOME-GROWN STRUCTURAL ADJUSTMENT PROGRAM (HGSAP)

2.1. The Government of Grenada undertook a Home-Grown Structural Adjustment program (HGSAP) over the period 2014-2016 with support from a formal Extended Credit Facility (ECF) arrangement with the International Monetary Fund (IMF). This program was sixth engagement for Grenada since its independence in 1974. However it was noted that this program had a greater level of success than previous programs.

2.2. The reason the Government of Grenada embarked on the HGSAP was because of numerous challenges with a weaken economy with volatility of economic growth, high unemployment rate and public finance became increasingly strained, not because of the economic downturn, but also due to a sharp cutback in grants from traditional development partners after an IMF program was derailed in 2010.

2.3. The HGSAP was designed with three objectives which are as follows:

1. *"Strengthening competitiveness to ultimately generate higher growth in the medium term. This objective was to be achieved by tightening income policies and eliminating some of the constraints to growth through reforms in energy, agriculture, tourism, and other sectors. There was also a strong emphasis on improving the investment climate, and the institutional arrangements for public private partnerships.*

2. *Restoring fiscal and debt sustainability via a comprehensive program inclusive of:*
   - A significant and frontloaded fiscal adjustment to tackle flow imbalances;
   - A comprehensive debt restructuring to deal with stock imbalances; and
   - Ambitious fiscal-structural reforms to sustain fiscal gains.

3. *Strengthening the financial sector through ongoing participation in ongoing initiatives and strategies by the Eastern Caribbean Central Bank (ECCB)", (Alexander et al. 2017).*

2.4. The HGSAP also aimed to protect poor and vulnerable groups by strengthening the Support for Education Empowerment and Development (SEED) program.

2.5. During the HGSAP Grenada completed six successful reviews of the Extended Credit Facility (ECF) program over the period December 2014 to March 2017. At the end of the program Grenada had attained tremendous results in terms of improvements in key economic, fiscal and social indicators and also in the institutional arrangements and system that support public financial management.

2.6. Some of the key economic indicators over the period 2014-16 included that economic growth accelerated at an average rate of 5.7% which was the highest average in CARICOM. Unemployment rate fell steadily from its peak of 32.2% in 2013 to 28.2% in 2016. Public finances improved remarkably. In 2015 Grenada recorded its first primary surplus in a decade, 2.2% of GDP primary surplus was recorded from a persistent deficits that averaged 1.9% of GDP during the period 2004-14. Additionally, the overall fiscal deficit (after grants) narrowed to 1.2% of GDP, compared with the decade (2004-14) average of 4.5% of GDP. Arrears were regularized, and at the end of the 2016 claims over 60 days were zero.

2.7. Due to the upturn of economic activities, fiscal correction and debt restructuring, the ratio of public debt to GDP fell from its peak of 107.8% in 2013 to 83.6% in 2016.

2.8. As a result of the success of the program, Grenada is currently a model in the Caribbean for best practices in fiscal consolidation, fiscal governance, structural consolidation, fiscal governance, structural reforms; and engagement of a wide cross section of stakeholders in policymaking.

2.9. In order for the reforms to be successful, more than 50 pieces of legislation were either amended or passed during the 3 year period (2014-16).

2.10. Some of the new finance-related legislation passed include:

- Public Finance Management Act, No 17, 2015
- Public Debt management Act, No. 28, 2015
- Fiscal Responsibility Act, No 29. 2015

Tax Acts amended included:

- Annual Stamp Tax (Amendment) Act 2015
- Customs (Duties Exemptions) Order 2016 (Approved by Cabinet)
- Customs (Service Charge) (Amendment) Act 2016
- Excise Tax (Amendment) Act 2016
- Income Tax (Amendment) Act 2015
- Income Tax (Amendment) Act 2016

- Investment Act 2014
- Investment (Amendment) Act 2016
- Investment (Priority Sectors) Regulations 2016
- Property Transfer Tax (Amendment) Act 2015
- Property Transfer Tax (Amendment) Act 2016
- Value-Added Tax (Amendment) Act 2015
- Value-Added Tax (Amendment) Act 2016

3 MAJOR INITIATIVES

3.1 National sustainable Development Plan 2020-2035

3.1. The National Sustainable Development Plan (NSDP) is Grenada's overarching strategic high-level planning document that will anchor the country's development agenda over the period 2020-35. It puts in place a systematic and comprehensive framework to guide Grenada's strategic priorities for balanced and inclusive development over the medium term and simultaneously lays a solid foundation for Grenada's transformation over the long term. The specific National Goals, Objectives and Targets that are set, which are consistent with the United Nations' Sustainable Development Goals, are aimed at making *Grenada, a resilient and prosperous nation, with a conscious and caring citizenry, promoting human dignity, and realising its full potential through sustainable economic, social, and environmental progress for all.*

3.2. Through the strategic actions that will be taken to achieve Vision 2035, Grenadians will become empowered to see themselves as being capable of achieving greatness; families and communities will be strengthened; our level of consciousness, patriotism, spirituality, and care for each other will be elevated; our economy will become more competitive, productive, and dynamic with expanded opportunities for employment and entrepreneurship; our natural environment will be better protected; and our governance arrangements and institutions will be bolstered.

3.3. The strategic focus of the NSDP 2020-2035 rests on the three sustainable development pillars; the society, the economy, and the environment. Accordingly, Vision 2035 is translated into the following three National Goals.

(1) *Goal #1: High Human and Social Development: Putting People at the Center of Sustainable Development and Transformation.*

(2) *Goal #2: Vibrant, Dynamic, Competitive Economy with Supporting Climate-and-Disaster-Resilient Infrastructure.*

(3) *Goal #3: Environmental Sustainability & Security.*

3.4. The National Goals are mapped into eight National Outcomes, which are the improvements or positive changes in institutions, systems, communities, behaviours, living conditions, or knowledge that we aim for. Each National Outcome is linked to relevant Sustainable Development Goals (SDGs). The National Outcomes are:

(1) Outcome #1 - A Healthy Population

(2) Outcome #2 - Educated, Productive, Highly-Skilled, Trained, and Conscious Citizens

(3) Outcome #3 - A Resilient, Inclusive, Gender-Sensitive, and Peaceful Society

(4) Outcome #4 - Broad-based, Inclusive, and Sustainable Economic Growth and Transformation

(5) Outcome #5 - Competitive Business Environment

(6) Outcome #6 - Modern Climate-and-Disaster-Resilient Infrastructure

(7) Outcome #7 - Climate Resilience and Hazard Risk Reduction

(8) *Outcome #8 - Energy Security and Efficiency.*

3.2 National Export Strategy (NES)-2017-21

3.5. During the period under review the Government of Grenada updated it National Export Strategy. This strategy was built on the experiences of Grenada arising from the development and implementation of the first NES 2006-2011.

3.6. The NES looked at six priority sectors which include agriculture and fisheries; the creative industries; health and wellness; maritime and yachting; professional services; and tourism.

3.7. The previous NES focused mainly on goods while the new NES focused both on goods and services. The main reason for the inclusion of the services sector is because the economy of Grenada mainly depend on the services sector because of its major contribution to the GDP.

3.8. The NES was able to identify some of the key challenges which affect all sectors to include access to finance; the cost of finance; technical skills; the quality of products and services; market presence in foreign countries; transport; and market intelligence.

3.3 The Reform and Modernisation of Micro, Small and Medium Sized Enterprises (MSMEs) in Grenada

3.9. The Government of Grenada updated its MSME policy in order to create a competitive environment for MSMEs to develop. The last policy was developed in 2009 and the updated policy was implemented in 2019.

3.10. The aim of the policy is to "generate wealth and an improved quality of life for more families and to increase better-business skills, competencies and competitiveness in Grenada's workforce." Therefore, the policy will stimulate the sustainable growth and expansion of the micro, small and medium-scale enterprises and to create the ideal conditions for the entrepreneurial spirit and to create a culture to boost community development throughout Grenada.

3.11. One of the key aspect of the policy is the development of an incentive regime to assist MSMEs for them to get concession to develop and expand their business. Traditionally, the incentive regime was more tailored towards the larger businesses especially the manufacturers and hotels.

3.4 New Incentive Regime

3.12. The Government of Grenada during the period implemented a new incentive regime to improve the transparency of concessions for businesses. As a result a few legislations were amended for example, the Excise Tax Act, VAT ACT and the Customs Service Charge.

4 TRADE POLICY AND INSTITUTIONAL FRAMEWORK

4.1. Trade plays a significant role in the growth and development of the country. Since its independence, Grenada has adopted a significant number of policy instruments on trade

4.2. and has also actively participated in the multilateral, regional and bilateral trade agreements.

4.3. The Ministry of Foreign Affairs, Trade and Export Development is responsible for the formulation of trade policy as it relates to foreign trade as well as the negotiation of foreign trade agreements. The formulation and implementation of Grenada's overall trade policy falls within the purview of a number of other Government Ministries and Agencies namely, the Ministries of Finance and Planning, Agriculture and Fisheries, Tourism, Health, ICT, the Grenada Investment Development Corporation (GIDC), and the Attorney General's Department.

4.4. The private sector, particularly through its umbrella organizations, also plays a pivotal role in the formulation of trade policy. The Government sees its role as providing the enabling environment for the private sector to thrive.

4.5. The vision of Grenada's trade policy is to have trade play a more prominent role in the socio economic development of the country.

4.6. In this regard, the country's trade policy seeks to achieve the following objectives:

1. Reduce trade cost, barriers to trade and enhance trade facilitation;
2. Increase trade performance, have a more diversified export sector;
3. Develop and enhance services trade, especially non tourism services.
4. Build and strengthen multilateral, regional and bilateral trade relations.

4.1 Inflation

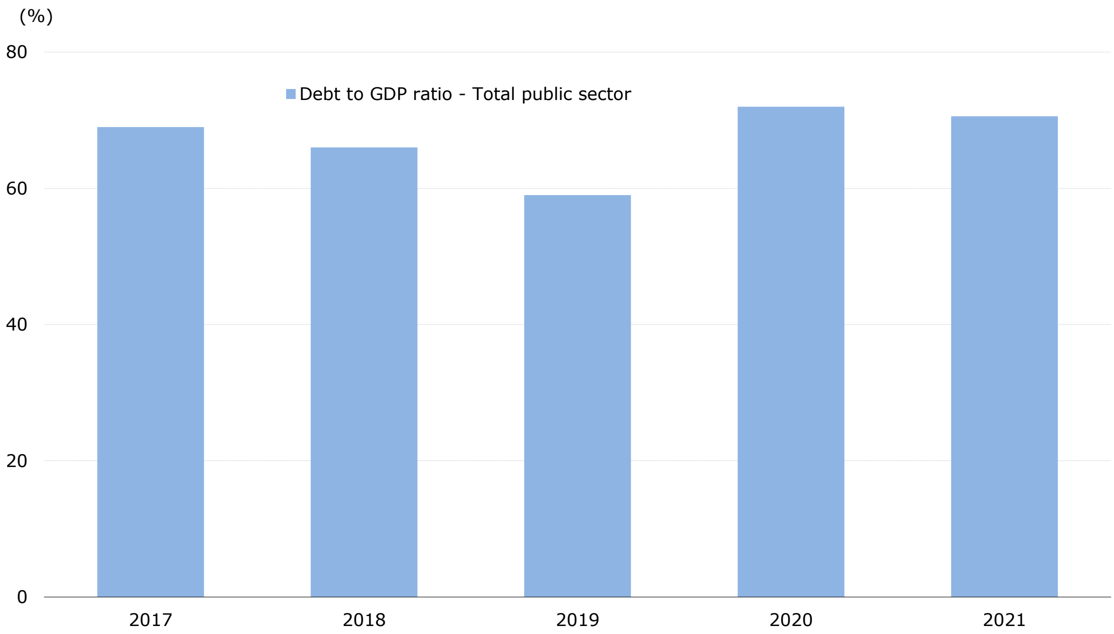
4.7. The average consumer price index rose by 2.1% for all items for the first half of 2022 in comparison to the same period in 2021. Inflation in 2022 is driven by effects of the pandemic as the price of products increase on account of shortages. In addition, the Ukraine-Russian war has a negative effect on the global economy especially in the fuel/energy industry.

4.2 Public debt

4.8. Total public debt at the end of June 2022 stood at XCD 2,092.7 million or 66.2% of estimated GDP and included Central Government's external and domestic debt and the Government guaranteed debt of SOEs. This was a 5.3% point decrease relative to the corresponding period of 2021 primarily attributed to growth in GDP.

4.9. However, Grenada's public debt has reduced since the last Trade Policy Review in 2014 because of the Structural adjustment program. Grenada's public debt reduced from 69.72% in 2017 to 59.67% in 2019. However, in 2020 because of the pandemic it increased to 72.88%.

Chart 1 Grenada – Public sector debt to GDP



Source: EECB website.

4.3 Sectorial Performance

4.3.1 Agriculture and Fishing

4.10. Agricultural production experienced a decline in the first quarter of 2022 compared to 2021 with preliminary data showing a 19.8% lower than 2021. The Marketing and National Importing Board (MNIB) purchases of other crops such as fresh fruits, vegetables, and root crops declined by

13.4%. This decline is due to low production caused by limited or low access to water (low to no rain). Cocoa production also declined at the end of the 1st quarter vs 2021 by 57%. Poor weather condition was the main contributor to this decline. Furthermore, the increased prices of fertilizers, oil and bags are factors that also affected the production of cocoa.

4.11. There was an increase in the production of nutmeg and mace at the end of Quarter 1 by 32.9% and 22.2% respectively. Despite the growth, nutmeg and mace production is severely impacted by the limited access to roads.

4.12. In terms of export of agriculture product, the quantity and value of exports of fresh fruits and vegetables increased from 2014 from XCD 2.6 million to XCD 7.2 million in 2019. However, due to the pandemic in 2020, there was a drastic decline in the export of fresh fruits and vegetables. The levels increased from 3.3 mil in 2020 to 5.8 mil in 2021 and this figure is expected to increase going forward.

4.13. The quantity of nutmeg and mace exports increased by 3.2 and 15.0% respectively at the end of March 2022 compared to 2021. There is high demand for these commodities on the international market, however, limited supply severely affects the ability to meet demand in those markets and new markets.

4.14. In the area of spices, Grenada's export of spices increased from 2014 to 2019 with a slight decreased in 2020. The production of spices is slowly increasing to pre-pandemic levels.

4.15. Fish and fish products are a major exporter for Grenada which contributes significantly to foreign exchange revenue for the economy. The export of fish remained relatively stable with a slight reduction during 2020.

Table 2 Production and Export of Fish, 2014-22

Year	2014	2015	2016	2017 Est.	2018 Est.	2019 Est.	2020 Est.	2021 Est.	2022 Est.
Export as a % of production -Quantity	33.1	29.9	22.3	22.5	22.4	21.9	15.0	16.2	19.1
Value	65.4	60.1	40.0	42.1	41.9	41.3	28.1	27.6	32.7

Source: Government of Grenada.

4.3.2 Construction

4.16. Preliminary data indicate that the value of construction-related imports, the main indicators used to measure activity in the construction sector, grew by 65.5% in Quarter 1 of 2022 compared to the same period in 2021. There was also growth in the retail sales of construction materials by 8.7%.

4.17. The increase in construction activities are as a result of both private and public sector projects, such as the St. John's River, the construction of the Grenville market, the Western main road projects, the Maurice Bishop International Airport rehabilitation project and byroads.

4.3.3 Tourism

4.18. The tourism sector is steadily recovering from the effects of the COVID-19 pandemic. The recorded growth for the first half of the year is expected to continue for the rest of the year. The United States continues to be the largest source market for visitors' arrival followed by the United Kingdom.

4.19. There is an increase in stayover visitors due to the relaxation of COVID-19 protocols globally and the resumption of international travel on a larger scale compared to the previous year. There is also a significant growth in the cruise sector because of the recommencement of the cruise ship season in December 2021. Total cruise passenger arrival for the first half of 2022 were 100% greater than the first half of 2021 as the season was closed during that time.

4.20. Despite the resumption in the tourism sector, the performance of the sector has not reach pre-pandemic levels and challenges are still being experienced by various hotels, restaurants, and other tourism related businesses.

4.3.4 Private Education

4.21. The St. George's University resumed face-to-face classes in August 2021. Since then, the University has recorded low enrolment figures. It is anticipated that low enrolment figures will be recorded for FY2022/23 compared to FY2020/21. To boost enrolment, more scholarships were offered to students. In addition, more courses in the Arts & Science Department would be offered in the medium term to attract a new niche market. Because of the low enrolment figures for FY2022/23, private education is projected to decline during the period 2022/23. However, the University is optimistic that growth will be recorded in the medium term and that it will record normal enrolment figures for FY2023/24.

4.4 Preferential Market Access and Free Trade Agreements

4.4.1 OECS Economic Union

4.22. The Revised Treaty of Basseterre Establishing the Organization of Eastern Caribbean States Economic Union was signed by Grenada on 18 June 2010. The Treaty entered into force on 21 January 2011.

4.23. The OECS Economic Union seeks to foster deeper integration among the six (6) independent states and Montserrat by establishing new institutional arrangements to facilitate a single financial and economic space, which allows for free movement of labour and free circulation of goods and trade in services; the harmonization of monetary policy; the coordination of fiscal policy to achieve sound management of the economic space and the harmonization of trade policies.

4.4.2 The CARICOM Single Market and Economy (CSME)

4.24. Grenada is party to the Treaty of Chaguaramas signed in 1973 which established the Caribbean Community (CARICOM). The Revised Treaty of Chaguaramas (completed in 2000) has been enacted into the domestic legislation giving effect to the CARICOM Single Market and Economy (CSME). The CSME is an arrangement that is intended to enhance the competitiveness of the region by effecting the free movement of the factors of production and the right of establishment. The expected benefits include increased efficiency, higher levels of investment, employment and increased intra- and extra-regional trade.

4.25. CARICOM member States have established the following regional institutions to support the implementation and operation of the CARICOM Single Market: the Caribbean Court of Justice (CCJ), the CARICOM Regional Organisation for Standards and Quality (CROSQ), the CARICOM Competition Commission, the Caribbean Agricultural Health and Food Safety Agency (CAHFSA) and the CARICOM Development Fund (CDF).

4.4.3 CARICOM Bilateral Arrangements

4.26. As part of CARICOM, Grenada is a party to several bilateral trade arrangements. These include agreements with Colombia (1994), Venezuela (1992), Dominican Republic (1998), Cuba (2000) and Costa Rica (2004). In keeping with a decision of the 16th Meeting of the CARICOM Conference of Heads of Government, the OECS countries as CARICOM LDCs are not required to extend reciprocal treatment on market access under the terms of these agreements in accordance with GATT Article XXIV.

4.4.4 CARIFORUM-UK

4.27. Consequent to the exit of the UK from the EU, Grenada under the auspices of the Caribbean Forum (CARIFORUM) Group of countries negotiated with the United Kingdom (UK) of Great Britain and Northern Ireland a new Economic Partnership Agreement (EPA). This EPA is essentially a rollover agreement from the CARIFORUM-European Union (EU) EPA. Grenada signed the

CARIFORUM-UK EPA in March 2019. This EPA is being provisionally applied since 1 January 2021. This Agreement has since been notified to the WTO Committee on Regional Trade Agreements.

4.4.5 CBI

4.28. The United States grants duty-free access for a wide range of products under the Caribbean Basin Initiative (CBI). The Caribbean Trade and Partnership Act (CTPA) was extended to 2030 and Grenada will continue to enjoy preferential access to the US market until then.

4.4.6 CARIBCAN

4.29. Under the CARIBCAN arrangement, Canada extends to Grenada and other CARICOM countries non-reciprocal preferential access to the Canadian market for a wide range of products that satisfy specific rules of origin. The current arrangement is due to expire in 2023.

4.4.7 CARIFORUM-UK Agreement

4.30. The CARIFORUM-EU Economic Partnership Agreement (EPA) was signed by Grenada and other CARIFORUM Countries on 15 October 2008. The agreement is a permanent arrangement which provides exporters of nearly all CARIFORUM products with duty free and quota free access to the EU market for originating goods.

4.4.8 Multilateral Trading System

4.31. Grenada became a WTO Member in February 1996.

4.32. Grenada remains firmly committed to a multilateral trading system based on clearly defined WTO rules which safeguard the interests of developing countries, Small Vulnerable Economies and LDc's and ensure that world trade is conducted in an orderly manner.

4.33. Grenada ratified the Protocol of Amendment to insert the Trade Facilitation Agreement into Annex 1A of the WTO Agreement in 2015, and is taking steps to implement its commitments under the Agreement.

4.34. Grenada submitted its notification of Category A,B, and C in February of 2017.

4.35. Grenada has worked with various donor agencies to get technical assistance for its Category C commitments. Some of the reforms that took place during the period was the establishment of the Customs Appeal Commission and the training of the commissioners.

4.36. The Customs Division also added the Ministry of Agriculture and the Grenada Bureau of Standards to ASYCUDA World in order to reduce the time and cost in the clearance of goods.

4.37. Grenada continues to engage different international donors for assistance with Category C commitments.

4.38. Grenada has been part of the group co-sponsoring the Joint Statement on Investment Facilitation for Development and MSMEs participation in international trade.

4.39. The country is a member of several WTO trade negotiation groups (the ACP Group of States, SVE's, CARICOM, OECS etc.)

4.40. Grenada continues to attach great importance to S&DT for least developed countries (LDCs), Small Vulnerable Economies and developing WTO Members in accordance with their individual development needs, providing them the much needed flexibility to fully integrate into the multilateral trading system.

5 CONCLUSION

5.1. Grenada firmly believes in the importance of the trade policy review process of WTO Member States, which helps foster transparency and understanding of their trade policies and practices. It is pleased to have carried out this fourth Trade Policy Review and would like to thank the WTO Secretariat for its invaluable support.

SAINT KITTS AND NEVIS

1 INTRODUCTION

1.1. Saint Kitts and Nevis has weathered many storms considering its size and vulnerability to external shocks, including natural disasters and climate change impacts. The COVID-19 Pandemic stretched Saint Kitts and Nevis' faith, as an SVE, to remain on course and resilient against the challenges faced by similar economies in the OECS and around the world. Nonetheless, the Federation of Saint Kitts and Nevis remains poised to participate in the Multilateral trading system via the World Trade Organisation and it is committed to advancing the goals and objectives of the WTO Marrakesh Agreement.

1.2. The Federation of Saint Kitts and Nevis is approximately 68 square miles with a population of 59,772 (47,195 on Saint Kitts and 12,577 on Nevis)[1]. The decline in economic activity in 2020 due to the pandemic saw a decline in GDP of 3.9% in 2021. However, the IMF estimated that a real GDP growth of 9.8% is expected in 2022.

1.3. Regarding the current accounts, current revenue is estimated to have an increase of 36.3% to XCD 1087.6 million (46.3% of GDP), and an 85.3% expansion of non-tax revenue also contributed to the latter. On the capital account, expenditure grew by 30% to XCD 233.3 million (9.9%).[2]

1.4. Notwithstanding, the opening of the economy and the removal of the COVID-19 restrictions, the economy of the Federation of Saint Kitts and Nevis is projected to partially recover in 2022. Activity in the tourism industry is most likely to regain significant momentum. Additionally, the agriculture sector is, also, most likely to significantly increase output due to national programmes aimed to improve food security and its active participation in the regional- -CARICOM initiative (25 by 25) to reduce food imports by 25% by 2025. Indeed, the construction sector in both the public and private sectors is expected to accelerate; the positive spill-over effects on supporting services will aid in the economic recovery process.

1.5. The Government of Saint Kitts and Nevis is cognizant of other variables that can have major impacts on its growth prospects: the Russia – Ukraine war and the negative effects on gas and energy costs, and the supply chain disruption. Additionally, the Citizenship by Investment programme slow recovery time, due to the global shutdown, maybe a critical determining factor in its economic recovery process.

1.6. The Agreement on Fisheries, the discussions on Special and Differential Treatment, and the development of e-commerce as means to diversify, create new job opportunities, and position our economy to take advantage of global opportunities remain high on Saint Kitts and Nevis' agenda. Additionally, the recent achievements of COP27 in relation to the SDGs should bear many fruits as the Federation of Saint Kitts and Nevis continue to strive to secure a better future for its people and reap the benefits of the multilateral trading system.

2 SECTOR DEVELOPMENT

2.1 Agriculture

2.1. Agriculture, together with Livestock and Forestry, is projected to contribute 8.3% of Saint Kitts and Nevis' GDP (2021)[3], with 23.1% of land use dedicated to Agriculture noting that 42.3% is forest area.[4] In Saint Kitts and Nevis, the prime agricultural produce consists of peppers, roots, and tubers (white and sweet potatoes) other vegetables and livestock. On both islands, individual smallholders

[1] National Statistics Department - Ministry of Sustainable Development.
[2] Eastern Caribbean Central Bank Annual Economic and Financial Review December 2021.
[3] Eastern Caribbean Central Bank Annual Economic and Financial Review December 2021.
[4] The World Bank – IBRD IDA Data.

grow vegetables for local consumption. The Ministry of Agriculture, Fisheries and Marine Resources oversee the agricultural industry in Saint Kitts and Nevis.

2.2. To address food security matters, the Ministry of Agriculture launched the National Agricultural Transformation and Growth Strategy 2022-2030.[5] The new strategy is comprehensive covering key areas including innovation, the infusion of new technology, and mitigating strategies to combat devasting effects of climate change. There are also incentive packages, an increase in the availability of farmlands, and investment in agro-processing technology, coupled with increased linkages with the tourism sector. The revamping of the agriculture sector is to address issues in the current landscape, create more jobs, raise the standard of living, and improve the Saint Kitts and Nevis' food security. Indeed, the road map to the development of the agricultural sector is intended to reduce the country's food importation bill through local production.

2.3. Investors in this sector of the economy are free to take advantage of regional trade agreements derived from Saint Kitts' membership in CARICOM and the OECS to gain access to wider markets. Saint Kitts' geographical location in the Eastern Caribbean and modern air and seaport facilities provides a strategic advantage with existing shipping corridors to Jamaica in the North and Trinidad and Tobago and Guyana in the south.[6]

2.2 Services

2.4. Since the closure of the Sugar Industry in Saint Kitts and Nevis, and the shift to becoming a service-orientated economy, the contribution to GPD has skyrocketed. Services now account for 67.46% of the GDP[7] in 2021. With a decline of 0.2 percentage points, there is no significant change since 2020. Over the observed period, the share has been subject to fluctuation. Services cover financial services, educational services, and professional services among others.

2.3 Tourism (and travel)

2.5. Tourism and support services are the major income earners for Saint Kitts and Nevis. Tourism accounts for 10.2% of GPD in 2021. This is a major decline compared to 2019 when it accounted for 43.6% of GDP and in 2020 Tourism accounted for 20.1% of GDP.[8] The drastic decline in 2020 and 2021 was due to the COVID-19 Pandemic.

2.6. The tourism expenditure estimate has been over 500 million dollars in both 2018 and 2019.[9] The pandemic caused a global standstill resulting in a significant fall in economic activities. Tourism and travel-dependent states around the world suffered, and Saint Kitts and Nevis is no different in this regard; its vulnerable economy in which tourism is intertwined with many sectors has been significantly impacted by the reduced travel.

2.7. Between 2018 and 2019, there was a slight decline in visitor arrivals by air of 3%, from 128,579 to 124,241. But visitor numbers fall sharply by 75% to 30,865 in 2020. Regular passenger flights would have been cancelled because of the COVID-19 pandemic beginning at the end of March, and only somewhat recovering with a partial reopening of the borders in October.[10]

2.8. With initiatives designed to motivate, educate, and introduce young people to exciting career options in the tourist industry, the Ministry of Tourism and the Saint Kitts Tourism Authority continue to invest in the future of the business. In Saint Kitts and Nevis, the focus has been further shifted to sustainable tourism. In this regard, in its efforts to secure the viability and sustainability of the island's tourism economy, the ministry of tourism has put best practices into place. The Ministry has already begun the process of training and inviting experts on the environment to safeguard our

[5] The Department of Agriculture – St. Kitts and Nevis Information Services (SKNIS).
[6] St. Kitts Investment Promotion Agency (SKIPA).
[7] Statista.
[8] Statista.
[9] National Statistics Department - Ministry of Sustainable Development.
[10] National Statistics Department - Ministry of Sustainable Development.

island and tourism product. Saint Kitts and Nevis has made every effort to ensure that the SDGs are at the forefront of its policies and strategies.

2.4 Financial services

2.9. According to the National Statistics Department, Financial Services contributed XCD 197.16 million to GDP in 2020, which was just a small increase from XCD 198.50 million in 2019. The Financial Services Regulatory Commission Services (FSRC) regulates non-bank financial institutions and serves as the business registry, whilst the banking sector is regulated by the ECCB. From the Government's end, the Ministry of Finance (including the Inland Revenue Department), the Financial Intelligence Unit, and the White-Collar Crime Unit (National Security) all work in unison to ensure that international standards and regulations are implemented, and prudent measures are taken that will secure international investor confidence as well as nationals.

2.5 Telecommunications

2.10. The mobile penetration rate of St. Kitts and Nevis stood at 80.7% in January 2021, Saint Kitts and Nevis has a sizable telecommunications industry. Internet users in Saint Kitts and Nevis increased by 287 (+0.7) between 2020 and 2021. Additionally, there were 43.1 thousand internet users in Saint Kitts & Nevis in January 2021. There were 76.8 thousand mobile connections in Saint Kitts & Nevis in January 2021, whilst the number of mobile connections in Saint Kitts & Nevis decreased by 472 (-0.6%) between January 2020 and January 2021; the COVID-19 pandemic is one of the contributing factors. However, it must be noted that many people have more than one mobile connection, so figures for mobile connections may exceed 100% of the total population. The number of mobile connections in Saint Kitts & Nevis in January 2021 was equivalent to 144.0% of the total population.[11]

2.11. The internet and fixed-line telephone services are provided by the government-owned Saint Kitts-Nevis Cable Communications Company. Digicel and Flow (formerly LIME) are the two primary private telecommunications companies. Leading Caribbean business Flow operates a store in Basseterre that offers complete landline, internet, mobile telephone, and television streaming services.

2.12. The National ICT Centre is under the umbrella of the Ministry of Justice and Legal Affairs, which oversees the Government interest within the telecommunications sector. As a member of ECTEL (Eastern Caribbean Telecommunications Authority), the government ensure the market is liberalized in a manner that will foster growth in this area at a cost most affordable and beneficial to its citizens and ECTEL Members.

2.6 Manufacturing

2.13. In Saint Kitts and Nevis, the manufacturing sector's contribution to the country's GDP fell by 0.4 percentage points from the year before. The share of GDP was 4.58% in 2020 and 4.18% in 2021. The lowest share within the observed period is hence 2021. Saint Kitts and Nevis' manufacturing sector contributed 5.21% to GDP in 2019. The trend continues to show a fall from previous years.[12]

2.14. Saint Kitts & Nevis has exported millions of USD in manufactured goods to the United States, making Saint Kitts & Nevis the largest exporter of goods to the United States amongst the OECS and Barbados. Saint Kitts and Nevis is estimated to have the largest electronics assembly industry in the Eastern Caribbean, with most exports from the country being made up of electrical production. The above is the enclave sector which is supported under the CBI (Caribbean Basin Initiative) programme.

[11] DataReportal Digital 2021 St. Kitts and Nevis at 12 Feb 2021.
[12] Statista.

2.15. Noting the importance of the Manufacturing Sector to Saint Kitts and Nevis, the National Manufacturing Strategy 2013 is currently being revamped to cover a wider range of the manufacturing sector in Saint Kitts and Nevis and to ensure it captures today's and future trends in this sector. This sector employed 1650 persons (901 females and 748 males).[13]

3 TRADE RELATIONS

3.1. Saint Kitts and Nevis, as a member of the CARICOM grouping, negotiate trade arrangements under this umbrella as directed by the Revised Treaty of Chaguaramas Establishing the CARICOM Single Market and Economy. Saint Kitts and Nevis is also a member of the Sub-grouping, the OECS - EU Economic Union (Organisation of the Eastern Caribbean States) which is governed by the Revised Treaty Basseterre. Saint Kitts and Nevis received approval from the COTED (Council of Trade and Economic Development) to accede to the Brazil – Guyana Partial Scope Agreement (PSA).

3.2. St. Kitts and Nevis has been a member of the WTO (World Trade Organisation) since 1996. Since then, has been assigned to a few bilateral trading agreements: CARICOM – Costa Rica, CARICOM – Venezuela, CARICOM – Cuba, CARICOM – Dominican Republic, and CARICOM – Colombia. Saint Kitts and Nevis is also a signatory to the CBI-the CBERA (Caribbean Basin Economic Recovery Act).

3.3. Saint Kitts and Nevis, via CariForum (CARICOM and the Dominican Republic), is a signatory to the CariForum – EU EPA (Economic Partnership Agreement) and the CariForum – UK EPA. Saint Kitts and Nevis is actively monitoring the development of the Post – Cotonou Agreement negotiations.

4 TRADE POLICY AND IMPLEMENTATION

4.1. Saint Kitts and Nevis' foreign commercial ties are managed by the Ministry of International Trade, Industry, Commerce and Consumer Affairs, which is also in charge of developing, implementing, and administering all trade policies and implementation. All WTO, international, and regional trade concerns are within the purview of the Ministry, which is also in charge of issues about anti-dumping, subsidies, technical trade barriers, and competition policy.

4.2. The International Trade Department, the Saint Kitts and Nevis Bureau of Standards, and the Consumer Affairs Department are the three agencies that make up the Ministry; they all work in unison to ensure the Government's trade objectives are achieved as prescribed the agreements. All trade policy-related concerns must be coordinated, managed, developed, and implemented by the International Trade Policy Department. This includes trade agreement promotions, education, and awareness, and assisting with capacity building in government agencies and ministers whose actions have an impact on the nation's trade-policy agenda.

4.3. The responsibility of the Consumer Affairs Department is to guarantee unfettered access to accurate information in the marketplace and fair competition. This Department acts proactively to protect consumer rights and aid in preventing consumer fraud when buying goods and services. The consumer Affairs Department has updated the Consumer Protection Bill and is waiting for passage by parliament.

4.4. The Bureau of Standards, on the other hand, functions similarly to the Consumer Affairs Department but at a wider and deeper angle. The Bureau of Standards protects consumer health and safety. The Bureau also serves as the National Contact Authority for the Inter-American Metrology System, the National Contact Authority for the CARICOM Regional Organization for Standards and Quality (CROSQ), the National Contact Authority for the WTO TBT Agreement, and the National Codex Contact Point (SIM). The Bureau serves as the point of notification and distribution for the Codex Alimentarius Commission's voluntary and mandatory standards and regulations.

[13] National Statistics Department - Ministry of Sustainable Development (2016 data).

4.5. The c recently upgraded its entire facility and is heading to become an accredited laboratory. The National Standards Act has been amended and updated. There are currently five divisions in this Department: Air Quality (Monitors indoor air quality such as identifying mould, carbon monoxide and particulate matter); Chemistry (Performs chemical analyses on water, food, soil, and plants); Microbiology (Offers microbial analyses on food (cooked and raw) and water (drinking, bottled, marine, pond, well, waste); Metrology (Provides legal metrology services in the areas of mass and volume measurements), and Standards and mentioned earlier. Currently, the Bureau of Standards is in the process of regulating three areas: Labelling of Pre-packaged Foods, Labelling of Goods-General Requirements, and Packaged Water.

4.6. One of the requirements of the CSME (CARICOM Single Market and Economy) is the establishment of the IMCC (Inter-Ministerial Consultative Committee), which ensures that all trade matters, inter alia, will use this forum to ensure the consultative process meets its objectives and that all possible relevant stakeholders are part of the consultation process. This process is utilized to formulate national policies.

5 FISCAL POLICY

5.1. The economy has suffered a great deal as a result. The pandemic's effects on domestic activity were exacerbated by the entire cessation of cruise ship arrivals and the extremely low number of stayover visitors since the first quarter of 2020. The pandemic caused an estimated 14% yearly fall in GDP and the first budget deficit for the entire government since 2010 (4.7% of GDP), which was covered by drawing down sizable deposit reserves.[14]

5.2. The government's fiscal programme restored Saint Kitts and Nevis into a surplus position in the first half of 2021. Following a total deficit of XCD 28.3 million in the comparable period of 2020, when stringent lockdown measures were first put in place, an overall surplus of XCD 89.4 million was recorded. The turnaround in the fiscal balance was mostly impacted by changes to the current account. The current revenue was estimated to climb by 26.4% to XCD 480.4 million, with non-tax revenue growing by 77.5%. (Citizenship by Investment receipts being the most significant component). The increase in current revenue was offset by a 9.0% decline in tax revenue, however, as the economy continued to grow slowly.[15]

6 MONETARY POLICY

6.1. The Eastern Caribbean Central Bank, as with all OECS Member States, is responsible for the monetary policies of Saint Kitts and Nevis. All OECS Member States use the Eastern Caribbean Dollar (XCD) which is pegged to the USD at XCD 2.7169.

7 CONCLUSION

7.1. With the COVID-19 Pandemic, the supply chain disruption effect, the Ukraine – Russia War, the rise in gas prices, and climate change, Saint Kitts and Nevis continue a pass of economic recovery, but with many uncertain attached to any positive forecast. These challenges force timelines with very limited resources to safeguard its very vulnerable economy. Saint Kitts and Nevis remain steadfast to adhere to the rules of the multinational trading system and is committed to seeing the outcome of this system materialize. In this regard, Saint Kitts and Nevis, via its OECS Geneva Mission and other organs, will continue to participate in international discussions and will provide its support to advance a fair trading system where all Members can have the best possible outcome.

[14] IMF St. Kitts and Nevis Article IV Consultation Press Release.
[15] Eastern Caribbean Central Bank Economic and Financial Review June 2021.

SAINT LUCIA

1 INTRODUCTION

1.1. Saint Lucia, like many other OECS Member States was adversely impacted by the effects of the COVID-19 pandemic and has since taken a forward-looking, development approach to help accelerate its growth and development as part of its post COVID-19 economic recovery process.

1.2. The Government of Saint Lucia has been proactive and speared no time in developing solutions to help revitalize the economy and to get the country on a sustainable path to recovery. In this connection, the Government has crafted a Medium Term Development Strategy for the period 2021 to 2026 to assist it navigating an increasingly unpredictable and highly integrated global economic environment.

1.3. This Strategy among other Sectoral Development initiatives, such as the National Export Strategy, is intended to improve the country's trade performance and anemic growth and help realize the level of economic growth needed to restore a better Saint Lucia. Importantly, the government has set a vision that seeks to create a better Saint Lucia today, tomorrow and for future generations as set-out in the Medium Term Development Strategy - "to build a resilient and inclusive Nation, for a more sustainable and productive future for our people."

1.4. Since the last Trade Policy Review, Saint Lucia has also pursued sectoral development initiatives to diversify its economy to avoid being reliant on one economic sector. As a result, the Services Sector has been benefiting from support programmes and incentives towards improving the country's future economic prospects.

1.5. Efforts to restore the Agriculture as a vital economic sector is ongoing with some diversification taking place, although factors such as natural disasters and pests and diseases continues to stymied the growth and export potential of the sector.

1.6. Coupled with the various development strategies being implemented, Saint Lucia hopes to take better advantage of the various trade agreements that it is a contracting party to including the most recently signed CARIFORUM-UK EPA.

2 MACROECONOMIC DEVELOPMENTS AND TRADE PERFORMANCE

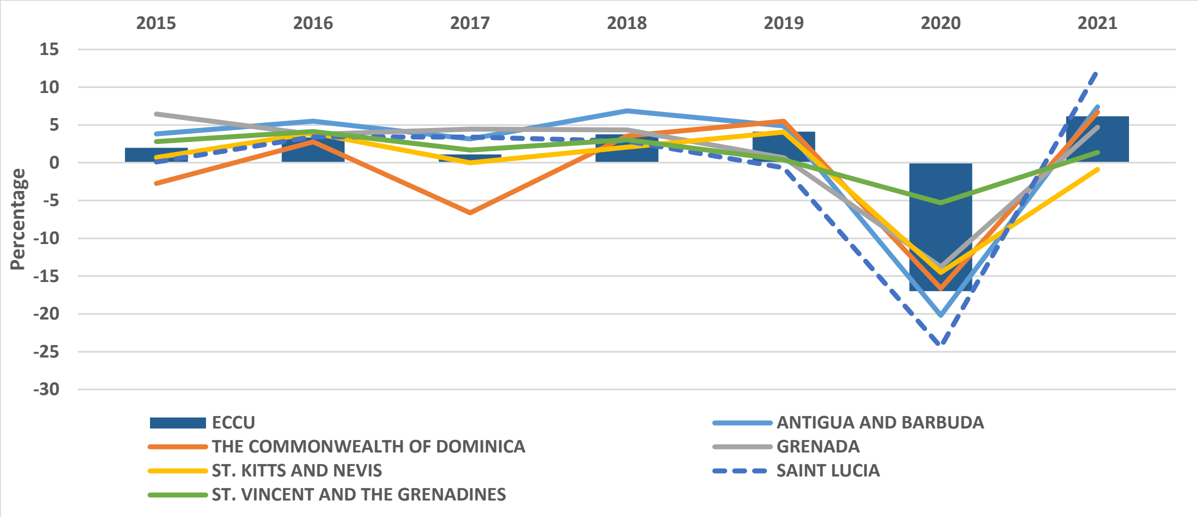
2.1 Economic Performance

2.1. Although the largest economy in the Eastern Caribbean Currency Union (ECCU), Saint Lucia is a small, open economy, heavily dependent on the tourism sector for foreign direct investments, revenue generation, employment creation and foreign exchange earnings. Saint Lucia's economic growth has been volatile and relatively low, recording an annual average growth rate of approximately 1.8% over the 5-year period 2015 to 2019. This is below the average real GDP growth rate of 3.4% in the rest of the ECCU for the same period.

2.2. In 2020, due to the health, financial and economic shocks which stemmed from the impact of the COVID-19 pandemic, the global economy contracted by 3.0%. Reflecting these unprecedented and adverse developments, Saint Lucia's tourism sector was hard hit and led to a steep contraction of 24.4% in overall real economic activity.

2.3. Despite the continued negative effects of the pandemic and associated public health restrictions, a slow recovery in the domestic economy began in 2021, spurred by a partial rebound in tourism activity. Saint Lucia's real GDP expanded by 12.2%, albeit remaining below pre-pandemic levels.

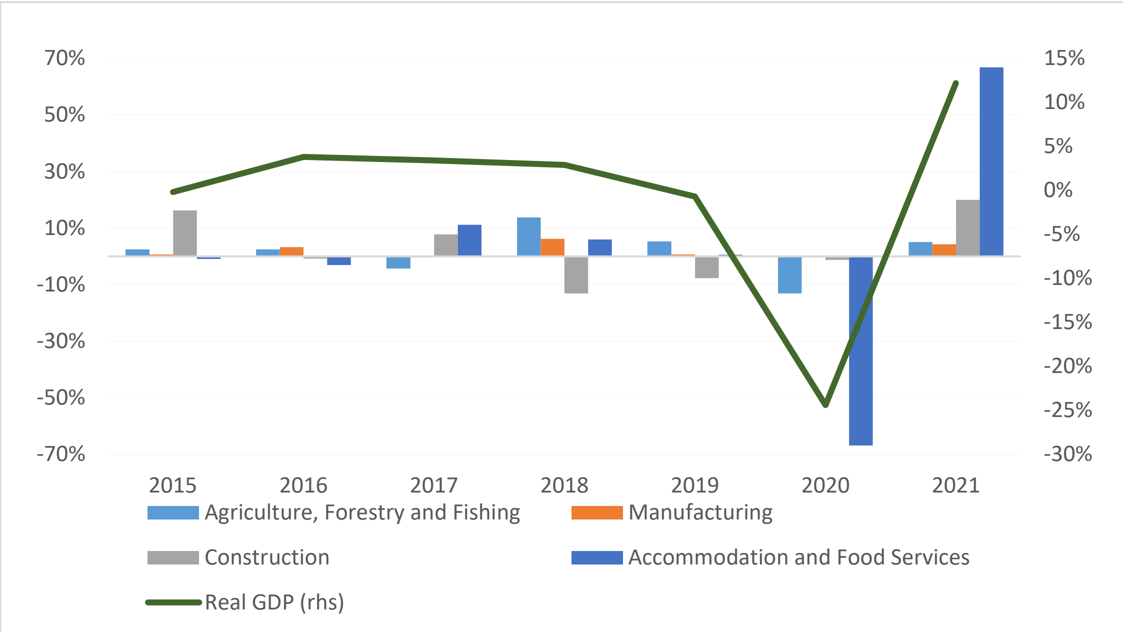
Figure 1: Real GDP at Market Prices in the ECCU



Source: Eastern Caribbean Central Bank (ECCB).

2.4. As the main driver of economic activity in Saint Lucia, the tourism (accommodation and food services) sector which contracted sharply by 67.5% in 2020, registered growth of 74.4% in 2021 with positive spillover effects on other sectors. Prior to the COVID-19 pandemic, during the period 2015 to 2019, stay-over arrivals grew at an annual average rate of 5.%4. In the review period, while activity in the construction sector oscillated, it grew on average by 3.0% yearly and accounted for 4.3% of GDP. The sector's performance was largely influenced by public sector infrastructural projects and hotel developments.

Figure 2: Saint Lucia's Economic Growth Rates by Main Sectors



Source: Saint Lucia's Central Statistical Office.

2.5. Meanwhile, the performance of the agriculture sector was mixed with declining output in the banana industry and expansion in other sub-sectors such as livestock., Banana exports to the United Kingdom continued to trend downward, falling from 8,450 tonnes in 2015 to 1,662 tonnes in 2021. Over the years, banana production has been affected by unfavorable developments in the United Kingdom (UK) market, coupled with the impact of natural disasters, and pests and diseases, high input costs as well as shipping and marketing challenges.

2.6. Saint Lucia's overall unemployment remained high, hovering around 20.0% on average with youth unemployment above 35.0% during the period 2015 to 2021. This has been partly due to labour market issues such as skills mismatch. Over the review period, deflation was recorded in 2015, 2016 and 2020, while world oil prices increased inflation to 2.6 % in 2018 and 2.4% in 2021, which was also driven by supply chain bottlenecks linked to the COVID-19 pandemic.

2.7. The dual health and economic shock of the COVID-19 pandemic highlighted the country's growing vulnerability to external shocks including natural disasters and oil price escalations. The country also suffered significant setbacks from damages to its physical infrastructure and agriculture sector, particularly the banana industry, as a result of Tropical Storms Matthew and Kirk in 2016 and 2018 respectively, followed by Hurricane Elsa in 2021 coupled with rising incidences of island-wide flooding.

2.2 Fiscal and Debt Performance

2.8. The central government's fiscal position remained characterized by high deficits in some years and rising public debt levels. During the fiscal years 2015/16 to 2019/20, the overall deficit averaged 2.1% of GDP, ranging from 1.0% in 2018/19 to 3.7% in 2019/20. Consistent with the modest growth realized up to 2019, total revenue and grants grew by 14.1% or an annual average rate of 4.1% from XCD 1,038.8 million (21.1% of GDP) in 2015/16 to XCD 1,185.0 million (22.5% of GDP) in 2019/2020. As most current expenses increased steadily, total expenditure rose by 19.0% from XCD 1,158.5 million (23.6% of GDP) in 2015/16 to XCD 1,378.0 million (26.2% of GDP). Spending on goods and services rose by 48.2%, while current transfers and the wage bill expanded by 86.4% and 18.4% respectively.

2.9. Moreover, following the sharp economic downturn in 2020/21 and the implementation of COVID-19 relief measures, total revenue and grants declined by 22.5% to XCD 918.1 million. Meanwhile, total expenditure rose by 2.9% to XCD 1,418.5 due to increased COVID-19 related health spending and measures to assist affected citizens and ailing businesses. Consequently, the overall fiscal deficit rose sharply from 3.7% of GDP (XCD 193.0 million) in 2019/20 to 11.9% of GDP (XCD 500.4 million) in 2020/21.

2.10. In the ensuing year Saint Lucia recorded a partial recovery in economic activity with a notable 20.7% improvement in the central government's revenue intake to XCD 1,108.1 million (23.0% of GDP). However, total expenditure contracted marginally in 2021/22 as COVID-19 related health spending decreased. The combined effects of these developments was a reduction in the overall fiscal deficit to 6.4% of GDP (XCD 306.4 million).

2.11. Consequently, public debt levels rose by 25.6% between the period 2015/16 to 2020/21 to XCD 3, 794.9 million. The public debt to GDP ratio moved from 61.4% in 2015/16 to 65.8% in 2019/20. Notably, as a result of the economic downturn in 2020/21 and the government's interventions to mitigate the associated fall-out with higher (health and other) expenditure, the public debt to GDP ratio rose significantly to 90.2% of GDP in 2020/21. It decreased to 87.5% of GDP in 2021/22 as the economic recovery started.

Figure 3: Fiscal Indicators

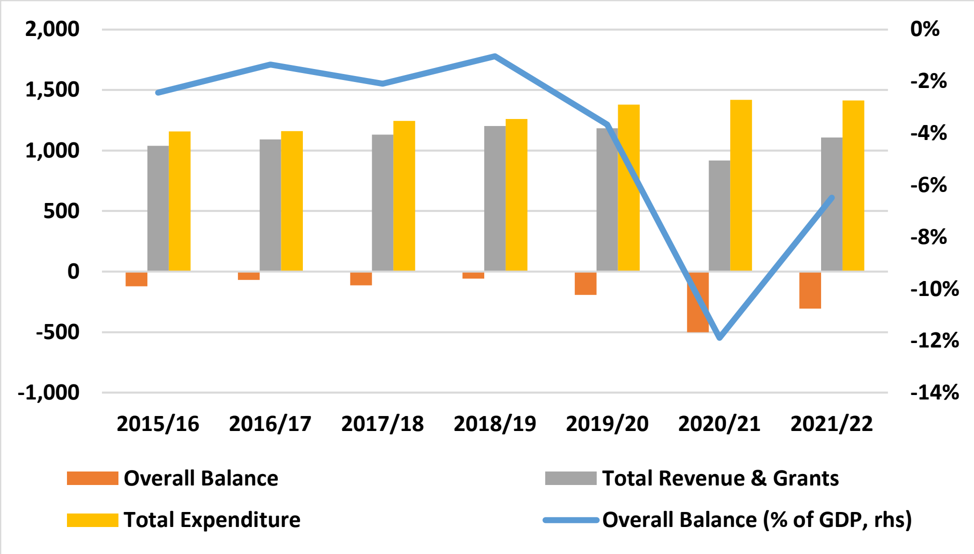
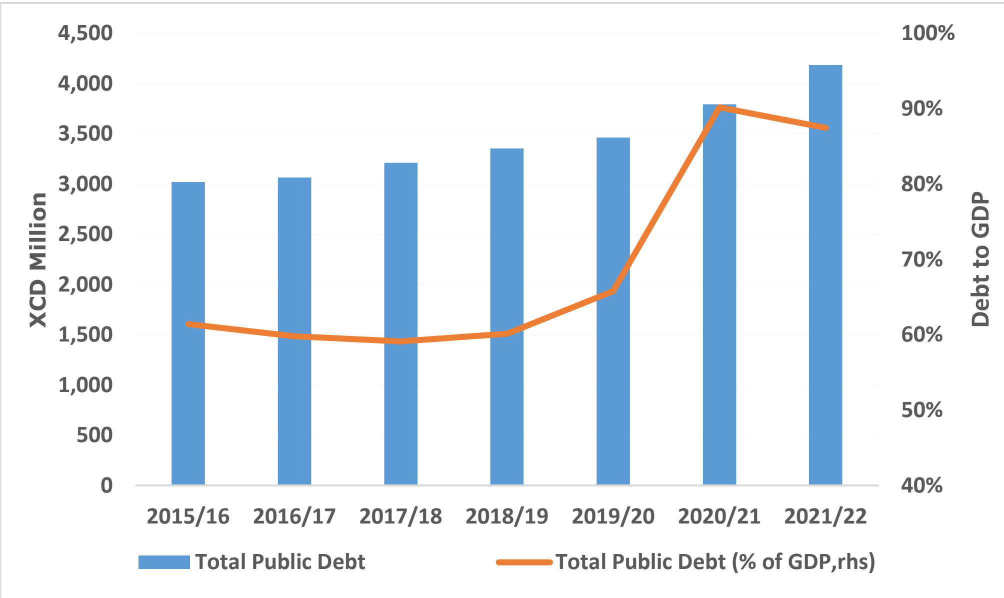


Figure 4: Total Public Debt



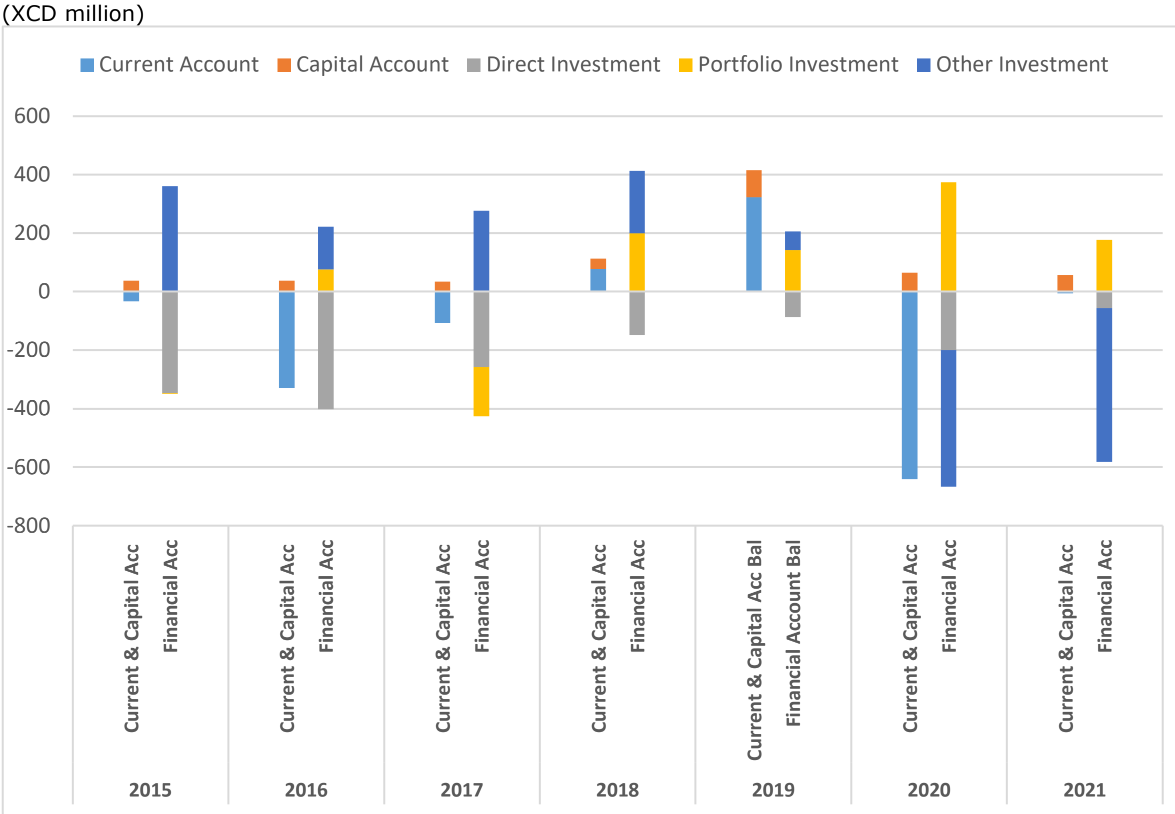
2.3 Balance of Payments

2.12. The external current account balance averaged a deficit of 0.4% of GDP for the period 2015-19, ranging from a deficit of 6.5% in 2016 to a surplus of 5.7% in 2019. Following a widening of the deficit in 2016, the external current account balance registered steady improvements to a surplus of 5.7% in 2019 mostly as (tourist) travel inflows continued to rise. In 2019, this surplus was also due to the reduction in goods imports which was partly on account of lower fuel outlay. During the period 2015-18, the capital account remained in a small surplus, averaging 0.7% of GDP, before more than doubling in 2019. The combined balance on the current and capital accounts largely reflected movements on the current account during that period. The balance on the financial account moved from 3.6% of GDP in 2015 to 0.9% of GDP in 2019.

2.13. Thereafter, the current account worsened, turning into a large deficit of 15.7% of GDP in 2020. This was largely driven by a severe downturn in travel receipts which more than offset the contraction in spending on imports. In 2020, the balance on the financial account was -9.2% of GDP. As tourism inflows began to rebound strongly in 2021, the current account deficit was significantly reduced to 0.1% of GDP. This deficit was more than fully covered by the surplus on the capital account. The balance on the financial account was 0.3% of GDP in 2021.

Figure 5: External Balances

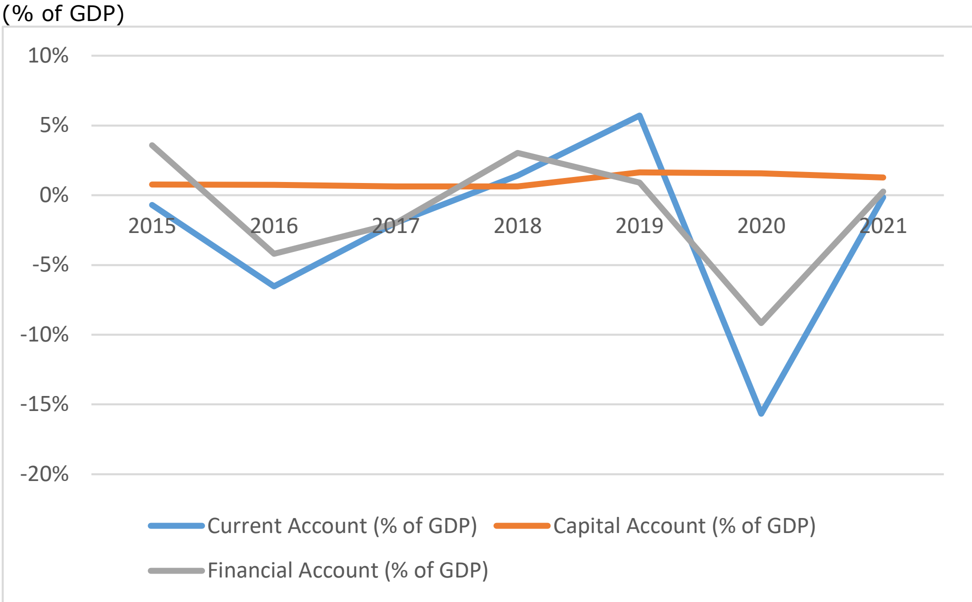
(XCD million)



Source: ECCB.

Figure 6: External Balances

(% of GDP)



3 SAINT LUCIA'S TRADE RELATIONS

3.1 The Organization of Eastern Caribbean States (OECS)

3.1. In 1981 Saint Lucia, in addition to six (6) other Eastern Caribbean islands signed the Treaty of Basseterre to become members of the Organisation of the Eastern Caribbean States, with an addition of two (2) countries as associate members being Anguilla and the British Virgin Island States. The OECS was created with the goal of promoting cooperation and economic integration in the Eastern Caribbean. The OECS Member States decided to further deepen and strengthen integration among themselves by becoming signatories to a revised legal framework called The Revised Treaty of Basseterre Established the Organisation of the Eastern Caribbean States Economic Union. The Revised Treaty marked a major advancement from the original Treaty in that it includes, inter alia, a Protocol for the establishment of an Economic Union.

3.2. The OECS Economic Union has been ratified by all OECS-WTO members and entered into force on 21 January 2011. The Economic Union is dedicated to accomplish a single financial and economic space within which there is movement of goods, services, people and capital, economic harmonization and a common approach to health, trade, education and environment. The Revised Treaty has outlined eight areas of legislative competence for the Organisation including a common market and customs union, and a common trade policy.

3.3. The Revised Treaty also established the following organs of the OECS Economic Union whereby the organization can accomplish its functions:

- the Authority of Heads of Government of the Member States;
- the Council of Ministers;
- the OECS Assembly;
- the Economic Affairs Council; and
- the OECS Commission.

3.4. The OECS Commission has the principal responsibility for the general administration of the Organization. It provides, inter alia, support services to member states through the conduct of research and the execution of projects and is therefore responsible for the consolidation of the Trade Policy Review Common Report of the OECS-WTO Members. The OECS Technical Mission in Geneva, falls under the aegis of the OECS Commission and serves as the main representative of members to the World Trade Organization (WTO).

3.5. The implementation of the OECS Economic Union regime has been incremental but slow as it necessitates a robust legislative review, change of traditional modes of operating, and greater collaboration among Member Governments as well as national stakeholders. In this regard, Saint Lucia is actively involved in several national and OECS-wide undertakings geared at operationalizing the OECS Customs Union and Free Circulation of Goods Regimes as well as the implementation of the Free Trade in Services Regime. Legislative reform pursuant to this goal include drafting and updating of legislation relating to animal health, food safety, customs, standards, and a number of services related areas.

3.2 CARICOM Single Market and Economy (CSME)

3.6. Saint Lucia, is a signatory to the CARICOM Single Market and Economy - an integrated development strategy envisioned by the member governments of the Caribbean Community (CARICOM) aimed at deepen the integration movement to better respond to the challenges and opportunities brought about by globalization. Saint Lucia is committed to deepening and strengthening its intra-regional trade with its neighboring CARICOM Countries through the full implementation of the provisions of the Revised Treaty of Chaguaramas Establishing the Caribbean Community including the CARICOM Single Market and Economy.

3.7. The CSME is an ambitious undertaking which is built on five core Regimes, namely: (i) Free Movement of Capital; (ii) Free Movement of Goods; (iii) Free Movement of Skills; (iv) The Provision of Services; and (v) The Right of Establishment.

3.8. Consequently, its implementation requires a whole of Government approach in order to be realized and to be impactful. The International Trade Division of the Ministry of External Affairs and the Regional Integration Unit of the Office of the Prime Minister play a leading role in the coordination and advancement of CSME implementation.

3.9. National efforts to progressively advance towards full implementation of the various regimes continues to move at a much slower pace than was contemplated, primarily because of resource constraints in enacting the necessary legislation and putting in place the administrative measures for implementation. Consequently, and in an effort to help drive implementation of the respective regimes of the CSME, in 2019 Saint Lucia established two consultative mechanisms to serve as steering committees to conduct reviews and to guide the implementation of various administrative and legislative procedures as well as the various Conference decisions. These two mechanisms, namely, the Inter-Ministerial Consultative Committee (IMCC) comprising key governmental agencies, and the Business and Labour Advisory Committee (BLAC) which comprises representatives of business and labour organizations are to serve as champions in driving and monitoring implementation of the CSME.

3.10. Despite the challenges confronting the CSME implementation, Saint Lucia believes in the arrangement and continues to make incremental progress towards its full implementation of the CSME. One area of active engagement is the review of the Common External Tariff (CET) and Rules of Origin Regimes as reforms to establish a truly common CET are required and because both these regimes are to be updated in order to keep pace with new developments in global trade. Work is continuing to expand the categories of skilled nationals that are able to move freely within the CSME space to include security officers, domestic workers, and agricultural workers.

3.3 CARICOM Bilateral Agreements

3.11. Saint Lucia, as a member of the Caribbean Community (CARICOM) conducts its external trade negotiations through the CARICOM in accordance with the Revised Treaty of Chaguarams.

3.12. Saint Lucia has signed five (5) bi-lateral trade agreements under the prescript of CARICOM. These include partial scope agreements with Venezuela in 1992, Colombia in 1994, and Cuba in 2000 as well as free trade agreements (FTAs) with the Dominica Republic (1998) and Costa Rica (2004). The partial scope agreements (PSAs) are largely based on trade in goods, however, the levels of reciprocal preferential treatment accorded to the respective CARICOM members differs under each PSA. The PSAs also contain built-in agendas on services and investment, and they also encourage cooperation in a number of other areas including trade promotion, trade finance, private sector participation and transport services. The FTAs include provisions on trade in goods, trade in services and investment. Both FTAs provides for reciprocal preferential treatment by CARICOM MDCs and non-reciprocal trade with CARICOM LDCs.

3.13. **The CARICOM- Costa Rica Free Trade Agreement** provides for tariff liberalization with Saint Lucia on a non-reciprocal basis, given that Saint Lucia is an LDC of CARICOM, however, it contemplates future reciprocity on the part of CARICOM LDCs. Nonetheless, Saint Lucia is subject to an MFN obligation which requires it to grant immediate access to Costa Rica any preferential treatment that is granted to originating goods from any non-CARICOM country. The FTA also contains both general and product specific rules of origin. This FTA also calls for the elimination of non-tariff barriers and therefore includes provisions on import and export restrictions, customs user fees as well as on agriculture subsidies. It contains limited disciplines on services as well as investment protection rules but envisions further discipline in both thematic areas. Further negotiations took place in 2015, but no substantial progress was made with the negotiating process.

3.14. **The CARICOM Dominican Republic Free Trade Agreement** addresses major thematic areas such as Trade in Goods, Trade in Services, Economic Cooperation and Government Procurement. It contains comprehensive provisions on technical barriers to trade, sanitary and phytosanitary measures and customs cooperation, investment protection rules, a built-in agenda for the negotiations of services liberalization commitments and contemplates cooperation in the areas of trade promotion, trade financing and private sector activities. Similar to the other FTA, reciprocal preferential treatment is required from CARICOM MDCs with non-reciprocity for the LDCs, however, there was a contemplation of future reciprocity for LDCs from 2005 upon completion of a review. This review has not yet been conducted.

3.15. **The CARICOM-Cuba Trade and Economic Cooperation** focuses on trade in goods but also commits the Parties to further negotiations in areas such as services, reciprocal promotion and protection of investment and government procurement. Under this Agreement, Cuba and the MDCs agreed to the elimination of tariffs on a selected list of products whereas it was agreed that the LDCs would not be required to grant tariff concessions to goods imported from Cuba. Subsequent negotiations between the two Parties – CARICOM and Cuba - led to the signing of a second protocol, which saw a further liberalization of goods between the two parties in 2017 and improvements to the language of Rules of Origin. However, it is noteworthy that the one-way duty-free trade arrangement in favour of the LCDs was maintained.

3.16. **The CARICOM-Colombia Trade, Economic and Technical Cooperation Agreement** focuses on trade in goods but also provides a framework for future collaboration among the contracting parties in the areas of services and investment. It was initially agreed as a non-reciprocal arrangement in favour of CARICOM but made provision for the introduction of reciprocity by the CARICOM MDCs after four years of the Agreement coming into force. In 1998, four CARICOM MDCs – Barbados, Guyana, Jamaica, and Trinidad and Tobago – offered reciprocity to Colombia on a select list of products. CARICOM and Colombia are currently engaged in negotiations on the expansion of preferential market access for goods.

3.17. **The CARICOM-Venezuela Agreement** is unique from the others in that it currently provides for non-reciprocal preferential treatment by Venezuela to all CARICOM countries by reason of their lesser degree of development. It is primarily focused on trade in goods but like the others it provides for future collaboration in the promotion of services and investment. Venezuela would have subsequently sought tariff liberalizations commitments from CARICOM MDCs but such discussions have not taken place.

3.3.1 CARIFORUM-European Union (EU) Economic Partnership Agreement (EPA)

3.18. Saint Lucia continues to provisionally apply the EPA, a trade and development Agreement that facilitates reciprocal trade with the European Union. It was signed by both Parties on 15 October 2008, and notified to the WTO on 24 October 2008 under GATT Article XXIV.

3.19. The main objective of the EPA is to promote sustainable development and reduce poverty in CARIFORUM Member States.

3.20. A five-year review exercise was conducted in 2015, which focused on the impact of the EPA on CARIFORUM States as well as on the challenges encountered in advancing the implementation process. The outcome of the review suggested that the global financial and economic crisis had a profound impact on the ability of the CARIFORUM States, including Saint Lucia, to take advantage of the market access opportunities under the Agreement. The conduct of the five-year review is provided for in the EPA and is intended to evaluate the overall impact of this trade and development Agreement on the economies of CARIFORUM States. The second five-year review is currently being undertaken by both the CARIFORUM States and the EU.

3.21. To date, Saint Lucia has been able to fulfill its EPA obligations with respect to its tariff liberalization schedule. The schedule allows for the gradual reduction of tariffs to zero for approximately 87% of EU products by 2033. For their part, the EPA commits the EU to grant duty-free and quota-free access to their markets for all CARIFORUM exports.

3.22. Other opportunities created by the EPA for Saint Lucian exporters and investors, include a platform to discuss reforms and find solutions to trade and investment challenges and legal certainty. Also, the Partners are currently negotiating the recognition of Geographical Indications for both agricultural and non-agricultural products.

3.23. Under the EPA, Saint Lucia is able to provide some level of protection to its vulnerable infant and emerging industries by excluding sensitive products from market opening, utilize measures to safeguard, if needed, against the sudden surge of EU imports and take additional measures to protect food security.

3.24. Several EU development cooperation programmes are connected to the EPA. Saint Lucia has received support for EPA implementation, trade-related capacity building and initiatives aimed at improving the productive capacity and export capabilities of its economic operators.

3.25. Overall, trade diversification as well as the conversion of market access offered by the EPA into meaningful market presence remains a major challenge for the private sector in Saint Lucia.

3.3.2 CARIFORUM-United Kingdom (UK) Economic Partnership Agreement (EPA)

3.26. Saint Lucia signed the CARIFORUM-United Kingdom (UK) Economic Partnership Agreement (EPA) on 22 March 2019 and ratified the same on 29 October of that same year. Provisional application of the Agreement by both Parties commenced on 1 January 2021. This Agreement is a technical roll-over of the CARIFORUM-EU EPA with a few applicable amendments where necessary.

3.27. The UK is a traditional trading partner for Saint Lucia and continues to be one of its main source markets for tourism related travel as well as an export market for goods and services. However, in October 2022 Saint Lucia banana exports suffered a major blow as the two contracting parties, National Fair Trade Organization and the UK supermarket chain informed the government that they have mutually decided to suspend the trade of bananas as they monitor the current situations impacting the trade both in the Caribbean and the UK.

4 SECTORAL DEVELOPMENTS

4.1 Major Cross-Cutting Sectoral Initiatives

4.1. Two major strategies developed during the review period are the five-year Medium Term Development Strategy (2021-2026) and the 2020 National Export Strategy.

4.2 Medium Term Development Strategy 2021-2026

4.2. Confronted with a global environment of amplified uncertainties and risks, the Government of Saint Lucia has crafted a Medium Term Development Strategy (MTDS) for the period 2021 to 2026, which is an interim policy instrument that outlines the strategic priorities and key objectives of the Government and which guides the national development agenda. It is based on the Theory of Change methodology, which is a planning tool that illustrates how interventions can lead to desired development changes. In search of solutions that will usher in a new development era, the vision set-out by the Government of Saint Lucia in the MTDS is - "to build a resilient and inclusive Nation, for a more sustainable and productive future for our people."

4.3. The MTDS places particular focus on building resilience through increased self-reliance. It provides a complete scenario for achieving broad-based social and human capital resilience, economic and environmental resilience. More specifically it aims to do the following:

- Build human and social capital by enhancing Saint Lucia's capacity to manage shocks and social risks;
- Attain economic resilience through improvements in trade, productivity, and competitiveness; and
- Accomplish environmental resilience by promoting the integration of adaptation and mitigation measures for environmental protection.

4.4. Moreover, the MTDS is centered on the formation of institutional clusters to promote synergy and efficiency in planning, utilization of resources and service delivery. Two strategic objectives to building human/social resilience is equitable and inclusive social protection and labour market efficiency. In the case of the latter it recognizes the need for life-long learning, reskilling, and up-skilling of the labour force in order to increase the national income and alleviate poverty and social ills.

4.5. Additionally, the Strategy aims for effective institutions, improved infrastructure and connectivity and energy efficiency to building economic resilience and therefore plans for continuous capital investments by the private, public, and quasi-public sectors. It also aims to prioritize government expenditure towards investments that will redound to improving national productivity and social wellbeing.

4.6. The Strategy also takes into account the severity of the threats posed by climate change and climate variability and the requirement to secure the country's development against their adverse impacts. It therefore promotes environmental preservation as an adaptive measure for natural disaster and adverse weather phenomena. Its strategic objectives in this context is to improve environmental sustainability, and reduce vulnerability to climate change/disaster.

4.3 The National Export Strategy

4.7. The constant evolution of global preferences, demand versus supply issues, and the need to keep customers satisfied drove the reassessment and redesign of the 2004 NES and gave birth to the 2020 NES. The NES lays out a detailed roadmap called the ***Strategic Trade Development Roadmap (STDR)*** with the objective to orient Saint Lucia's Trade Development by tackling constraints and embracing opportunities for export development.

4.8. The NES is a strategy aimed at elevating the export sector of Saint Lucia. The strategy's vision is: "*Uniquely Saint Lucian with global appeal*." It was designed and endorsed by public and private sector stakeholders. It offers a suite of trade-related strategy solutions to maximize the developmental payoffs from trade. It provides a unique window of opportunity for Saint Lucia to modernize and start a new cycle of export growth which will improve the country's export competitiveness in worldwide trade.

4.9. Under the overall vision of "Uniquely Saint Lucian with Global Appeal" the STDR elaborates the following strategic objectives:

a. Strengthening the competitiveness of the business environment to boost the creation of firms and SME growth;

b. Expanding the national productive capacity and diversifying the export basket; and

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

4.10. The Strategy outlines priority sectors as potential drivers of innovation and high-value additions as well as potential sectors to invigorate SME development and stimulate entrepreneurship. These export sectors are: Information & Communication Technology (ICT); Creative Industries; Tourism Agriculture; and Food & Beverage. The NES also identifies trade facilitation, innovation, renewable energy, education/skills development and access to finance as cross-cutting themes which can support the main export sectors.

4.11. Some of the major outcomes of the NES and ongoing initiatives include:

1. Implementation of a number of projects that assist in production efficiency and by extension increase the value and volume of exports in all priority sectors. Some notable initiatives include: (i) the empowering women in food systems and strengthened the local capacities and resilience of SIDS in the agri-food sector; (ii) improved packaging to meet external markets entry requirements; (iii) establishment of packhouse facilities to enhance the capacity of stakeholders in the agricultural sector to supply quality products in new markets; and (iv) production of value-added products;
2. Promotion and marketing in target markets of Saint Lucian products;
3. Provision of information and capacity building training to SMEs on quality standards, technical regulations for entering foreign markets, and on existing opportunities under trade agreements;
4. Improvements in statistical capacity and facilitating more informed decision-making; and
5. Development and implementation of assistance programmes aimed at assisting SMEs to distribute their products using e-commerce platforms.

5 SECTORAL DEVELOPMENT

5.1 Tourism Sector

5.1. Tourism continues to be the main economic driver of Saint Lucia's economy. The tourism sector's contribution to Real GDP from 2010 to 2020 has been trending upward. However, following a growth of 2% from 2016 to 2019, it declined sharply by 11% in 2020, because of the negative effects of the COVID-19 pandemic on global travel and general economic activity. Although arrival numbers had been gradually increasing, there was a sharp decline in all three categories: Cruise, Stay Over and Yacht arrivals in 2020, because of the protocols and measures put in place for the pandemic. Overall, stay over arrivals recovered by 52.4% in 2021 after falling by 69.1% in 2020, representing 47.0% of 2019 levels. Growth in the stay over sub-sector was as a result of partial economic recoveries in source markets, rapid rollout of vaccination programmes and the slackening of entry requirements which facilitated travel and increased airlift to accommodate pent-up demand.

5.2. The Government of Saint Lucia has formulated the 2020-2030 Tourism Strategy Action Plan in order to drive its vision to position Saint Lucia as the most spectacular island in the Caribbean. Promoting sustainable and responsible tourism; stimulating demand; generating community awareness and involvement; improving, diversifying and spreading products and experiences island wide; ensuring visitor security, safety and comfort; and organizing for effective and well managed tourism growth are priorities identified to facilitate sustainable development.

5.3. The Tourism Development Bill, which was recently finalized, harmonizes the legislative framework for the tourism industry as it is expected to replace all existing incentives legislation that has been developed for the tourism sector including the Tourism Incentives Act, Tourism Stimulus and Investment Act and its amendments as well as other incentives regimes/instruments approved for specific services. The expectation of this bill is to regulate all operators in the tourism sector by making it necessary for persons to hold a valid tourism operators certificate. In addition to ensuring a high quality minimum standard for tourism products and the generation of increased revenue, The Bill is also expected to increase local ownership by providing targeted support that encourages ownership and partnership to locals.

5.4. December 2020 saw the establishment of the Tourism Levy, which aims to remove the Saint Lucia Tourism Authority's (SLTA) dependency on central financing and cause the industry to generate revenue for destination marketing activities and tourism development. The revenue collected from the Tourism levy (USD 3 and USD 6 per night depending on the room category and the age of the visitor) is intended to make the Saint Lucia Tourism Authority (SLTA) a fully self-financed agency.

5.2 Agriculture, Forestry and Livestock Sector

5.5. Saint Lucia's Agriculture, Forestry and Livestock sectors contributed an estimated XCD 68 million or 1.9% to the economy in 2018. Although the industry saw a 5.8% gain from 2017 to 2018, the sector's growth has been declining since 2008. Loss of preferential trade, loss of competitive and comparative advantage, and the devasting effects of climate change are all blamed for the sector's deterioration. The ensuing effect is a decrease in crop and livestock output, particularly for crops like bananas, which inevitably makes food security more vulnerable.

5.6. In 2021, value added in the agriculture industry was predicted to have increased by 5.1%, with inconsistent growth across subsectors. This result mirrored the reduced agricultural yield, which was significantly hindered by a confluence of supply-side variables, including natural disasters, market access issues, pest and disease outbreaks, and praedial larceny. The COVID-19 pandemic's effects on major input costs and finance challenges further hindered the sector's performance in 2021.

5.7. Saint Lucia is implementing production and market related measures that will facilitate the revival and future expansion of the banana industry. Since 2010, the banana industry has been threatened by black sigatoka disease, which has infected roughly 70% of the country's banana plants. The impact on the development of the banana industry has been severe with most banana farmers lacking the funds and technology needed to control the disease. A Black Sigatoka Management Unit was developed by the Ministry of Agriculture to focus on the control and eradication of this disease.

5.8. The Government also crafted the National Agricultural Policy plan (2016-2021) which, inter alia, focuses on market development in the domestic and export market as well as on the mechanisms and human resource capacities within the sector institutions, including the linkages and partnerships (local, regional and international).

5.9. The identification and development of market opportunities is also a critical factor in the overall development of the Agricultural Sector. The heavy dependency on food imports is an indication of the fact that there is a great opportunity for the production and marketing of locally produced agricultural produce. To this end, another policy goal is to promote and develop the effective and efficient marketing of locally produced agricultural commodities and by-products on the domestic and export markets.

5.10. Strategically, the Government is pursuing the following objectives:

- The development and enforcement of policies and legislations that would create the development of a safe and efficient market and trade environment;

- Restructuring and Revitalization of the Saint Lucia Marketing Board to provide the following functions:

    - provision of support services required to stimulate the development of new sustainable value-added commercial local agro-food products.
    - To provide the necessary marketing infrastructure to facilitate the storage and distribution of agricultural commodities effectively and efficiently;

- Establishment of agricultural marketing information systems and cost of production databases in order to provide vital information for production planning and marketing;

- Meeting and adhering to quality, grades and standards established by the market for agricultural products;

- Strengthening producers' organizations to facilitate greater collaboration in production planning, and marketing of produce.

- Strengthening linkages between agriculture and other sectors, in particularly tourism and manufacturing transport.

5.11. With respective to Fisheries and the WTO Agreement on Fisheries Subsidies, the Government intends to mobilise resources (technical assistance) to undertake a review and gap analysis of the legislative and regulatory framework of the Sector vis-à-vis the Fisheries Subsidies Agreement. Assistance is also required to gather the necessary data for the required notifications as this information as well as that gathered from the review/assessment is critical because, without them, undertaking the ratification and implementation processes as well as notification obligations would prove a substantial challenge for the government.

5.3 Manufacturing

5.12. The manufacturing sector, while small and highly concentrated, continues to be a major contributor to Saint Lucia's economic growth and development and therefore maintaining the long-term sustainability and resilience of the sector is of paramount importance to the Government. Like many of Saint Lucia's economic sectors, the manufacturing sector was hard hit by the pandemic and continues to face structural limitations which affects its competitiveness and growth potential. (MTDS, 2022) As a result, the government continues to be proactive in pursuing growth strategies as part of its post COVID recovery outlook.

5.13. While in 2020, the sector's contribution to real GDP dipped from 3.9% to 3.6% in 2021, based on recent estimates, the value of total manufacturing output was estimated to increase by 37.5% to a record high of XCD 550.0 million in 2021, from a contraction of 15.9% in 2020. These projections are however concentrated on one commodity being alcoholic beverages. (Economic and Social Review, 2021) Despite this optimistic projection, it is important to highlight that the sector continues to face perennial challenges which constrains its export potential, such as high cost of inputs, high energy cost, high cost of trading across borders, exogenous shocks from the pandemic coupled with the devastating impact of natural disasters on the economy.

5.14. One initiative which undoubtedly helps to maintain the sustainability of the sector is the Fiscal Incentives Regime. During the period under review, the Government would have granted roughly 225 incentives to new and existing operators in the sector. This package of incentives granted under the Fiscal Incentives Act, Cap. 15.16 assists manufacturers to progressively advance their business operations to allow them to meet domestic demand and develop their export potential to tap into the global market.

5.15. Another form of support granted to the sector was the implementation of the CARICOM wide initiative – the Article 164 Regime of the Revised Treaty of Chaguaramas titled - 'Promotion of Industrial Development.' This regime, which was implemented by Saint Lucia in 2020, is a temporary measure which aims to promote industrial development among the LDCs of CARICOM by helping them to develop their manufacturing capacity in order to become more competitive. This is achieved through tariff adjustments of certain locally manufactured goods and by supporting those fledging industries to develop their export capacity through training and capacity building initiatives. The government anticipates that once this form of support to our infant industries is actually realized and bears fruit, the productive capacity of our manufacturing firms will increase and allow for greater exposure of our locally manufactured products.

5.16. Stemming from the 2021-2026 Medium Term Development Strategy, the government's vision is to have a dynamic business environment that supports sustained economic growth and development. This would call for enhanced capacity building and exposure of our locally manufactured products to regional and international markets which the export promotion agency – Export Saint Lucia is proactively pursuing as part of its mandate. Export Saint Lucia has articulated a strategic intent to promote local products that are "uniquely Saint Lucian with a global appeal." (2021-2026 MTDS).

5.4 Services

5.17. Services continues to be Saint Lucia's main economic driver and developing policies and incentives to support the development of the services sector is of paramount importance to the Government.

5.18. In 2016, the Government of Saint Lucia sought assistance for the *Development of a Gender-Responsive and Results-Based Services Sector Policy, Strategy and Action Plan*. The objective of the Policy is to introduce and oversee the implementation of a focused overall gender-responsive national strategy for the development of priority services sectors in Saint Lucia as engines for growth and exports.

5.19. In the first instance, focus will be placed on the following sectors: information and communication technology (ICT); Spas and Wellness; Professional Services; Creative Industries, and in the next phase initiatives will be considered for developing *Tertiary Education and Health/Medical Tourism*.

5.20. The incentives regime was also revised to support implementation of this Policy. Specifically, the Fiscal Incentives Act, CAP 15.16, which focused primarily on incentives for the manufacturing sector, was amended in 2019 to include incentives for the following four priority services sectors:

- Professional Services;
- Creative Industries;
- Information & Communications Technology Services; and
- Spa and Wellness Services

5.21. This amendment to the Fiscal Incentives Regime to include the services sector, forms part of initiatives to strengthen and promote the development of priority services sectors, as well as to foster the promotion of domestic and foreign investment as envisioned in the Saint Lucia National

Services Policy & Strategy. *Under this Act, 'Approved Enterprises' in the aforementioned sectors can benefit from the* complete or partial exemption from customs duty and excise tax on the importation of plant, equipment, machinery, spare parts, raw materials or components.

5.4.1 Financial Services Sector

5.22. The Finance and Banking Sector plays a critical role in the development landscape of Saint Lucia. The Financial Services Sector in Saint Lucia comprises Commercial Banking Institutions, Insurance Companies, Credit Unions, Off-shore International Banks and Microfinance Institutions, supported by a Development Bank. The commercial banks are regulated by the Eastern Caribbean Central Bank (ECCB), while the other institutions are regulated by the Financial Services Regulatory Authority (FSRA), which is responsible for licensing, supervising, and regulating the operations of the sector.

5.23. Some of the challenges facing the respective financial services sub-sectors are:

- Commercial Banking – prohibitive cost of lending; onerous collaterals requirements; high levels of liquidity and non-performing loans, absence of a Credit Bureau Facility;

- International Banking – the adoption of de-risking by global banks, which provide corresponding banking services for domestic and offshore banks.

- Credit unions – prohibitive cost of technological infrastructure, inefficient corporate governance structures and personnel, and delinquent loans.

5.24. Some steps taken or in progress to overcome some of this challenges include: (1) for commercial banking - the passage of Security Interest in Moveable Property Bill, which allows individuals and businesses to utilize non-traditional forms of collateral such as vehicles and equipment to secure loans; and the Bankruptcy and Insolvency Bill; (2) the establishment of a Single Compliance Department in the OECS to address the vexing issue of compliance related to de-risking by international banks; and (3) the drafting of a Credit Union Bill and Regulations geared at strengthening the corporate governance and risk management.

5.5 Information and Communication Technology (ICT) and E-Commerce

5.25. The Division of Public Sector Modernization (DPSM) which was established in April 2012, has been tasked with the responsibility for providing leadership in the development of ICT to modernize the public service in order to transform the economy. The DPSM is also responsible for providing innovative solutions to improve productivity through the use of ICT throughout the Public Service.

5.26. Following from the National Information and Communication Technologies Policy and Strategy 2013-2018, the Government of Saint Lucia saw the need to review and refresh its commitment to the sustainable national development through ICT. This has given rise to the Saint Lucia Digital Development Strategy.

5.27. The Digital Integrated Government e-Services Platform "digiGov", was launched in 2020 and focuses on enhancing governance and strengthening institutional frameworks to achieve efficiency and to provide a more responsive citizen-centric approach to service delivery by providing access to online public services. To this date seventeen (17) services driver's related services have been on boarded and is currently being used online.

5.28. The Government Island-Wide Network (GiNET) is another successful initiative. The main objective of the initiative is to assist Saint Lucia in developing Wireless Local Area Network, (WLAN) connection to public areas (government agencies, schools and rural areas, etc.) to allow the general public, tourists and business passengers to use "free or low-cost" wireless LAN in public areas. Phase 1 of the project has been completed with the establishment of Seventy (70) wireless access points across 5 (five) communities. Phase 2 will see the expansion of GiNET and the installation of ninety-one (91) access points across 6 (six) communities. The gains from this initiative enabled the country's effort to navigate the challenges associated with the COVID-19 pandemic, specifically the implementation of hybrid working or teleworking.

5.29. The Government of Saint Lucia has approved the implementation of the Caribbean Digital Transformation Project (CARDTP). The objective of this project is to increase access to digital services, technologies and skills by the government, businesses and individuals in Saint Lucia. The project is expected to contribute to increased digital connectivity, digital public service and creation of technology-enabled businesses and jobs within Saint Lucia.

5.30. Regarding E-commerce, in October 2021, with the support of the Commonwealth Secretariat, Saint Lucia was able benefit from an 'Assessment of the OECS Digital Trade and E-commerce Readiness and Associated Capacity Building Needs'. The assessment found that limited availability of financial instruments and high business transaction costs significantly impede the growth of digital trade. It also revealed weaknesses in data and consumer protection and cybersecurity, payment infrastructure and solutions, stakeholder engagement and participation, trade facilitation, and investment promotion. Saint Lucia is hoping that some of these can be addressed with the full implementation of the Trade Facilitation Agreement and is continuing in its effort to mobilise the support of the donor community and development partners in that regard.

6 TRADE FACILITATION

6.1. In 2015, Saint Lucia ratified the WTO Trade Facilitation Agreement (TFA) and would have subsequently categorize the technical trade facilitation measures accordingly: Category A – twelve (12) measures; Category B - fourteen (14) measures; and Category C – ten (10) measures. Since the entry into force of the TFA in 2017, Saint Lucia has struggled to secure the requisite technical assistance and capacity building support to ensure the timely implementation of the Category C designated measures. Notwithstanding, the Government continues to pursue the vision set out in the Five-year Trade Facilitation Roadmap, which is, *to reduce the cost of Saint Lucia's cross border trade by at least 20%, by streamlining and simplifying the import and export procedures and processes.*

6.2. The National Trade Facilitation Committee which was established in 2017 by a Cabinet Decision comprises both public and private sector representatives, and serves as the coordinating machinery to drive Saint Lucia's implementation of the TFA. The NTFC also serves as the permanent forum for regular consultations on Trade Facilitation matters.

6.3. For the period under review, Saint Lucia would have benefited from some technical assistance which through the 'UNCTAD Empowerment Programme for National Trade Facilitation Committees.' This included training for members of the NTFC on the provisions of the TFA; critical engagement of key stakeholders towards the preparation of a five-year Trade Facilitation Roadmap (2019-2024) to help guide the implementation work of the NTFC and to serve as a reference document for seeking technical and financial assistance; preparation of a Knowledge Transfer Strategy to ensure continuity within the NTFC; and the drafting of terms of reference for the NTFC. This assistance continues to augur well for the NTFC in championing implementation of the TFA.

6.4. Implementation of key provisions of the TFA, particular those designated as Category C is stymied by resource constraints and a lack technical assistance and capacity support from donor countries and agencies. Saint Lucia remains committed to its obligations, however, contemplates further request for extensions of implementations should its mobilization efforts towards securing the requisite support continues to be thwart by the lack of uptake and support by the donor community.

7 CONCLUSION

7.1. Saint Lucia's Fourth WTO Trade Policy Review is being undertaken at a time of unprecedented socio-economic hardship created by global externalities including the adverse impact of the COVID-19 virus outbreak, the war in Ukraine, financial sector regulations and cross border pollutants, and also at a time of great uncertainty in international markets.

7.2. Nonetheless, the Government of Saint Lucia is steadfast in its aim to building a resilient and inclusive nation and therefore is committed to creating the policy framework and enabling environment to navigate these difficult times. Moreover, Saint Lucia sees freer and fair trade as critical to its pursuit of increased resilience and therefore remains a staunch supporter of a transparent and inclusive rules based multilateral system. To this end, this Government will continue to actively participate in the work of the World Trade Organization and our participation in this transparency exercise is a reaffirmation of that commitment.

SAINT VINCENT AND THE GRENADINES

1 INTRODUCTION

1.1. Saint Vincent and the Grenadines is a Small Island Developing State (SIDS) with all the inherent challenges, such as a narrow economic base and high vulnerability to external shocks and natural disasters. This is further exacerbated by an open economy with a revenue base that is highly dependent on international trade. The mainstay of the economy is agriculture, but increasingly, tourism and other related services, as well as construction are significant contributors to the economy.

1.2. The country is currently at a crucial period of development as it struggles to emerge from the throes of the COVID-19 pandemic, the explosive eruption of the La Soufriere Volcano, the impact of hurricane Elsa and the global economic downturn occasioned by geopolitical unrest and market failures. These financial, economic, political and other factors, including natural disasters, have adversely affected the quest to improve the welfare of its citizens. Indeed, these man-made and/or natural challenges, exacerbated by volatility in global oil prices, and hikes in commodity prices especially for staple foods, are unprecedented in their scope. These exogenous trends, coupled with natural phenomena, present the country with momentous challenges that calls for bold, decisive, yet well-ordered planning.

1.3. The limited availability of social safety nets for rapid responses to economic adjustments has contributed to economic and social dislocations, particularly within rural communities.

1.4. The worsening of the country's Balance of Payments (BOP) during the period 2014-21 could be traced to significant relocations from production-oriented initiatives to rehabilitative programs occasioned by *force majeure* events, a declining productive sector, rising import bill and a trade deficit ratio climbing alarmingly to an average of 10:1. This has led to high public sector debt, further deterioration in the fiscal space and lingering unfavourable unemployment

1.5. The country's National Economic and Social Development Plan (NESDP) 2013-2025, espouses a philosophy of social democracy and thus highlights policies and programmes that are intended to be people–centered and summons up collective solidarity and individual responsibility. Its long-term goal is to achieve sustainable balanced growth by transforming the economic base of the country into an export-led economy. It therefore focuses on:

- Accelerating economic growth;
- Building up the human–resource base;
- Poverty reduction/rural transformation; and
- Export-led growth and development.

1.6. Since the last Trade Policy Review in 2014, Saint Vincent and the Grenadines has sought to build on the development path espoused in the NESDP 2013-2025. This development path under the theme, *Re-engineering Economic Growth: Improving the Quality of Life for all Vincentians,* encapsulates five strategic goals. This development path includes *inter alia* the:

- Opening and full operation of the Argyle International Airport (AIA) in 2017;
- Aggressive thrust for alternative energy through geothermal exploration and other green energy sources;
- Focused approach at defining and integrating its Blue Economy into national development strategies;
- Implementation of the Information Communication Technology (ICT) initiative under the Caribbean Regional Communications Infrastructure Programme; and,

- Refurbishing and expansion of the Kingstown Port to facilitate intra and extra-regional trade.

1.7. Saint Vincent and the Grenadines looks favourably on its regional integration processes with the Organisation of Eastern Caribbean States (OECS) and the Caribbean Community (CARICOM), as the bed-rock platform from which it seeks to competitively engage and further integrate into the global economy.

1.1 Challenges

1.8. Saint Vincent and the Grenadines has experienced *force majeure* events from challenging circumstances, internationally, regionally and locally, some of which are highlighted below:

- The global economic and financial crisis of 2008 and its continuing aftershocks that produced a veritable "lost decade" for growth and development across the Caribbean and occasioned liabilities in the aggregate, for Saint Vincent and the Grenadines, in excess of XCD 300 million or 16.0% of Gross Domestic Product (GDP);

- High global oil prices since 2008 with its "knock-on" effects leading to imported inflation;

- The international political turmoil which exacerbated the underlying global economic downturn such as the Russia- Ukraine war has had significant inflationary impact on small and vulnerable economies like Saint Vincent and the Grenadines;

- A series of severe natural disasters, practically every year from 2010 onwards, which cumulatively have caused loss and damage in excess of XCD 700 million or approximately 40.0% of GDP;

- The grave and gathering menace of climate change and its associated costs, has become a direct threat to growth and development prospects for Saint Vincent and the Grenadines and the wider Caribbean;

- The existence of exotic pests and diseases as well as increasing competition in traditional markets are persistent challenges to the agricultural sector; and,

- The negative socio-economic impacts resulting from the COVID-19 pandemic has had destabilizing effects on the tourism and agriculture sectors.

1.9. These challenges are mainly beyond the control of Saint Vincent and the Grenadines, and have negatively impacted its developmental plans. Historically, global slowdowns and contractions have had lagging effects on the Vincentian's economy.

1.10. On 9 April 2021, the La Soufrière volcano began the first of 32 category 4 explosive eruptions. Emissions from the volcano reached the stratosphere and sulphur dioxide circled the globe. Our volcanic emissions were traced to Asia, Europe and Africa. The explosive eruptions had crippling impact across the country. The volcano ejected over 500,000 tonnes of ash, much of it coating roads, homes and public infrastructure across the country. One-fifth of our population was evacuated and was accommodated in schools, community shelters, churches and private homes for approximately six months. Lahars and pyroclastic flows destroyed buildings and farms across the northern third of the country. Over 770 homes were damaged or destroyed.

1.11. On 2 July 2021, hurricane Elsa struck, destroying scores of homes, damaging public buildings and infrastructure, and displacing over 200 Vincentians. While full assessment of the damage has been difficult to disaggregate from volcano-related destruction that took place just three months earlier, conservative estimates place loss and damage from the hurricane in excess of XCD 40 million. The impact of hurricane Elsa was a distant third on the list of extraordinary challenges to befall the country in 2021. The majority of the residents in the hurricane-affected area were already safely in shelters as volcano-displaced persons.

1.12. Despite these exogenous setbacks, Saint Vincent and the Grenadines under its Post-Disaster Recovery Needs Assessment, has quantified recovery needs and formulated a realistic recovery framework based on national priorities and capacities. These are built around three broad and achievable objectives aimed at enhancing the country's economic development agenda in an inclusive and comprehensive manner. These are achievable by ensuring the sustainability of the productive value chains that incorporate new and better technologies, the development of effective and efficient governance mechanisms, human capacities and support services, and the strengthening of the financial sector.

1.13. Saint Vincent and the Grenadines recognises the many countries and organisations that have partnered with the National Emergency Management Organisation (NEMO) in the relief operations to affected households and communities during this difficult period. Specific interventions to mitigate and reduce hardships encountered by families and communities post the La Soufriere eruptions and the passage of hurricane Elsa were identified and supports from UN institutions such as The United Nations Global Appeal, the World Food Programme (WFP), the United Nations Office for Disaster Risk Reduction (UNDRR) besides other regional and international institutions were critical in addressing these challenges.

2 MACROECONOMIC AND TRADE PERFORMANCE

2.1 Overview of Macroeconomic Performance

2.1. The economy of Saint Vincent and the Grenadines displayed signs of acceleration in its growth momentum. During the review period, the economy recorded average growth of 1.3%, with 2016 and 2018 recording the highest GDP growth of 4.0% and 3.2% respectively. This performance was largely on account of growth in construction, fishing, manufacturing, and tourism related services. GDP growth for the years 2020 and 2021 were 1.7% and 0.8%respectively despite the economic traumas of those years

2.2. The COVID-19 pandemic, the volcanic eruption and the passage of hurricane Elsa in 2020 and 2021 have eroded the already limited resources available, thus necessitating increases in public debt by over XCD 300 million. This increase in total outstanding debt was as a result of greater financing requirement to facilitate spending in the health sector and to bolster social safety nets. The government was able to tap into resources from domestic creditors through the issuance of securities, utilization of proceeds from existing loans, and some new concessionary loans were mobilized including: Coronavirus Disease Emergency Response Support Loan from the Caribbean Development Bank (CDB); Rapid Credit Facility from the International Monetary Fund (IMF); a second Fiscal Resilience Development and the Volcanic Eruption Emergency Project (VEEP) from the world bank.

2.3. With the support of concessionary loans and grant funding from major international institutions like the World Bank (WB), International Monetary Fund (IMF), International Development Assistance (IDA), the European Union (EU) and Caribbean Development Bank (CDB); start-up capital support was made available to micro-businesses in the art and culture, light manufacturing and cottage industries and services sector to stimulate productive activities, thus putting Vincentians back to work and adding impetus to a sluggish economy straining under business closures, lay-offs, disruptions and destruction to the livelihoods of significant portion of the working population.

2.4. Despite the adverse impact of several natural disasters, agriculture continued to account for some 8.0% of GDP during the review period, largely due to continued output diversification. The manufacturing sector remains relatively small, with an average GDP contribution of 5.2%. The agricultural sector became heavily dependent on public support in order to cope with the disadvantages posed by the cataclysmic eruptions, which followed three months later by hurricane Elsa. These two events, weakened domestic demand, caused difficult access to credit, and exacerbated already high energy, transport, and telecommunications costs.

2.5. Services accounted for approximately 73.5% of GDP during the review period, on account of a dominant wholesale and retail subsector, followed closely by real estate related services, public administration, financial services and transportation. It is expected that services will remain a dominant contributor to GDP over the foreseeable future as tourism, travel, financial and real estate services continue to rebound from the throes of the triple disasters. The ongoing reconstruction and rehabilitation of homes following the eruption of the La Soufriere Volcano coupled with the Government's plans for seaport development are likely to sustain this momentum.

2.6. A combination of internal and external developments facilitated growth in tourism related activities. External factors included growth in the economies of major sources markets such as the United States of America (USA) and Canada. Internally, expanded and improved operations at the Argyle International Airport, which was commissioned in February 2017, have resulted in direct flights to and from major Metropolis. This has resulted in more stay-over arrivals, easier access by nationals and casual visitors and greater airlift of agricultural produce to northern markets. Amply supporting these arrivals were growth in the number of cruise ship visitors. The yacht subsector also performed positively.

2.2 Fiscal Performance

2.7. The authorities have committed to post primary surpluses; a surplus was recorded in most years of the period under review, but deterioration was registered for 2020 and 2021. The Government of Saint Vincent and the Grenadines is committed to controlling expenditure by rationalizing public sector purchases of goods and services, and improving the management of state-owned enterprises. By and large, recurrent expenditure was reasonably restrained despite pressures to provide significant interventions to key areas such as health and education, food and agriculture, and physical infrastructures repairs that were negatively impacted in 2020 and 2021.

2.8. The Government of Saint Vincent and the Grenadines has continued to pursue creative funding options for its infrastructure investments, through grants, concessionary loans, and public-private sector partnerships, so as not to place a serious burden on the Treasury. The authorities also persevered in their commitment to the Educational Revolution launched in 2001. Some 20.0% of the total recurrent budget and 15.0% of total capital spending, annually, were allocated to education.

2.9. During the period, the fiscal position recorded annual levels of 1.0% of GDP, except for 2016 which recorded 3.4%. However, in 2020 and 2021, the fiscal position deteriorated and recorded deficits. At the end of December 2021, the total public debt increased beyond acceptable levels relative to the GDP, with the external component amounting to 67.0% of GDP.

2.10. Government is committed to reducing this trend by focusing on an aggressive agricultural production programme particularly in root crops and animal husbandry, services export, and attracting greater investments in the medicinal cannabis and ICT sub-sectors.

2.3 Balance of Payments

2.11. Saint Vincent and the Grenadines applies the common monetary and exchange policies of the Eastern Caribbean Currency Union. During 2014-21, inflation was recorded at negative 1.7% (2015) and a high of 2.2%, 2.3% and 1.6% in 2017, 2018 and 2021 respectively. The average annual rate was a moderate (2.3%). By and large, inflationary pressures mirrored the trends in international food and fuel prices.

2.12. The current account of the BOP remained in deficit throughout 2014-21. The goods and income components continued to post structural deficits that could not be offset by the surpluses on services and secondary income accounts. The overall deficit was largely attributable to the merchandise trade balance. Saint Vincent and the Grenadines continued to import merchandise worth seven to eight times the annual value of its goods exports. The current account deficits have been financed mainly by foreign direct investment and long-term loans.

3 TRADE AND INVESTMENT PATTERNS

3.1 Merchandise Trade

3.1. Merchandise imports grew steadily over the period 2014 to 2021 reaching XCD 1.05 billion in 2021.The country's major source markets are the USA, Trinidad and Tobago, China and the United Kingdom. Merchandise imports from the USA accounts for 45.5 % of total imports in 2021.The major import categories are machinery and transport equipment, semi- manufacturers, consumer goods, food & beverage. The negative impact of climate change has resulted in increased imports of fossil fuel, particularly diesel, to compensate for mass reduction in the production of hydro-electricity. Diesel imports are supplied mainly under a favourable long-term credit arrangement with Venezuela.

3.2. Merchandise exports continued to decline steadily over the period under review. Market concentration is in the main markets, namely; OECS, Other CARICOM countries, USA and the British Virgin Islands (BVI), which remain the backbone of domestic exports in 2014 to 2021. The OECS is consistently the largest export market. This is due mainly to the Special and Deferential Treatment (SDT) accorded to Less Developed Countries (LDCs) under Chapter 7 of the Revised Treaty of Chaguaramas. Merchandise exports comprised banana, flour, root crops and metallic zinc thus indicating a narrowing production and export base. The opening up of the AIA has resulted in increased exports to the USA, increasing from 1% in 2014 to 8% in 2018 and climbing steadily hereafter. Data for the first half of 2022 has shown increases in exports to the USA, which is dominated by agro-commodities.

3.3. Trade data over the last forty years has shown an overall steady decline in the contribution of exports to the country's GDP, from a high of 62.0% in 1988 to approximately 10.0% in 2021. The data is indicative of similar trends within the OECS sub-region and highlights the need for a relook at the remedial measures currently available to SIDS with supply constraints, diseconomies of scale, natural hazards and the challenges of participating in a highly competitive global environment.

3.4. Initiatives geared at improving merchandise exports performance are identified as follows:

- Nearshoring, particularly proximity to USA and membership in the OECS and CARICOM;
- Improving economies of scale and competitiveness of local production;
- Diversity in product offerings and product differentiation;
- Improved levels of certification standards;
- Increased access to production and trade financing; and,
- Access to improved technology in production including ICT.

3.2 Trade in Services

3.5. The economy of Saint Vincent and the Grenadines is dominated by the services sector, which accounted for about 73.5% of GDP throughout the review period. The main service activities are real estate, wholesale and retail trade, construction, accommodation and food services, transportation and financial services.

3.6. Major services exported were travel, other business services, telecommunications, computer and information services and transportation services respectively. Tourism services accounted for more than 80.0% of services exports until 2019 and fell to 67.5 % in 2020 and 52.7 % in 2021. The decline of services exported not only had significant impact on the BOP, but occasioned mass layoffs in the sector.

3.7. Services import remain at around 50.0 % of total services exported for the period 2014 to 2019 but increased in 2020 and 2021 mainly as a result of the fall-off in tourism. This trend is expected to be reversed in 2022 and beyond, as tourist arrivals continue to show signs of rebound. It is believed however, that services imported will be higher than the post COVID-19 period, as a result of imported inflation, which is due to geopolitical upheavals and global uncertainties.

3.8. The NESDP 2013-2025 highlights the importance of diversification and product differentiation to improve export competitiveness and the critical role that the services sector can play in export-led growth.

3.3 Foreign Direct Investment

3.9. According to the United Nations Conference on Trade and Development (UNCTAD), the COVID-19 pandemic caused global flows of Foreign Direct Investment (FDI) to fall by 40.0% in 2020

– the lowest levels in the last 15 years.[1] Flows to Latin America and the Caribbean suffered the largest decline, plummeting by up to 55.0%.[2] UNCTAD had predicted a further 5-10% decline in FDI flows in 2021, before a gradual recovery begins in 2022.[3] This decline is of particular concern to Saint Vincent and the Grenadines, which has enjoyed success in attracting foreign investment as a complement to domestic investment and as a source of new capital to help propel development in critical sectors. Data from the Economic Commission for Latin America and the Caribbean indicated that, for the nine years between 2010 and 2018, Saint Vincent and the Grenadines attracted a total of USD 1.03 billion in FDI.[4]

3.10. Invest SVG is the national agency charged with the promotion and development of the nation's investment portfolios. It is the official investment agency of the Government of SVG[5], which ensures the country can achieve sustainable economic development through investment promotion, export development and policy advocacy. Invest SVG focuses on attracting FDI in these seven main sectors: Tourism Development, Agro-processing, Renewable Energy, Light Manufacturing, International Financial Services, ICT and the Creative Industry. To this end, the institution:

- Attracts and facilitates local and external FDI and offers services in investment promotions, investment facilitation and research/information development;
- Stimulates export development by assisting local producers/businesses become export-ready (offering quality products and services to lucrative markets) by channeling them to grant and other funding for training and opportunities to attend regional and international exhibitions and expositions.

3.11. Many of the conditions to attract investments are provided in Saint Vincent and the Grenadines' legislation. Saint Vincent and the Grenadines' economy is open for foreign investments without sectors, activities or regions reserved for domestic investors. By and large, Saint Vincent and the Grenadines treats foreign investments without discrimination. However, Saint Vincent and the Grenadines does not have a comprehensive investment law that contains all fundamental investor rights. This law can fill a significant gap in the legal framework for investments in Saint Vincent and the Grenadines and at the same time send a signal of commitment to the international investor community. In addition, the Investment Law can also set a framework for the review of the obsolete incentives.

3.12. The sectors already identified as priorities by the Government and adopted by Invest SVG, namely:

- Tourism;
- Agriculture / Agri-processing/ Food Processing / Fisheries / Medicinal Cannabis;
- International Financial Services;
- IT-enabled services / Business Process Outsourcing;
- Renewable Energy – geothermal; solar; wind; hydro;
- Light manufacturing including garments and consumer products; and,

[1] United Nations Conference on Trade and Development (UNCTAD), World Investment Report: International Production beyond the Pandemic, Geneva, 2020. pp x, 2, 6-8. Viewed at: https://unctad.org/system/files/officialdocument/wir2020_en.pdf.
[2] World Investment Report, p. 9
[3] World Investment Report, p. x.
[4] Economic Commission for Latin America and the Caribbean (ECLAC), Foreign Direct Investment in Latin America and the Caribbean, 2020 (LC/PUB.2020/15-P), Santiago, 2020. p. 27. Viewed at: https://repositorio.cepal.org/bitstream/handle/11362/46541/1/S2000594_en.pdf.
[5] In October 2003, the precursor to Invest SVG (the "Nation Investment Promotions Incorporated – NIPI") was created by decree. However, in 2009, in an effort to increase its impact on a regional and international scale, the institution was rebranded as "Invest SVG".

- Creative industries.

The strategies to be employed to encourage FDIs include:

- Empowerment of Invest SVG to aggressively promote FDI;
- Disseminating export trade data;
- Promote opportunities for local and international sectoral linkages; and
- Negating the effects of "smallness" by focusing on FDI-dependent growth sectors.

3.13. The Financial Services Authority (FSA) is responsible for the regulation of the International Financial Sector (IFS) in Saint Vincent and the Grenadines.To compete in this highly competitive global market, the country has taken definitive steps to modernise the legislative framework in accordance with international best practices. Building on earlier initiatives on earlier legislation, the country expanded its international cooperation mandate with the advent of the Foreign Account Tax Compliance Account (FATCA) and the Common Reporting Standards (CRS) initiatives. The Foreign Accounts Tax Compliance (Implementation and Enforcement of Inter-Governmental Agreement) Act and the Automatic Exchange of Information Act and Regulations were enacted to ensure Saint Vincent and the Grenadines has a legal basis upon which it can effectively cooperate.

3.14. Stronger resilience and capacity are the major guideposts towards both economic growth and social progress. The region can make much more of its green potential, with power generation topping the list. Improving regulation and reducing red tape can foster new, home grown economic dynamism. Tourism, digital services and the sustainable ocean economy also offer untapped potential. Closing the skills gap, enhancing the quality of education and improving social protection are essential. Finally, as a red thread throughout, deeper regional integration would make it easier for OECS countries to pool resources in a range of areas, radically increasing the region's potential for efficient governance, and accelerating the development of its human resources

4 TRADE POLICY INITIATIVES

4.1 Trade Policy Formulations and Implementation

4.1. Saint Vincent and the Grenadines formulates and implements trade policies within a multi-layered structure. It continues to collaborate actively with other OECS in areas of legislative formulation and legal implementation of economic and trade policies. Draft legislations are prepared by the Attorney General's office at the initiation of relevant ministries or draft specimen crafted by the OECS Secretariat in accordance with treaty obligations. International agreements and conventions are implemented by ratification, while decisions of Heads of Governments at the OECS and CARICOM levels are mainly by fiat.

4.2. The Caribbean Court of Justice, established by CARICOM, has jurisdiction over matters pertaining to the Treaty of Chaguaramas. The Privy Council is the country's final court of appeal. International agreements that have not been enacted into domestic law cannot be invoked or relied upon by private parties in national courts. Saint Vincent and the Grenadines has ratified the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention).

4.3. The Revised Treaty of Basseterre gave legislative competence to the OECS in respect of Trade Policy within the Economic Union. The organization is also charged under the said Treaty, to identify areas of harmonization and joint policy initiatives for international trade and external trade agreements among member states. Member states enact these harmonized legislations in keeping with treaty obligations.

4.4. The Organisation of Trade Negotiation (OTN) in CARICOM, conducts trade negotiations on behalf of CARICOM member states in Bilateral and Hemispheric trade arrangements. The Permanent Delegation of the OECS in Geneva facilitates participation by individual member states at the WTO.

4.5. In November 2020, the Ministry of the Public Service, Consumer Affairs and Sport was given administrative responsibility for Commerce and Consumer Affairs.

4.6. The Department of International Trade within the Ministry of Foreign Affairs and Foreign Trade has primary responsibility for WTO affairs and trade-related negotiations. The relevant Ministries, Departments and Para-Statals are responsible for the promulgation and implementation of trade policies and measures.

4.7. The integration of trade policy into overall economic policy at national level is achieved through these processes.

4.8. To complement Cabinet and Parliamentary oversight on trade policy harmonization, government ministries, agencies and institutions within the trade policy and support network framework, have been playing a pivotal role in promoting and regulating trade policy.

4.9. The Tripartite Committee on the Economy (TCE), the National Economic and Social Development Council (NESDEC) and the Cabinet Committee on the Economy (CCE) continue to provide general oversight and direction to trade policy formulation. These agencies act as intermediaries between the Executive and Parliament, and are the operative committees at the ministries level.

4.10. The engagement of civil society through specific forums and committees has been somewhat sporadic rather than systematic over the period under review. Merchandise exports are predominantly with the OECS and CARICOM, where the regimes are more defined and less onerous. It is also the case where the role of these bodies is still evolving and the long-term impact on trade policy development and implementation is yet to be realised. These have contributed to a less rigid consultative process than originally perceived. While this institutional framework would allow for greater private sector participation, initiative and innovation in the national effort, the need for continuous education on WTO related matters and potential opportunities within the various CARICOM bilateral and preferential markets cannot be overstated to achieve civil society buy–in.

4.11. Work is ongoing towards the development of a National Export Strategy which is intended to achieve the objective under goal 3 of the NESDP (2013-2025) that speaks to reengineering economic growth. The current draft of the NES includes measures to address the following:

- Revitalising the agricultural and fisheries sectors devastated by the cataclysmic event;
- Stimulating growth in the tourism sector by increasing the room stock, attracting FDIs in this area, improving port facilities, attracting more international carriers and expanding and improving leisure sites;
- Enhance the role of the private sector and manufacturing;
- Develop the ICT services sector; and
- Maximising the contribution of the cultural industries to economic growth.

4.2 Trade Regime

4.12. Saint Vincent and the Grenadines export-trade patterns could be easily mapped within concentric circles of trading arrangements. These concentric circles begin with the OECS, followed by other CARICOM Members, mainly Barbados and Trinidad and Tobago and then Extra-Regional/Multilateral; which speaks mainly to the USA and the UK.

4.13. The OECS is Saint Vincent and the Grenadines' major export market followed by other CARICOM countries such as Trinidad and Tobago and Barbados. Goods produced within the OECS and CARICOM that meet the requisite Rules of Origin attract zero tariffs, except for products from the More Developed Countries that fall within the Article 164 category which attract 70.0% of the CET.

4.14. The Customs and Excise Department is the State Agency with responsibility for issuance of Certificate of Origin and all matters relating to customs control in Saint Vincent and the Grenadines. The Customs (Control and Management Act 1999) is the legislative premise on which customs and excise matters are administered. In its attempts to meet its obligations to facilitate trade at the border, the Department encounters budgetary constraints, needs for human resource training and capacity building as a result of frequent staff turn-over; and modernization of some legal and regulatory instruments.

4.15. Since the last Trade Policy Review in 2014, the Customs and Excise Department established a website under the E-Government Programme, to ensure the ease of doing business. Its automated data system was upgraded to ASYCUDA World. Partial implementation of post clearance audit and risk management procedures is currently in place. Further, a prepayment account system and the operationalisation of a point of sale system are available to the trade facilitation process.

4.16. The Ministry of Agriculture, Fisheries, Forestry, Rural Transformation and Industry is responsible for plant and animal health protection. The Ministry must give prior approval before the issuance of import or export licenses for those commodities. The Ministry of Health, Wellness and the Environment is responsible for food security and works in collaboration with the Ministry of Agriculture to effect border policies in this regard. Import and export licenses on a limited number of items are administered by the Ministry of the Public Service, Consumer Affairs and Sports.

4.17. The Import and export licensing regime is mainly for statistical purposes and are administered on an automatic basis. Imports of plants, live animals, meats and food products are inspected before crossing the customs border. Export licences are required for conchs, lobster, scrap metals and copper. These commodities are to protect for purposes of conservation in the case of conchs and lobsters and in the case of metals and copper to avoid pilferage Import and export licenses are granted by the Commerce and Consumer Affairs Division in the responsible Ministry, only after the expressed approval by the relevant competent authority.

4.18. Saint Vincent and the Grenadines became a signatory to the WTO Trade Facilitation Agreement (TFA) on January 09, 2017 and has submitted its notifications to the WTO under categories A, B and C of the Agreement. Efforts are being made to implement some of the measures at the sub-regional and regional levels. Limited technical and financial resources continue to be a challenge on the implementation of the Category C measures.

4.19. Saint Vincent and the Grenadines' high exposure to natural disasters aforementioned in Section 2 above, particularly in the years 2020 and 2021, coupled with the negative impacts of exogenous forces, necessitated government's direct intervention and support for critical sectors and overall livelihood of its people. Support programmes in agriculture mainly for feeder roads and farm rehabilitation are currently being implemented to resuscitate this critical sector.

4.20. Businesses that had remaining years of support under the Fiscal Incentive Programme (FIP) were grandfathered to run their years of coverage. Enterprises benefiting from the grandfathered concessions do not have sustainable levels of export. There were no Enclave Industries and Capital Intensive Industries exporting from period 2014-21. Post COVID-19 impacts were severe on the manufacturing sector, particularly MSMEs operating in the various sub-sectors within the economy. This prompted the government to respond quickly to correct market failure by providing income support and assistance to vulnerable firms and groups within the sector. Programmes such as the PRYME Programme, CARCIP Program, Income Support to Agro-Processors; all provided the necessary one-off support to assist many SMEs to increase and sustain livelihoods and economic activities.

4.21. A number of legislative and policy initiatives were designed to enhanced fiscal prudence, good governance and climate resilience. These measures included a Fiscal Responsibility Framework, laws related to tax administration, regulations governing the operations of state-owned enterprises, supervision of the contingencies fund, and new planning procedures.

5 TRADING ARRANGEMENTS

5.1 Regional Integration

5.1. Saint Vincent and the Grenadines operates within a concentric circle of regional integration. It is a founding member of the OECS which was established on 18 June 1981, by the Treaty of Basseterre. In 2011, the Revised Treaty of Basseterre was ratified by its six founding members and Montserrat (a British Overseas Territory). Saint Vincent and the Grenadines enjoys a free trade area, sectoral coherence, monetary union and trade policy harmonization with the other seven full members of the sub-region. The revised treaty created the OECS Economic Union, which entered into force in 2011. The Economic Union established a single financial and economic space within which all factors of production, including goods, services, and people, move without hindrance. The common currency is the Eastern Caribbean dollar and the Eastern Caribbean Central Bank (ECCB) is the monetary authority of the sub-region.

5.2. Saint Vincent and the Grenadines is committed to the goals and ideals of the OECS which includes the building of institutions at the OECS level, the provision of shared services, and the growth in functional cooperation. The OECS integration process is a clearly defined mechanism from which the country's wider integration is premised. In 2012, a Regional Integration and Diaspora Affairs Unit (RIDU) was established to facilitate the implementation of policies and programmes of the OECS and CARICOM. The Government has also appointed an OECS Commissioner who also serves as Ambassador to CARICOM and head of RIDU.

5.3. Saint Vincent and the Grenadines is a party to the Revised Treaty of Chaguaramas and has enacted legislation to bring the provisions of the Treaty and the CSME Regime into full effect under domestic law. The country began implementation of the CSME Regime in 2006 and has since adapted legislation including the Caribbean Community (Free Movement of Skilled Persons Act) which provides for the movement of skilled nationals.

5.4. Saint Vincent and the Grenadines was one of the first Member State to implement the CARICOM Passport in June 2005 and has since adapted seven (7) approved categories under the Movement of Skilled Labour. As a result, there is no need for CARICOM nationals to apply for work permits in these specified categories noted below:

- Graduates of all recognised Universities;
- Artistes;
- Musicians;
- Sportspersons;
- Media Workers;
- Nurses;
- Teachers.

5.5. Saint Vincent and the Grenadines like the rest of the OECS member states is designated as an Least Developed Country (LDC) within the Revised Treaty of Chaguaramas. This allows for a non-reciprocal status in trade agreements signed to date except the CARIFORUM-EU & CARIFORUM-UK Economic Partnership Agreements. The challenges faced by Saint Vincent and the Grenadines, highlight the need for the Caribbean Single Market and Economy (CSME) and the OECS Economic Union as viable economic and trade policy options in its thrust to integrate into the global economy. Earlier analysis has shown the critical roles that these regional initiatives play in the economic and political viability of SVEs like Saint Vincent and the Grenadines. In fact, it could be argued that the national security and viability of SVEs like Saint Vincent and the Grenadines is hinged to the successful integration into these regional platforms.

5.2 Bilateral and Hemispheric Trade Arrangements

5.6. Saint Vincent and the Grenadines is a signatory to five CARICOM bilaterals and except for the CARICOM-Columbia agreement has a non- reciprocal status in each of these agreements. Thus, a high level of asymmetric market access to these third party markets is available to Saint Vincent and the Grenadines. Collaboration with CARICOM Member States is currently ongoing to further the liberalisation process under most of these Agreements.

5.7. There are five CARICOM bilaterals currently in place;

1. CARICOM - Columbia: A Trade, Economic and Technical Cooperation agreement signed 24 July 1994;

2. CARICOM - Venezuela: A non-reciprocal preferential agreement in favour of CARICOM, signed 13 October 1992;

3. CARICOM - Dominican Republic: A free Trade Agreement signed in August 1998 and provisionally entered into force on 1 December 2001;

4. CARICOM - Cuba: A Trade and Economic Cooperation Agreement signed in 2000 with an additional protocol enabling provisional application signed on 8 December 2002;

5. CARICOM - Costa Rica: A Free Trade Agreement signed March 2004 provides for duty free treatment for all goods except for a list of products on which MFN treatment is maintained.

5.8. Saint Vincent and the Grenadines signed the CARIFORUM-EU Economic Partnership Agreement (EPA) on 15 October 2008. This agreement was the first of its kind between the ACP and the European Union. The agreement was ratified by Saint Vincent and the Grenadines and is being provisionally applied. Saint Vincent and the Grenadines is committed to a gradual reduction of its tariff lines with the EU in keeping with its regional integration and economic cooperation with its OECS and CARICOM partners as enshrined in the objectives of the EPA agreement. Some administrative and legislative measures are outstanding albeit that Saint Vincent and the Grenadines has administratively implemented and legislatively completed phases of the tariff reductions. The EPA is based on the principle of reciprocity, albeit, asymmetric reciprocity. This asymmetry of commitments is reflected in market access, the MFN provisions, trade defence measures and development cooperation.

5.9. The CARIFORUM–UK Agreement entered into force on 1 January 2021 in Saint Vincent and the Grenadines, after its signing on 22 March 2019 and subsequent notification to the WTO on 31 December 2020. The provisions of the agreement and the negotiated schedule closely follow commitments of the EPA.The Government of Saint Vincent and the Grenadines is working with other CARIFORUM States and the United Kingdom to preserve market opportunities for trade in goods, services and investment.

5.10. The United Kingdom is a significant trading partner for Saint Vincent and the Grenadines. Agricultural produce is the main exports from Saint Vincent and the Grenadines to the United Kingdom.

5.11. Over the years, products originating in Saint Vincent and the Grenadines has benefitted from preferential access to the United States and Canadian markets under the Caribbean Basin Initiative (CBI) and CARIBCAN respectively. Recent trade data has shown an uptake in exports to these markets as a result of improved air connectivity between Saint Vincent and the Grenadines and these markets.

5.12. Market opportunities are also available under the GSP schemes. These preferential market access are yet to be exploited and currently remains best endeavours for Saint Vincent and the Grenadines except for USA, Canada and the UK which are traditional trading partners and where air and sea access are more available.

5.3 Multi- Lateral Framework: The WTO and the Uruguay Round

5.13. Saint Vincent and the Grenadines has been a WTO member since 1 January 1995 and a member of the General Agreement on Tariff and Trade (GATT) since 18 May 1993. Since 2001, the trade policy of Saint Vincent and the Grenadines has undergone substantial changes, in response to regional and international developments, and as a result has become more open and transparent and WTO compliant.

5.14. Prior to 2001, the Saint Vincent and the Grenadines trade policy placed much effort on trade in goods as part of an import substitution strategy and policy prescription for promoting economic development. The strategy was implemented through a system of tariffs and non–tariff measures designed to enable the manufacturing and agricultural sectors to become internationally competitive. Within the middle of the first decade of the 21st century, the economy has seen constant movements towards a service oriented economy. On average, service accounts for 73.5% of GDP throughout the review period.

6 THE WAY FORWARD

6.1. Saint Vincent and the Grenadines, like its other OECS Member States, has an open economy where its revenue source is mainly from international trade. The unrestricted foreign exchange regime allows for easy flow of capital, thus facilitating foreign direct investments. Its GDP data shows that its international trade is trending towards trade in services particularly with the USA. The Government is therefore committed to creating the enabling environment that facilitates the flow of goods, services and investments in line with the objectives in the NESDP 2013-2025.

6.2. Accordingly, the Government of Saint Vincent and the Grenadines has outlined a number of initiatives to provide the appropriate enabling environment necessary for economic growth and development.

- The Digital Transformation Project is being implemented (2022-2024) to create a digital enabling environment; build digital government infrastructure, platforms and services; and enable digital skills and technology adoption. This will make E-Government and E-commerce platforms available when conducting business with state agencies. These are aimed at filling structural gaps and place citizens, businesses and clients at the centre of the transformation process;

- Over 95% of our total territory is located in the seas beyond our coastline. The regulation, conservation, and protection of our marine space and ecosystems are of paramount importance. The Government is attracting investments with local as well as international investors through a Public-Private Partnerships (PPP) programme to enable a more regulated and conservatory mining of marine resources. Understanding the increasingly intense impacts of climate change and its effects on the economy and livelihood of many families, pursue with greater urgency for investments and initiatives in green development and climate-resilient infrastructure;

- Through the roadmap of the National Energy Action Plan developed renewable energy sources to provide for heat (solar thermal, biomass) and electricity (wind, geothermal, hydro, and solar) and possibly fuel (biomass). Those resources can cover larger shares of the energy needs as this is presently not taking place. While the use of hydro power for electricity generation has a long-standing tradition, the active usage of solar energy for hot water production is of recent nature. Both technologies are mature and competitive;

- The gradual transfer to solar, hydro and geothermal production to drastically reduce reliance on fossil fuel thus reducing energy cost to the consumers and the productive sector of Saint Vincent and the Grenadines. Each year, approximately 7 million gallons of diesel is imported to generate electricity. Saint Vincent and the Grenadines, building on the National Action Plan, continue further exploration for geothermal energy to reduce reliance on fossil fuels to generate energy;

- Over one-third of the total preliminary estimates of loss and damage from the volcano was borne by our agriculture sector. The "Agri-Export Strategy Initiative"2017-2019 is currently being fast tracked to stimulate private sector investments in the agriculture, fisheries, forestry and manufacturing sectors aimed at reducing the food import billand drive export-led growth in manufacturing, agricultural and fisheries commodities and products.

- The Government of Saint Vincent and the Grenadines is committed to create an investment climate conducive to domestic and foreign investment that generates positive effects for the domestic economy aimed at developing a globally competitive, resilient service-oriented and knowledge-based Saint Vincent and the Grenadines that also maximizes tourism value-added, is prosperous and within which every citizen can expect to lead a fulfilling life. To achieve these goals, the Government of Saint Vincent and the Grenadines, in collaboration with the IADB in 2022 produced the Final Report on "Improving the Business and Investment Climate in Saint Vincent and the Grenadines";

- In late 2021, the Government operationalised "The Fiscal Responsibility Framework": A rules-based fiscal framework for Saint Vincent and the Grenadines that analyse and report on compliance levels with its fiscal rules. Significant reforms procurement legislation and procedures aimed at improving the functioning of the Tenders Board, the manner in which contracts are awarded, and the efficiency of State acquisition of goods and services;

- In terms of international connectivity, Saint Vincent and the Grenadines recognised that international connectivity is crucial to increase the country's competitiveness in two directions: (i) to compete internationally; and (ii) the competitiveness of the country itself to attract foreign investment. Against this backdrop, the Government of Saint Vincent and the Grenadines (GOSVG) has partnered with Grenada and Saint Lucia to increase access to quality and affordable ICT services;

- Efforts towards the implementation of the Trade Facilitation Agreement include focuses mainly at the Customs and Excise Department which include implementation of HS 2022, full implementation of the Post Clearance Audit and Risk Management Units, simplified customs procedures, improved legal and regulatory frameworks to take into consideration the CARICOM Harmonized Customs legislation, Kyoto Convention and the WTO Trade Facilitation Agreement, an Electronic Single Window and establish a De minimis value for non-commercial courier shipments.

6.3. A return to 2019 levels of development and economic activity are insufficiently-ambitious goals. Specific areas for future development and focus, especially in the agricultural sector, include but are not limited to, increased production and processing for export of root crops, marine products and medicinal cannabis. In addition, there is the preparation for infrastructure reconstruction which is critical to accessing farm lands.

6.4. The economy of Saint Vincent and the Grenadines is slowly recovering from the traumas of recent years and is seeking to build strategic relationships with partners, organizations and countries. This is cognizant of the strong ideals of regionalism, multilateral cooperation and internationally recognised democratic principles through which all can participate equitably in a thriving society.