

TRADE POLICY REVIEW

**SAINT VINCENT AND
THE GRENADINES**

Report by the Secretariat

This report, prepared for the first Trade Policy Review of St. Vincent and the Grenadines, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the Government of St. Vincent and the Grenadines on its trade policies and practices.

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Document WT/TPR/G/85/VCT contains the policy statement submitted by the Government of St. Vincent and the Grenadines.

Note: This report is subject to restricted circulation and press embargo until the end of the meeting of the Trade Policy Review Body on St. Vincent and the Grenadines.

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I. ECONOMIC ENVIRONMENT

(1) MAIN ECONOMIC DEVELOPMENTS

(i) Structure of the economy

1. Over the past decade, the structure of the St. Vincent and the Grenadines's economy has undergone important changes; there has been a notable increase in the services sector and a relative decline in manufacturing. The contribution of agriculture to the economy has also declined significantly (Table I.1). In 1990 agriculture was the leading contributor to GDP, accounting for 21.2% of the total; by 2000, this sector's contribution to GDP was only 9.8%. Within agriculture, St. Vincent and the Grenadines successfully moved away from the production of bananas, during the 1990s; this has been partially replaced by other agricultural products. Although efforts to rationalize banana production, under the Banana Recovery Plan (BRP) for the Windward Islands and the Certified Farmer Programme, have increased efficiency and improved quality, production levels are still insufficient to fill duty-free quotas to the European Union (EU). Moreover, the BRP has reintroduced guaranteed producer prices, which could hinder efforts to increase productivity and accomplish the necessary restructuring of the industry.

Table I.1
Gross domestic product, by sector, 1990-2000

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Primary sector	21.5	18.9	19.7	15.2	11.5	14.4	12.9	10.4	11.1	10.7	10.1
Agriculture	21.2	18.6	19.4	14.9	11.1	14.1	12.5	10.1	10.8	10.4	9.8
Bananas	..	..	..	..	..	..	3.8	1.7	2.8	3.0	2.8
Other crops	..	..	..	..	..	..	5.2	4.9	4.7	4.7	4.5
Livestock	..	..	..	..	..	..	0.8	0.8	0.8	0.8	0.7
Forestry	..	..	..	..	..	..	0.7	0.7	0.7	0.7	0.6
Fishing	..	..	..	..	..	..	2.0	2.0	1.9	1.3	1.2
Mining and quarrying	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Secondary sector	22.6	23.3	24.0	25.0	25.9	24.6	24.0	26.3	26.6	25.5	25.2
Manufacturing sector	8.5	8.9	9.5	9.3	9.2	8.4	8.3	7.9	6.8	6.5	6.3
Electricity and water	4.8	4.7	4.6	4.6	5.0	5.0	5.3	5.7	5.7	5.9	6.0
Construction	9.3	9.6	9.9	11.1	11.6	11.2	10.5	12.7	14.1	13.0	12.9
Tertiary sector	61.7	63.5	61.7	65.2	68.6	67.0	68.3	69.3	67.9	69.8	71.0
Wholesale and retail trade	11.4	12.2	12.4	13.8	14.9	14.9	15.1	15.7	16.2	17.1	17.4
Hotels and restaurants	2.2	2.3	2.4	2.6	2.5	2.6	2.4	2.4	2.2	2.3	2.5
Transport	13.7	13.4	12.6	12.6	12.8	12.9	13.4	14.2	13.6	13.8	14.2
Communications	6.8	7.7	7.1	7.5	8.2	7.7	8.2	7.2	7.1	7.1	7.6
Banks and insurance	7.7	7.5	7.1	7.2	8.0	7.9	7.7	7.7	7.1	7.5	7.7
Real estate and housing	2.6	2.7	2.5	2.6	2.6	2.5	2.5	2.4	2.4	2.4	2.4
Government services	15.4	15.9	15.9	17.0	17.7	16.8	17.3	17.9	17.6	17.7	17.3
Other services	1.8	1.8	1.7	1.8	1.8	1.7	1.7	1.8	1.8	1.9	1.9
Less: imputed services charge	5.8	5.7	5.4	5.4	5.9	6.0	5.2	6.0	5.6	6.0	6.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

.. Not available.

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

2. Linked to the development of investment projects, construction has grown in importance in recent years; its contribution to GDP increased from 9.3% in 1990 to 12.9% in 2000. The services sector accounted for some 71% of GDP in 2000 up from 61.7% in 1990. Within services, the most dynamic areas include wholesale and retail trade, government services, and tourism. During

the 1990s, tourism was the main economic activity, replacing banana production, and fostering the expansion of other service activities. Tourism-related activities rose from 29% of GDP in 1990 to over 38% of GDP in 1998, and St. Vincent and the Grenadines' share of tourist expenditure in the CARICOM rose from 5% in 1990 to 9.5% in 1998.

3. Since 1990, St. Vincent and the Grenadines has sought to diversify its sources of economic growth in order to reduce its dependence on banana exports: the foreign exchange earnings for these exports have stagnated due to quality problems and reduced preferential access to the EU. In recent years, the Government has sought to increase productivity in other agricultural areas, as well as in other activities such as manufacturing, tourism, offshore financial services, and informatics. This policy has been implemented through a number of actions, of which the most important are a programme of fiscal incentives including an income tax waiver for farmers, tax holidays for tourist projects, a 10 to 15 year income tax and import duty waiver for start-up manufacturers, and a discretionary duty waiver scheme (Chapter III(3)(ii)). The Government has also attempted to direct investment according to its priorities through a case-by-case approval of foreign investment projects. Investment has been encouraged in some cases through the extension of public guarantees of private external debt.¹ The authorities noted that the Government has taken over private-sector debts on two occasions: for the Otley Hall Project, and for the Campden Park Container Port project. They noted, however, that there is no stated policy in this regard.

4. Macroeconomic policy reform has been a supporting pillar for the results achieved in diversifying the economy. In particular, posting a surplus in the Central Government's current operations balance has provided the right signals to investors.

5. Little in the way of privatization has taken place in St. Vincent and the Grenadines. Although in principle the Government does not oppose privatization, it considers that the small size of the country makes it difficult for the private sector to engage in the provision of basic services. The Government deems that cross-subsidization is necessary for the provision of these services, particularly since the country is divided into seven islands. The non-governmental public sector accounts for 10% of GDP: water and electricity (about 5% of GDP) remain in the hands of the Government. Telecommunication services are supplied mainly by Cable and Wireless, which has a de facto monopoly in fixed telephony until 2004. As a consequence of the decision by five OECS countries to liberalize the telecommunications sector, negotiations are in progress between the Government and Cable and Wireless to fully liberalize services within 12 to 18 months from 31 March 2001 (Chapter IV).

6. The registration of offshore companies has been increasing substantially in recent years, following the revision in 1996 of laws governing these activities. The sector has 11,400 registered entities, of which 28 are banks, 608 are trust, and the rest are international business companies. It is estimated that the offshore sector contributed EC\$30 million (3.5% of GDP) in 1999 in fees, employment, rentals, and use of utilities. Registration fees accruing to the government amounted to EC\$3.3 million (11% of non-tax revenue) in 1999.

(ii) Macroeconomic developments

(a) Output, employment, and prices

7. During most of the 1980s and the early part of the 1990s, St. Vincent and the Grenadines experienced a period of high growth and sound economic performance, with average growth rates of around 6.2% per year in the 1980s, and some 3.8% a year between 1990 and 1995. After experiencing a contraction in 1994 due to the poor performance of the banana industry, economic

¹ IMF (1999), pp. 7-8.

growth resumed at a brisk pace in 1995, boosted by a policy of strong public investment supported by Stabex grants provided by the European Union. However, in 1996, there was a sharp deceleration as the effect of public investment waned. Growth resumed in 1997 and accelerated thereafter, reaching 5.7% in 1998 and 4% in 1999 (Table I.2). The resumption of growth was aided by structural reform in the banana industry, accompanied by a number of macroeconomic stabilization measures and the introduction of diversification measures in agriculture. Output growth is estimated at about 3.5% for 2000. While banana production and tourism remained strong, there was a slowdown in wholesale and retail trade, communications, and banks and insurance.

Table I.2
Basic macroeconomic indicators, 1996-2000
(Year to year percentage change, unless otherwise specified)

	1996	1997	1998	1999	2000 ^a
Real sector					
GDP at market prices (EC\$ million)	751.8	793.1	856.6	887.2	898.9
Real GDP at factor cost (EC\$ million)	531.8	548.4	579.9	603.0	625.1
Gross domestic product (real) (growth rate)	1.2	3.1	5.7	4.0	3.7
Private consumption (% of GDP)	63.1	74.1	70.8	..	..
Government consumption (% of GDP)	20.3	18.9	18.8	..	..
Public investment (% of GDP)	6.9	12.2	13.8	..	..
Private investment (% of GDP)	21.4	17.5	18.8	..	..
Exports of goods and non-factor services (% of GDP)	52.2	47.7	50.2	..	..
Imports of goods and non-factor services (% of GDP)	63.9	70.4	71.6	..	..
Labour force (thousands)	43.5	43.5	43.6	..	..
Consumer price index (% change)	3.6	0.8	3.3	1.8	0.6
External sector					
Exports (% of GDP)	18.5	15.7	15.6	15.0	16.5
Banana exports (EC\$ million)	55.4	38.9	56.4	55.1	52.1
Manufactures (EC\$ million):	60.8	60.5	54.8	50.2	56.4
Flour exports (EC\$ million)	17.0	23.5	18.6	19.1	20.0
Rice exports (EC\$ million)	14.6	15.9	17.3	13.5	15.7
Imports (% of GDP)	51.8	58.6	60.6	61.1	58.0
Food (EC\$ million)	63.2	66.7	62.4	55.6	63.2
Manufactured goods (EC\$ million)	88.0	86.7	91.0	92.1	87.8
Machinery and transport equipment	52.1	59.1	59.9	65.9	48.3
Balance of visible trade (EC\$ million)	-250.0	-340.2	-385.0	-408.8	-373.7
Estimated Visitor Expenditure (EC\$ million)	181.4	197.6	205.5	220.6	245.7
Current account balance (% GDP)	-10.0	-20.8	-23.0	-20.2	-13.1
Net imputed international reserves (US\$ million)	29.4	30.4	38.0	41.8	50.0
Outstanding external public debt (% of GDP)	31.3	29.8	31.3	48.5	50.3
Debt Service Payment (EC\$ million)	22.4	24.8	25.4	30.5	32.7
Real effective exchange rate (12-month percentage change)	3.0	6.8	-1.2	-0.1	..
Terms of trade (12-month percentage change)	-1.8	-0.3	2.1	-1.7	-2.8
Central Government finance					
Fiscal current account balance (% of GDP)	4.0	4.3	5.8	4.3	3.0
Overall fiscal balance (% GDP) ^b	0.2	-4.4	-1.4	-1.4	-2.1
Money and interest rates					
Money supply, M1 (growth rate end of period.)	1.1	34.2	12.1	21.2	..
Broad money, M2 (growth rate end of period)	4.4	14.0	16.1	12.5	10.1
Prime lending rate (% per annum)	10.0-11.0	10.0-12.5	10.0-12.5	10.0-12.5	10.0-12.5

.. Not available.

a Projection.

b Revenues from petroleum activities minus transfers to finance the non-oil budget deficit.

Source: Statistics of St. Vincent and the Grenadines.

8. A major problem for St. Vincent and the Grenadines is the high rate of unemployment, which was estimated at some 19% in 1999, although there are no official statistics. The perception in the private sector is that, despite the recent economic expansion, unemployment could be as high as 35%. The incidence of unemployment is thought to be particularly severe for youths and women. High unemployment may be linked to the relatively high minimum wage. Moreover, at least some of the recent increase in employment is linked to the implementation of several investment projects in recent years and, hence, may be temporary and not structural. Also, there are indications that the informal sector has expanded in recent years, particularly in trade and among craftsmen, which has helped to lessen the impact of high unemployment on the poor. Unemployment is likely to remain high, as the working force is increasing by some 1.8% per year and real wage growth exceeds productivity growth. The Government plans to increase employment through the promotion of offshore financial and other services and of microenterprises, by ensuring that the educational system responds to the requirements of export diversification, introducing computer technology in primary and secondary schools, and by offering on-the-job training programmes. The Government has also undertaken several social safety net programmes resulting in annual spending of some 0.6% of GDP. Strong remittances from abroad (US\$14 million, or some 4.2% of GDP in 1999) have helped cushion the effect of the high unemployment rate on the population's living standards.

9. The level of inflation as measured by the change in the consumer price index (CPI) has been relatively low in recent years, averaging less than 1% a year, during the 1997-99 period. As a small open economy with a fixed exchange rate, inflation in St. Vincent and the Grenadines tends to be broadly in line with international prices changes. In 1999, the CPI declined by about 2% due to lower import prices, an increase in the supply of food, especially certain vegetables, as domestic output and imports increased simultaneously, and lower fish prices. Moreover, price controls on a number of products, such as rice, milk, sugar, flour, school books, cement, petroleum products, motor vehicles, and motor vehicles parts, continued to be applied (Chapter III).

(iii) Fiscal policy

10. The current balance on the fiscal account has been consistently in surplus since 1983; however, as a result of a large deficit in the capital account, due to investment projects undertaken by the Government, the overall balance has generally posted a deficit. Total revenue (tax and non-tax) amounted to about 28% of GDP a year during 1997-99, despite a number of changes in the tax system and intensified efforts at collection. The main tax changes included: a reduction in the maximum external tariff rate; an increase in the customs services charge on imports; the abolition of the export tax on bananas; the introduction of a surcharge on the imports of used vehicles; the exemption from duty of vehicles imported by tour operators; and the exemption from consumption tax of small manufactures under the Industrial Incentive Credit Scheme.

11. Current expenditure relative to GDP remained at about 24% a year during the period 1997-99. The wage bill, the largest component, held steady at just over 13% of GDP, notwithstanding general wage increases, mainly because of a reduction in the size of the civil service. Among the other components of current expenditure, interest payments was about 1.5% of GDP a year until 1999 when it rose to 2.3% of GDP with the assumption by the Central Government of the publicly guaranteed debt of two private-sector entities that defaulted on payments. Expenditure for goods and services declined during the period, reflecting closer monitoring, the elimination of non-essential expenses, and the adoption of more efficient procurement practices.

12. The overall fiscal deficit shrank from 4.4% of GDP in 1997 to 1.4% of GDP a year in 1998-1999. This improvement reflects a sharp increase in grants to support capital projects, a strengthened tax administration, and the completion of some major capital projects. Grants rose from

the equivalent of 1.5% of GDP in 1997 to 5% of GDP in 1998, before returning to 1.5% of GDP in 1999. Concessional loans allowed the public sector to reduce its domestic debt, including to the banking system. Nonetheless, total public sector debt increased from 46% of GDP in 1997 to over 60% of GDP in 1999.

13. Capital expenditure increased sharply to 10-12% of GDP a year during 1997-98, before declining to 7% of GDP in 1999. A number of large projects were launched, such as the Canouan airport, the central highway, the ferry and cruise ship berth, the vegetable market, and banana irrigation, accounting for more than half of total capital spending. The launching of these large projects also helped improve the implementation rate of the Public Sector Investment Programme (PSIP).

(iv) Monetary and exchange rate policy

14. Monetary policy is under the responsibility of the Monetary Council of the Eastern Caribbean Central Bank (ECCB). The ECCB has kept the exchange rate of the EC dollar vis-à-vis the U.S. dollar fixed at EC\$2.70/US\$1 since its establishment in 1983, managing to achieve exchange rate and price stability within the OECS. However, due to an inflation rate historically slightly above that of main trading partners, there was a real effective exchange appreciation for St. Vincent and the Grenadines of some 8% of the EC dollar between 1993 and 1999. The ECCB functions, in practice, almost as a currency board: although the 1983 Act stipulates that foreign exchange must cover at least 60% of monetary liabilities, the ECCB has been keeping this close to 100% (97.7% in 1998).

15. Despite the tight monetary policy, the broad money supply (M2) has been expanding at over 10% a year since 1997, reflecting net capital inflows and the increase in imputed reserves. Prime lending rates are in the 10-12.5% range.

(v) Balance of payments

16. St. Vincent and the Grenadines's balance of payments has traditionally posted a current account deficit, caused basically by the deficit in merchandise trade (Table I.3). Exports of goods remained stagnant in the 1993-99 period, and imports expanded rapidly. Moreover, the terms of trade have deteriorated (by some 15% during the 1990s), helping to keep the current account deficit high, at between 11% and 26% of GDP, despite the increased positive contribution of tourism receipts. The current account deficit represented some 20.2% of GDP in 1999, a small decline from the previous year, partly due to higher tourism revenue, as the number of arrivals rose, and to an increase in banana exports earnings. The Government estimates a current account deficit of some 13.1% of GDP for 2000; thereafter, it is expected to decline, due to increased tourism revenue.

17. The current account deficit has been financed mainly through inflows of official capital for public sector projects, and by direct investment flows, mainly associated with private-sector tourism developments in the Grenadines.² This has allowed the country's external position to show a net surplus, which reached 2.4% of GDP, resulting from a capital account surplus of 27.9% of GDP in 1998.

18. The main factor underlying St. Vincent and the Grenadines's structural current account deficit is the gap between investment and savings. While savings accounted for barely 15.2% of GDP in 1998, investment was 36.9% of GDP. Linked to a number of investment projects, imports expanded rapidly in volume terms during the second half of the 1990s; between 1995 and 1999, imports increased by almost 50% in value terms.

² Eastern Caribbean Central Bank (1999), p. 61.

Table I.3
Balance of payments: Current account 1995-99
(US\$ million)

	1995	1996	1997	1998	1999
Current account balance	-40.7	-31.5	-63.9	-62.7	-71.1
Goods and services	-38.2	-32.6	-64.2	-62.6	-72.2
Trade balance	-57.4	-75.5	-105.3	-119.8	-127.6
Exports (f.o.b.)	61.9	52.6	47.3	50.2	49.6
Merchandise	59.4	52.9	47.3	49.8	49.8
Bananas	n.a	20.5	14.4	20.9	20.4
Stores and bunkers	n.a.	-0.3	0.0	0.0	-0.2
Imports (f.o.b.)	119.4	127.8	152.6	170.0	177.1
Services (net)	19.2	42.9	41.1	53.7	55.4
Transportation	-14.4	-13.9	-16.6	-20.0	-19.8
Travel	46.4	56.5	63.3	66.4	68.8
Insurance services	-3.0	-3.0	-3.6	-3.9	-4.0
Other business services	-10.2	6.0	1.7	14.7	13.2
Government services	0.5	-2.6	-3.8	-3.5	-2.8
Income (net)	-11.7	-10.5	-12.7	-14.2	-13.3
Compensation of employees	0.3	0.2	0.1	0.1	0.1
Investment income	-12.0	-10.7	-12.8	-14.2	-13.4
Current transfers (net)	9.2	11.6	13.0	14.1	14.4
General government	-2.1	-1.2	-0.1	0.4	0.3
Other sectors	11.3	12.9	13.1	13.7	14.1
Capital and financial account balance	40.4	31.9	64.9	71.4	74.9
Capital account-transfers	5.9	3.8	12.8	21.4	23.9
Capital transfers	4.4	3.8	12.8	21.4	23.9
Acquisition & disposal of non-produced/financial assets	1.5	-	-	-	-
Financial account	34.5	28.1	52.1	50.0	51.0
Direct investment (net)	30.6	42.6	55.1	27.9	24.8
Portfolio investment (net)	0.0	-3.4	0.1	-0.4	-0.4
Other investment (net)	3.9	-11.2	3.0	22.6	26.6
Public sector long term	-3.7	0.7	3.2	14.9	1.9
Other public sector capital	0.7	-	-	-	-
Commercial banks	9.2	3.9	-8.3	-10.4	-9.4
Other (includes errors and omissions)	-2.2	-15.7	-0.9	18.1	34.1
Overall balance	-0.3	0.4	1.0	8.7	3.9
Change in imputed reserves	1.4	-0.4	-1.0	-7.6	-3.9
Change in government foreign assets	-1.1	-	-	-1.1	-

- Nil.

Source: Eastern Caribbean Central Bank.

19. The service balance recorded a surplus of 1% of GDP in 1999, compared with a surplus of 12.9% of GDP in 1998, and slightly higher in 2000. The surplus is entirely due to the travel balance, since in all other service areas, i.e. financial and business services, government services, and transportation, St. Vincent and the Grenadines has a deficit. Net investment income revenue is increasingly negative, but is virtually offset by a surplus in current transfers.

(2) DEVELOPMENTS IN TRADE

20. Most of St. Vincent and the Grenadines' external trade takes place under preferential conditions. Trade expanded rapidly during the 1990s, despite the decline in banana exports. Although, due to the latter, exports of goods remained stagnant between 1993 and 1999, imports increased rapidly. Exports of non-factor services almost doubled during the same period. The main activity is tourism, where revenue increased from US\$30 million in 1993 to US\$77 million in 1999. Exports of business services also increased during the period.

21. Imports expanded by 48.3% over 1995-99, or at an average annual rate of 10.4%. The strong investment performance and substantial construction activity linked to the tourism industry have been in great part behind this growth, although it has also reflected rising disposable income. The main imports are food, manufactured goods, and machinery and transport equipment (Table AI.1). Some 68.2% of imports in 1999 were manufactured goods, particularly consumer goods (38.4% of total imports), and machinery and transport equipment (24.3%). Food and beverages accounted for a quarter of total imports, and the rest was accounted for by chemicals, fuels, crude materials, and oils and fats. The composition of imports in recent years has favoured imports of capital goods, which have gained some share of total imports at the expense of consumer and intermediate goods.

22. Bananas continued to be the main export product, accounting for some 42% of domestic exports in 1999 (Table AI.2), and an estimated 41% in 2000. Although banana exports dropped in 1997, due to quality problems and fruit disease, a number of measures put in place to deal with these problems led to a recovery in export volume and price in 1998 and 1999. The increase in export prices of bananas accounted for a significant part of an improvement in external terms of trade in 1998. This improvement helped to contain the trade deficit in the face of increasing imports. Other agricultural exports include flour and rice, sweet potatoes, eddoes and dasheens, arrowroot, coconuts, and plantains, which together accounted for some 4.6% of total exports in 1999.

23. Manufactured exports declined by 20% over the 1997-99 period because of a deterioration in competitiveness. Exports of manufactures accounted for 18.5% of total exports in 1999; the main items were machinery and equipment and iron and steel (Table AI.1 and Chart I.1). In the last few years manufacturing enterprises have suffered a large decrease in exports due to a loss of competitiveness. Moreover, businesses have closed or moved elsewhere as tax and import duty concessions expired, and because productivity gains were insufficient to maintain competitiveness vis-à-vis other Caribbean islands or low-cost competitors in Latin America. Re-exports, mainly of surplus materials and machinery, rose significantly, closely tied to the completion of large investment projects. Exports of other manufactured products accounted together for some 6.8% of total exports in 1999.

24. As noted above, exports of services, particularly tourism, have been gaining in importance in recent years, although the sector is still not as developed as in other Caribbean countries. Tourism receipts accounted for 46% of all exports of goods and services in 1999. The growth in tourism receipts has come largely from increases in the volume of yacht tourist and stay-over visits, as increases in earnings per tourist have been relatively limited.

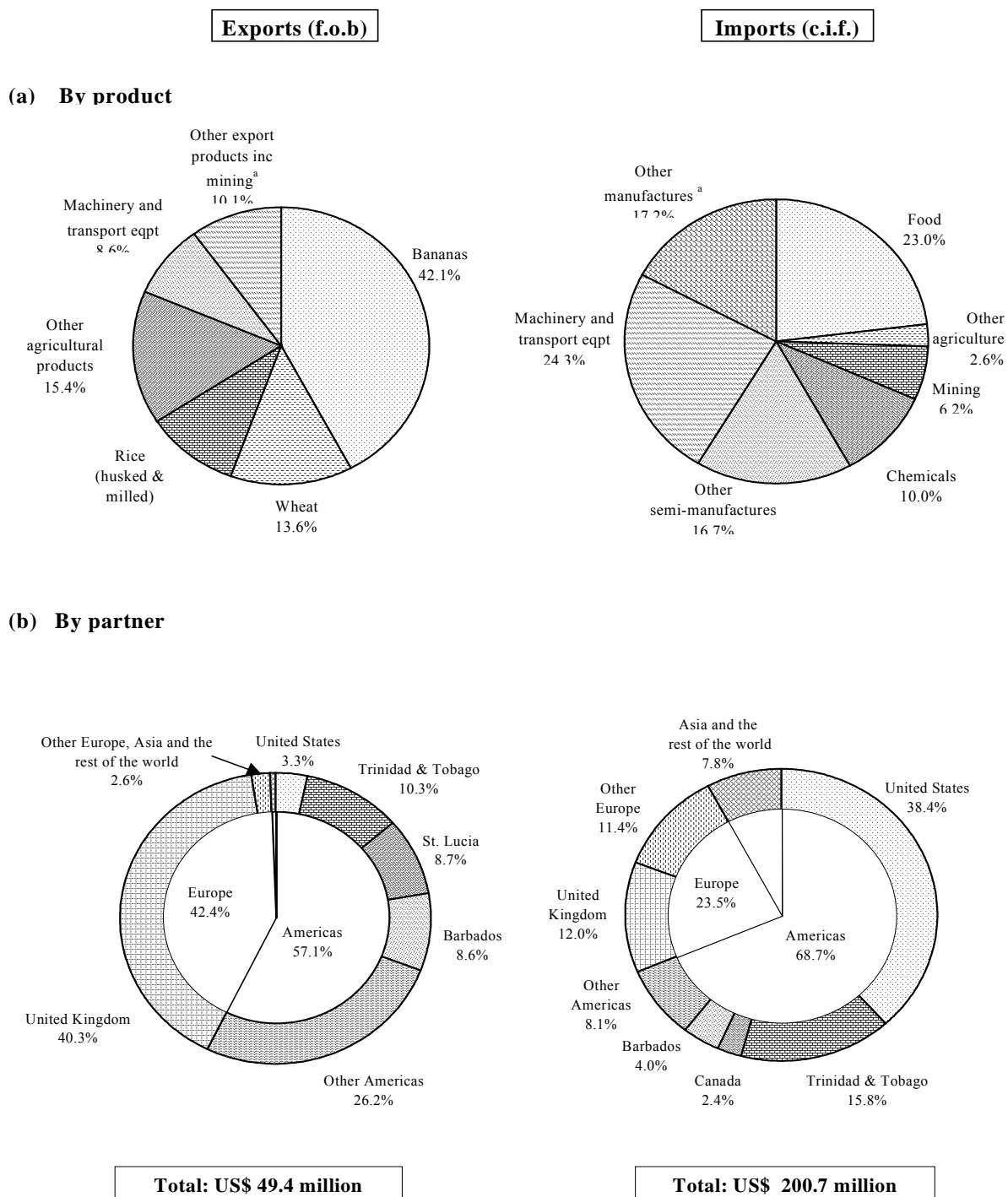
25. St. Vincent and the Grenadines's main trading partners are the United Kingdom, the United States, and other CARICOM member countries, which accounted for more than 90% of exports and 73% of imports during 1997-99. Around half of total exports are destined for the CARICOM area (St. Lucia, Trinidad and Tobago, Antigua and Barbuda, and Barbados are the main markets in the region). The United States is the main provider; other important individual suppliers are Trinidad and Tobago and the United Kingdom. The remaining suppliers accounted for less than 5% each (Tables AI.3 and AI.4).

26. Since 1993, the trade shares of St. Vincent and the Grenadines' main trading partners have remained mainly unchanged, with the exception of a small gain for U.S. imports and a loss of market share for exports to the United States.

Chart I.1

St. Vincent and the Grenadines: Merchandise trade, 1999

Per cent



^a Includes other not elsewhere specified category.

Source : UNSD, Comtrade database.

(3) TRENDS AND PATTERNS IN FOREIGN DIRECT INVESTMENT (FDI)

27. Net foreign direct investment flows totalled some EC\$181 (US\$67 million) in 1995-99. Most of the investment has been in tourism and fisheries or linked to Government-fostered investment projects. Investment income outflows totalled EC\$69.6 million (US\$25.8 million) during the same period. Net portfolio investment was slightly negative over the period.

(4) OUTLOOK

28. Economic growth of around 4% is forecast through 2002, based largely on a continued recovery of banana production, and an expansion of tourism and construction. Growth in the agricultural sector, estimated at some 4.8% in 2000, is expected to accelerate in the medium term, influenced by heightened activities in agricultural diversification, livestock and agri-processing. Growth in construction, which was 4.5% in 2000, is expected to rise gradually in 2001 and thereafter with the implementation of new projects. The authorities intend to continue the reform of the education system to improve the flexibility of the labour market, along with other policies such as special incentives to investors who generate large-scale employment and skills training, especially in the area of information technology, through a National Employment and Training Programme.

29. After the estimated reduction in the current account deficit in 2000, the deficit is expected to rise gradually to almost 15% of GDP in 2005 as the Public Sector Investment Programme is expanded. Exports are projected to grow by 6% annually, while receipts from tourism are expected to increase at an average annual rate of 5%. Export growth is expected to be driven primarily by increases in banana exports, as the steps taken in recent years to improve productivity in the sector lead to higher output and better quality; prices are expected to recover after the drop in 2000. Imports are expected to grow in line with the economic activity. With the increase in public investment driving the growth of imports, the composition is expected to shift in favour of machinery and construction materials.

30. The authorities are counting on central government savings of approximately 3% of GDP over 2000-02. They are intent on limiting the wage bill to no more than 12% of GDP. Inflation is not expected to exceed 3% per annum (Table I.4). The balance of payments will continue to be under pressure, as imports of building materials, machinery and equipment, inputs for the tourism industry and consumer goods expand significantly. However, it is envisaged that increased receipts from tourism, foreign direct investment, and public sector external assistance will help to finance the current account deficit.

Table I.4
Saint Vincent and the Grenadines: Medium-term projections

	1999	2000	2001	2002
Real growth rate	4	3.7	3.7	3.9
Consumer price index	-1.8	2.0	2.1	2.8
Central government savings/GDP	4.3	3.0	2.9	3.3
Debt service ratio	6.3	6.2	..	..
Debt service/current revenue	11.6	11.5	11.0	..
External debt/GDP	48.5	50.3	49.8	49
BOP current account/GDP	-20.2	-13.1	-14.1	-14.0
Direct Investment/GDP	13.5	10.9	10.6	10.7

.. Not available.

Source: Information provided by the IMF.

II. TRADE POLICY REGIME

(1) GENERAL CONSTITUTIONAL AND LEGAL FRAMEWORK

31. St. Vincent and the Grenadines gained Independence in 1979; it is a constitutional monarchy with a parliamentary system following the British model, and a member of the British Commonwealth of Nations. The Head of State is the British sovereign, who is represented by the Governor General. Executive power is, in practice, exercised by the Prime Minister and his/her Cabinet, who are responsible for concluding and signing international treaties and agreements, including trade and trade-related agreements, with foreign countries.

32. The House of Assembly is comprised of 15 elected members and six Senators. Elections for Representatives are required, under the Constitution, every five years; Senators are appointed by the Governor General. Parliament's power to make laws is exercised by Bills passed by the House of Assembly. After assent by the Governor General, the Bill becomes law and takes effect upon publication in the *Gazette*.

33. The judicial system is based on English Common Law. Magistrates courts deal with minor civil and criminal cases; high courts deal with the more serious cases, with cases falling under the different Acts of Parliament, and with matters related to interpretation of the Constitution. The Eastern Caribbean Court of Appeal is the first court of appeal. The Privy Council in London, England is the highest Court of Appeal. There have been discussions among CARICOM members with respect to the establishment of a Caribbean Court of Justice to replace the Privy Council, but a final decision has not yet been taken.

34. The Constitution is the supreme law and all other laws must conform to it. International agreements that have not been incorporated into domestic law cannot be invoked before the courts. The authorities noted that no legal procedures have been put in place for ratification of the Uruguay Round Agreements in St. Vincent and the Grenadines, and that specific legislation still needs to be drafted. In principle, since the Agreements are not yet law in St. Vincent and the Grenadines, private individuals cannot invoke WTO provisions directly before national courts. However, according to the authorities, in accordance with the laws of St. Vincent and the Grenadines, if there is no domestic legislation on a certain topic, UK laws and amendments would prevail; this would seem to make St. Vincent and the Grenadines' body of locally enforceable statutes exceptional, in that it would be composed of both national legislation and, in areas not covered by this, the laws of a foreign country.

(2) TRADE POLICY FORMULATION AND IMPLEMENTATION

35. The Ministry of Trade, Industry and Consumer Affairs is responsible for trade policy formulation and implementation. The Ministry of Finance, Planning and Development is responsible for tariff policy, for all fiscal policy issues, including administration of the Revenue Board Act. It is also responsible for policy and regulations governing financial services, and administers bilateral investment treaties that contain incentive schemes. Within the Ministry, the Customs Department administers the Customs and General Consumption Tax Acts. Other ministries involved in foreign trade include the Ministries of: Agriculture and Labour; Justice (responsible for copyright and patents); Communications and Works; and Foreign Affairs, Tourism, and Information.

36. Policy coordination, including aspects of trade policy, takes place at the Economic Advisory Council, which has the Ministry of Finance, Planning and Development as its Secretariat. The Council has inter-ministerial participation, as well as participation by the private sector (Chamber of Commerce), trade unions, and other interest groups. The authorities noted that there are plans to

restructure the Ministry of Trade to follow more closely WTO issues. In this respect, the Ministry envisages the creation of intellectual property rights and anti-dumping units.

37. The Government's main trade policy objectives, as presented in the Medium Term Economic Strategy Paper, are to increase the level of exports, to respond effectively to the requirements of international and regional trading arrangements, to develop a strategy to negotiate trade treaties and agreements, and to improve access to export markets.³ The Paper presents a number of action plans to achieve these objectives, including: collaboration within the OECS to develop a joint negotiating strategy towards the FTAA, the WTO and Lomé; strengthening the institutional capacity to address trade and development issues; and strengthening the inter-ministerial committee on trade matters.

(3) INTERNATIONAL RELATIONS

(i) World Trade Organization

38. Prior to Independence, on 27 October 1979, St. Vincent and the Grenadines applied GATT de facto as member of the metropolitan territory of the United Kingdom. St. Vincent and the Grenadines became a GATT contracting party on 18 May 1993, under Article XXVI:5(c) with its rights and obligations under GATT retroactive to the date of Independence. St. Vincent and the Grenadines is a founding member of the WTO and applies at least MFN treatment to all its trading partners.

39. St. Vincent and the Grenadines has only started the process of incorporating the results of the Uruguay Round into domestic legislation. Acts have yet to be introduced to incorporate WTO legislation regarding anti-dumping measures, as well as patent, trade mark, and copyright protection under the WTO Agreement on the Trade-Related Aspects of Intellectual Property Rights (TRIPS). Under the GATS, St. Vincent and the Grenadines made initial commitments on tourism, transport, and financial services (Chapter IV), as well as on business (including professional), educational, health related (hospital services) and recreational (entertainment and sporting services). St. Vincent and the Grenadines did not present offers, in the continued negotiations on telecommunications and financial services.

40. No notifications to the WTO had been made up to end 2000.

(ii) Regional and bilateral agreements

41. St. Vincent and the Grenadines participates in a number of regional and preferential trade arrangements, namely: the Caribbean Community (CARICOM); the Organization of Eastern Caribbean States (OECS); the ACP-EU Agreement; the Caribbean Basin Initiative (CBI); the Canadian Programs for Commonwealth Caribbean Trade, Investment and Industrial Cooperation (CARIBCAN); the Association of Caribbean States (ACS); and is a beneficiary of the Generalized System of Preferences (GSP) of several industrial countries.

42. CARICOM, established through the Treaty of Chaguaramas on 4 July 1973, began operations as a Customs Union on 1 January 1991 when the Common External Tariff (CET) went into effect. CARICOM has signed bilateral trade agreements with Colombia, Cuba, Venezuela, and the Dominican Republic. To date, the impact of these arrangements on St. Vincent and the Grenadines' exports has been very small.

³ Government of St. Vincent and the Grenadines (2000).

43. St. Vincent and the Grenadines' exports are granted preferential access to the European Union (EU) market under the ACP-EU Agreement (the ACP-EU Partnership Agreement signed at Cotonou and the Fourth Lomé Convention). The production and export of bananas to the EU under the agreement has been traditionally one of the major economic activities, but its relative importance has been declining in recent years. Following changes in rules of origin introduced in Lomé IV, St. Vincent and the Grenadines and the other OECS States, as well as other Caribbean countries may benefit from cumulation with Colombia, Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Venezuela. The possibility of cumulation with Colombia and Venezuela is particularly interesting since CARICOM has free-trade agreements with those two countries.

44. St. Vincent and the Grenadines, as well as the other OECS banana producers are active beneficiaries of the Stabex, an ECU 1.8 billion fund for the stabilization of export earnings from certain agricultural commodities, in case of price or output fluctuation. The authorities noted that St. Vincent and the Grenadines benefited from funds to a total of ECU59.5 million during 1994-99.

45. Under the CBI, initiated by the United States under the Caribbean Basin Economic Recovery Act (CBERA) in 1984, exports of a number of products from St. Vincent and the Grenadines enjoy preferential access to the United States market. A Bill was passed by the U.S. House of Representatives on 4 May 2000, granting CBI beneficiaries extended preferences (see Overview). Canada also grants preferential access to exports of a number of products from St. Vincent and the Grenadines, through CARIBCAN.

46. Products from St. Vincent and the Grenadines are eligible for the GSP schemes of Australia, Bulgaria, Canada, the Czech Republic, the European Union, Hungary, Japan, New Zealand, Norway, Poland, Russia, the Slovak Republic, Switzerland, and the United States. The range of products varies according to each country's scheme.

(iii) Trade consultations and disputes

47. St. Vincent and the Grenadines has not been directly involved, to date, in cases under the WTO dispute settlement mechanism, either as plaintiff or defendant. However, exports of bananas from St. Vincent and the Grenadines and other ACP countries to the EU under Lomé were the subject of a dispute under the WTO. St. Vincent and the Grenadines requested its right to participate as third party in the dispute (see Overview).

48. At a CARICOM level, St. Vincent and the Grenadines participates in discussions on trade issues at the Council for Trade and Economic Development (COTED). If conflicts arise, solutions are reached by consensus among the Ministers for Trade of the member countries.

(4) INVESTMENT POLICY

49. Investment policy is under the responsibility of the Ministry of Finance, Planning and Development. The Ministry also has the mandate to monitor and assess investment. The St. Vincent and the Grenadines Development Corporation performs the role of an industrial development corporation. The Corporation's mandate is to promote economic development; it is also responsible for promoting St. Vincent and the Grenadines as an investment location, constructing and leasing factory shells to private entrepreneurs, and developing investment projects. The St. Vincent and the Grenadines Development Bank acts as investment bank for development, managing lines of credit established with foreign development agencies

50. St. Vincent and the Grenadine's policy with respect to investment is to promote the development of the national capital base, in particular with the participation of nationals and the development of joint ventures, but also attracting foreign investment. The thrust of the investment

effort is left to the private sector and to development agencies such as the National Development Foundation (NDF), the Small Enterprise Development Unit (SEDU), and the St. Vincent and the Grenadines Chamber of Commerce; the Central Government provides support services and a number of fiscal incentives.

51. The authorities noted that the Government encourages foreign investment inflows, particularly foreign investment that fosters technological development and does not conflict or compete with national goals, has a high level of value added, earns significant foreign exchange, uses indigenous inputs, and has significant employment potential. Investment in most sectors is open to non-nationals, but some areas are limited exclusively to investment by nationals. The Government has a list of most-favoured areas for investment by non-nationals including some manufacturing activities, agri-industry, and tourism.

52. A second group comprises activities classified as areas of limited non-national investments, in which the Government encourages investments by nationals, but may, in exceptional circumstances, and on a case-by-case basis, grant foreigners permission to invest. These areas include: mass communication media; auditing and accounting; repair services other than automobile services; and places of entertainment. A third group of activities are reserved for nationals, including: internal transport; automobile repair; quarrying; printing and advertising; services such as hairdressing, shoe repair, catering, tailoring; restaurants excluding ethnic and specialty restaurants; internal distribution, except for some high technology equipment; and manufacturing, handicraft, and agriculture exclusively for the local market.

53. In areas not reserved for nationals, foreign investors are generally granted national treatment, except for the requirements to obtain work and residence permits, and an alien landholding licence (except for other OECS nationals). Work permits are granted for an initial period of one year, renewable thereafter. Foreign investors may hold up to 100% of an investment; however, joint ventures are encouraged through double taxation treaties, unlimited repatriation of profits, and business and marketing intelligence services. Under the Alien Landholding Act, foreigners must obtain a licence to purchase land. To purchase one acre or less, an application containing an approved development plan and an execution plan within 18 months is required. Purchases by foreigners of more than one acre of land require the presentation of a development plan for the whole area.

54. There are no restrictions on the repatriation of dividends for totally foreign owned firms; in the case of a mixed company, profits may be repatriated to the extent of the foreign participation in the company. Unless granted an exemption under the Fiscal Incentives Act, foreign investment profits receive national treatment and are subject to a 40% tax rate, with the exception of manufacturing enterprises, which are subject to reduced rates: 35% for income from sales to the domestic and OECS markets; 30% for income to exports to Barbados, Guyana, Jamaica, and Trinidad and Tobago; and 25% for income from exports to other markets.

55. The Government offers a wide range of incentives to potential investors in manufacturing, services, and hotel development. These incentives include a tax holiday period on taxes on profits and on import duties, and the possibility to carry forwards net losses and set them off against taxable profits for five years after the tax holiday period (contained in the Fiscal Incentives Act No. 5 of 1982, as amended by Act No. 20 of 1987 and Act No. 16 of 1991, and the Hotel Act No. 16 of 1988). Other incentives include the provision of factory space on a rental basis and of factory shells constructed by the St. Vincent and the Grenadines Development Corporation.

56. St. Vincent and the Grenadines has an investment agreement with Germany, to encourage the reciprocal protection of investments. The authorities noted that the Government is looking into subscribing other such agreements with various countries to promote investment. St. Vincent and the Grenadines is a member of the World Bank's Multilateral Investment Guarantee Agency.

III. TRADE POLICIES AND PRACTICES BY MEASURE

(1) MEASURES DIRECTLY AFFECTING IMPORTS

(i) Procedures

57. The legislation governing customs procedures is the Customs (Control and Management) Act No. 14 of 1999. All imports must be accompanied by an import declaration. Imports may be cleared by the importer or a broker. All imports require a formal entry warrant itemized with the corresponding tariff numbers, the quantity imported, and the customs value of each good imported; a number of documents must be provided to Customs, including an invoice, a bill of lading or airway bill, import licence, when required, and a certificate of origin for CARICOM goods. Customs uses ASYCUDA to process customs documents electronically; each importer is given a registration number, and the contents of warrants are inputted into the system to determine customs duties. Customs decisions may be appealed to the Comptroller of Customs.

(ii) Tariffs

(a) Structure

58. St. Vincent and the Grenadines has applied the CARICOM Common External Tariff (CET) since February 1991. St. Vincent and the Grenadines has been following the schedule of CET reductions set by the CARICOM on a timely basis, and was the only OECS country to move to Phase IV of the CET on 1 January 1998. The schedule is based on the Harmonized Commodity Description and Coding System. The tariff, as applied in 2000, comprised 6,237 tariff lines at the seven-digit level. The tariff has nine tiers, with rates of 0, 5, 10, 15, 20, 25, 30 and 35% for industrial goods, and an additional rate of 40% that applies only to agricultural products. Exceptions to the CET are included in Lists A, B, C and D. Industrial goods for which the CET is applied face a maximum tariff of 20%.

59. CET tariff changes occur at CARICOM level, but ultimate authority for tariff rates rests with Parliament. Temporary reductions of the CET and the imposition of import charges are made by the Ministry of Finance, Planning and Development. The vast majority of tariff rates are *ad valorem*; specific rates apply on 13 lines at the seven-digit level, which correspond to some alcoholic beverages, like whisky, rum, gin and others (HS 2208), and wine (HS 2204) and vermouth (HS 2205), where the tariff applied per gallon and per litre, respectively. There are no seasonal tariffs.

60. There is a customs service charge of 4% applied on all imports, including those from preferential partners. A consumption tax is applied on most imports and domestically produced goods.

61. Customs duties are an important source of revenue in St. Vincent and the Grenadines. They totalled EC\$23.9 million in 1999, some 9.4% of the Central Government's current revenue for that year. Other taxes on imports are also important sources of revenue: the consumption duty collected on imports totalled EC\$69.1 million, accounting for some 27% of total central government current revenue, while the collection of the customs service charge yielded EC\$10.7 million, or some 4.2% of revenue. In all, taxes on international trade and transactions represented some 40.6% of total revenue in 1999, slightly below the 43.9% observed in 1995. The decrease in taxes on foreign trade as a share of current revenue has been entirely due to virtually unchanged tariff revenue collection amidst rising revenue from other sources.⁴ This is a result of the implementation of tariff reductions under the

⁴ This has taken place despite a reduction in tariffs, suggesting a reduction in the granting of tariff concessions, and/or an improved collection record.

CARICOM's CET reduction scheduled, and has been partly offset by a higher collection of consumption duties on imports and, especially, a substantial increase in revenue from the customs service charge, which increased during the period (see below).

(b) Tariff bindings

62. Customs duties for all tariff lines were bound during the Uruguay Round: St. Vincent and the Grenadines had not made any previous tariff commitment under the GATT. Agricultural products were bound at a ceiling level of 100% with some exceptions above that rate, which range between 107% and 250%. Other charges on imports, such as the customs service charge, were not bound during the Uruguay Round.

63. St. Vincent and the Grenadines bound its tariffs on imports of industrial products (HS 25-97) at a uniform rate of 50% with over 200 exceptions at the HS four-, six- or seven-digit levels (Table AIII.1). A large number of products subject to binding exceptions are also subject to import licensing requirements. A list of some 90 agricultural products was bound at rates higher than 100%.

(c) Average tariff and tariff range

64. St. Vincent and the Grenadines implemented Phase IV of the CARICOM CET rate reductions on 1 January 1998 and was, thus, the only OECS member to have completed implementation of that phase on time. In accordance with the final phase of the CET Schedule of reductions, the maximum tariff for non-agricultural goods is currently 20%, barring exceptions of the CET, with a maximum rate of 40% for agricultural products (Table III.1).

65. Exceptions to the CET are included in Lists A and C. Products included in List A are subject to a maximum customs duty of 40%. List A includes mainly agricultural products, packaging material, ceramics, washing machines and dryers, and sanitary fixtures. List C contains products that are highly revenue sensitive; most goods included in this list (automobiles, some electrical appliances, precious metals, tobacco products, beer, wine and spirits) as well as some general manufactures (e.g. soap, shampoo) are subject to a 30% tariff. Rates applied on these products are generally higher than CET rates, and some products on the List are subject to specific rates. Applied rates may be modified for budgetary purposes; since goods included in List C are exceptions to the CET, tariffs applied on them are not fixed under CARICOM. In the case of St. Vincent and the Grenadines, most of these goods have been bound at rates higher than 50%. For example, automobiles, were bound at rates between 100% and 140%, according to the category.

66. The simple average MFN tariff in 2000 was 10.9%, or 14.9% including the customs service charge. The average MFN tariff for agricultural products (WTO definition) was 18% (22%), and 9.6% (13.6%) for non-agricultural products (Table III.1).

67. The simple average MFN tariff rate for final goods other than capital goods is considerably higher than the average, with some large import items, such as automobiles and electrical appliances, subject to a 30% tariff. In the case of agricultural goods, some products may be found at both ends of the tariff scale (zero to 40%); the tariff heading and tariff rate depends on their use as an input or as a final good.⁵

⁵ Examples of this are some nuts and seeds, which face an import duty of 40%, except seeds for sowing, which are given a different tariff heading, and are imported duty free. The same applies to live poultry and live animals, where duty-free imports are allowed for breeding, but a 40% tariff is applied otherwise. In some other cases, different tariffs are applied for different size of package, with tariffs for bulk imports lower than those for small packages.

Table III.1
Summary analysis of Saint Vincent and the Grenadines tariff, 2000.

Analysis	No. of lines	Applied tariffs			Applied tariffs + customs service charge		
		Average (%)	Range (%)	CV	Average (%)	Range (%)	CV
Total	6,237	10.9	0-40	0.9	14.9	4-44	0.7
By WTO category							
Agriculture	967	18.0	0-40	0.8	22.0	4-44	0.7
Live animals and products thereof	128	17.7	0-40	0.9	21.7	4-44	0.7
Dairy products	24	6.7	0-20	0.8	10.7	4-24	0.5
Coffee and tea, cocoa, sugar, etc.	171	17.9	0-40	0.8	21.9	4-44	0.6
Cut flowers, plants	51	11.7	0-40	1.2	15.7	4-44	0.9
Fruit and vegetables	253	25.7	0-40	0.6	29.7	4-44	0.5
Grains	23	17.8	0-40	0.7	21.8	4-44	0.5
Oil seeds, fats and oils and products	85	17.7	0-40	1.0	21.7	4-44	0.8
Beverages and spirits	78	22.1	5-40	0.5	26.1	9-44	0.4
Tobacco	10	26.0	5-35	0.6	30.0	9-39	0.5
WTO non-agriculture (excluding petroleum)	5,231	9.6	0-40	0.9	13.6	4-44	0.6
Fish and fishery products	134	29.0	0-40	0.5	33.0	4-44	0.5
Mineral products, precious stones/metals	411	9.1	0-30	0.8	13.1	4-34	0.6
Metals	712	6.6	0-20	0.8	10.6	4-24	0.5
Leather, rubber, footwear and travel goods	168	10.7	0-25	0.7	14.7	4-29	0.5
Wood, pulp, paper and furniture	314	9.6	0-25	0.7	13.6	4-29	0.5
Textiles and clothing	949	11.6	0-30	0.6	15.6	4-34	0.5
By ISIC sector^a							
Agriculture and fisheries	366	24.6	0-40	0.7	28.6	4-44	0.6
Mining	116	6.9	0-25	0.8	10.9	4-29	0.5
Manufacturing	5,754	10.1	0-40	0.9	14.1	4-44	0.6
By stages of processing							
Raw materials	771	18.3	0-40	0.9	22.3	4-44	0.7
Semi-processed products	1,820	5.5	0-40	0.7	9.5	4-44	0.4
Fully-processed products	3,646	12.0	0-40	0.7	16.0	4-44	0.6
By HS section							
01 Live animals and products	268	22.6	0-40	0.8	26.6	4-44	0.7
02 Vegetable products	367	21.6	0-40	0.8	25.6	4-44	0.7
03 Fats and oils	53	24.3	4-40	0.7	28.3	4-44	0.6
04 Prepared foods, etc.	323	16.8	0-40	0.6	20.8	4-44	0.5
05 Minerals	203	6.4	0-35	0.8	10.4	4-39	0.5
06 Chemicals and products	929	6.9	0-30	0.8	10.9	4-34	0.5
07 Plastics and rubber	234	7.7	0-25	0.9	11.7	4-29	0.6
08 Hides and skins	84	10.2	5-20	0.7	14.2	9-24	0.5
09 Wood and articles	122	9.7	0-20	0.6	13.7	4-24	0.4
10 Pulp, paper, etc.	169	8.2	0-25	0.8	12.2	4-29	0.6
11 Textile and articles	935	11.3	0-20	0.7	15.3	4-24	0.5
12 Footwear, headgear	66	16.2	0-20	0.4	20.2	4-24	0.3
13 Articles of stone	195	10.0	0-25	0.7	14.0	4-29	0.5
14 Precious stones, etc.	61	15.2	0-25	0.7	19.2	4-29	0.5
15 Base metals and products	706	7.0	0-35	0.8	11.0	4-39	0.5
16 Machinery	884	7.8	0-35	0.9	11.8	4-39	0.6
17 Transport equipment	191	10.1	0-35	1.0	14.1	4-39	0.7
18 Precision equipment	248	11.4	0-30	0.8	15.4	4-34	0.6
19 Arms and munitions	20	24.3	0-35	0.5	28.3	04-39	0.4
20 Miscellaneous manufactures	171	15.3	0-20	0.4	19.3	4-24	0.3
21 Works of art, etc.	8	20.0	20	0.0	24.0	24	0.0

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

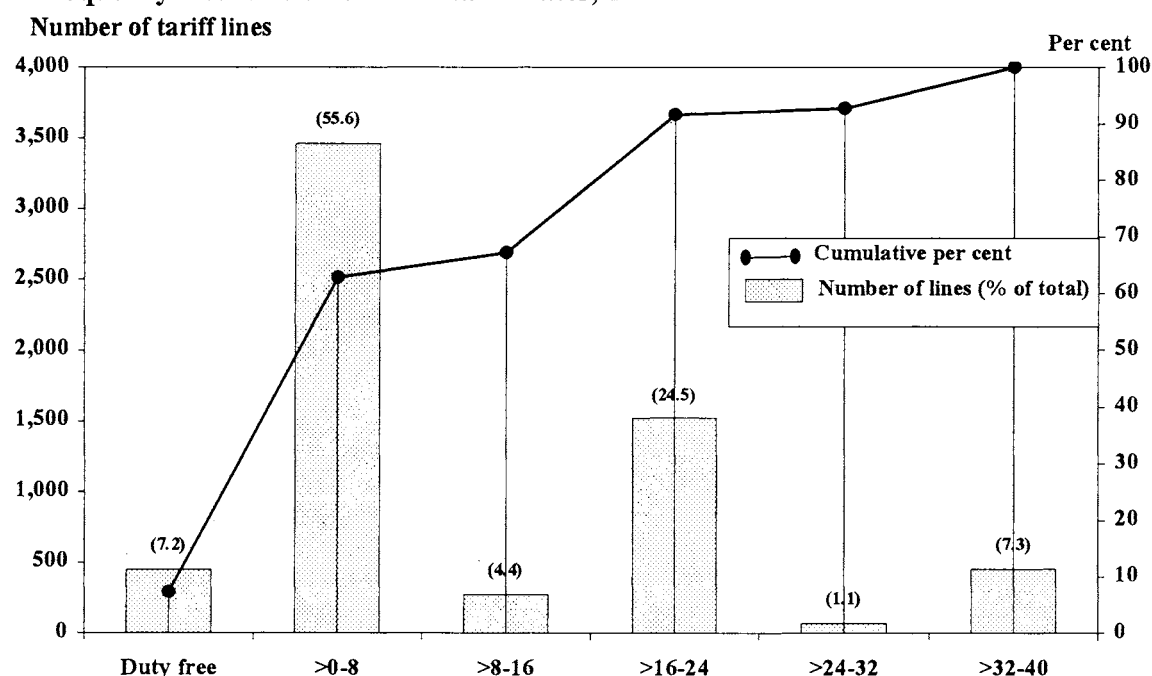
Source: WTO Secretariat estimates, based on data provided by the authorities.

68. Duty-free treatment is accorded to 7.2% of tariff lines for MFN imports. Some two-thirds of lines are subject to rates lower or equal to 15% (Chart III.1). Some 8% of lines are subject to rates of 25% or higher. The highest rate, 40%, is generally applied on competing agricultural or agri-industry products. Duty-free lines are still subject to the customs service charge, so the minimum import duty practically applied is 4%. Almost one third of tariff lines on agricultural products are subject to a rate of 40%.

69. Because of the number of tariff concessions in place (see below), the collected tariff (share of tariff revenue on total imports) is well below the average applied MFN rate: it was only 4.9% in 1999, or 7.2% including the customs service charge.

Chart III.1

Frequency distribution of MFN tariff rates, 2000^a



^a The total number of tariff lines is 6,237.

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

(d) Tariff concessions

70. The CARICOM Treaty allows members to maintain tariff concessions below CET rates for goods included in the List of Conditional Duty Exemptions to the CET. The list also states the purposes for which the goods may be admitted into the importing member State free of import duty or at a rate lower than the CET. St. Vincent and the Grenadines, as an LDC within CARICOM, may import all inputs duty free instead at the CET rate of 5%. There is also a List of Items Ineligible for Duty Exemption. The list includes goods produced in the Caribbean Common Market in quantities considered adequate to justify the application of tariff protection.

71. In addition to these concessions, the Cabinet may grant a partial or total waiver or relief from import duties on specific goods, upon request by individuals or organizations, if it is considered to be in the public interest, in accordance with the Duties and Taxes (Exemption in the Public Interest) Act No. 6 of 1980, as amended by Act No. 8 of 1987 (Cap. 305 of the Laws of St. Vincent and the Grenadines). The authorities noted that, for example, import duties on cement are among those most frequently waived. Tariff exemptions are granted to imports of capital and consumer goods and building materials to be used in a free zone. All materials, equipment, stores, vehicles, and other goods acquired by the Banana Growers Association are exempt from customs duty and other duties and taxes.

72. Elements of duty relief are also a feature of the several investment, production, and export promotion schemes put in place by the Government. However, the scope of the import-duty relief schemes has been eroded by reductions in the CET. In the case of non-competing inputs, for example, imports are no longer subject to tariffs.

(e) Tariff preferences

73. Duty-free access is granted by St. Vincent and the Grenadines to imports from other CARICOM countries, provided they meet the CARICOM rules of origin criteria.

(iii) Other levies and charges

74. In addition to tariffs, St. Vincent and the Grenadines applies a customs service charge of 4% on the c.i.f. value of imports. Imports of the St. Vincent Banana Growers Association, the Canouan Resorts Development Limited, and the Ottley Hall Development Enclave Industries are exempt from this tax. The tax was increased from 2.5% to 4% in 1999.

75. A consumption duty is levied on a wide range of goods including imports, in accordance with the Consumption Tax Schedule of 1 January 1998. Some basic foods are exempt from the consumption duty. The tax is applied on the c.i.f. value of imports plus the tariff; for domestic products it is levied on the current market price. The tax may be *ad valorem* or specific; *ad valorem* rates range between 2.5% and 65% (Table III.2). Textiles, alcoholic beverages, footwear, precious metals, and motor vehicles are subject to the highest rates. In general, the level of the consumption tax is high when import duties for that specific product are high. Rates were last increased on 1 January 1998, when St. Vincent and the Grenadines implemented Phase IV of the CARICOM Schedule of CET reductions. The purpose was to offset revenue losses caused by lower tariffs.

76. Motor vehicles are in general subject to higher consumption duty rates than other goods: duties can be as high as 65% on the c.i.f. value plus the import duty. An average car, between 1500cc and 2500cc is subject to a duty of 40% on top of the 35% tariff generally applied. An environmental tax of between EC\$2,000 and EC\$3,000 per car, depending on the size of the engine, is levied on the importation of used vehicles older than five years.

77. The Trade (Bottle Deposit Levy) Act No.13 of 1991, amended by Act No. 3 of 1993 and Act No. 4 of 1993, provides for a deposit levy on beer, malt, stout, ale, aerated beverages, and juices in non-returnable bottles or cans at a rate of EC\$0.50 cents per bottle or can. An excise equalization tax is set on CARICOM rum at specific rates.

Table III.2
Consumption tax (applied on domestically produced and imported goods)

Class or description of goods	Rate of duty
Ad valorem	
Agricultural products (some basic food items are exempt, including milk, cheese, meat of poultry and turkey, and rice)	2.5-40%
Medical instruments	5-10%
Textiles	25%
Footwear	20-25%
Precious metals	10-35%
Raw materials for construction	5-35%
Malt	5-35%
Beer and stout	40%
Motor vehicles	10-65%
Specific	
Wheat or meslin flour HS 1101	EC\$2 per 100 lb.
Cane sugar HS 1702	EC\$10 per 100 lb.
Sparkling wine (HS 2204.10), wine in containers of 2 litres or less (HS 2204.21), grape must (HS 2204.291, 299, 30), vermouth and other wine flavoured with aromatic plants (HS 2205)	EC\$6 per litre
Brandy and whisky (HS 2208.201, 209, 301)	EC\$12 per gallon
Rum (HS 2208.401 and 409)	EC\$6.25 per gallon
Gin (HS 2208.501 and 509) and vodka (HS 2208.609, cordials and liqueurs (HS 2208.70)	EC\$15 per gallon
Petroleum oils: (HS 2710.111 to 199, 2710.211 to 299, 2710.311 to 429)	EC\$1.40; EC\$0-50; and EC\$0.70 per gallon, respectively.
Petroleum gases: natural gas (HS 2711.11), propane (HS 2711.12), butanes (HS 2711.13), other (HS 2711.21 and 29)	EC\$3 per 100 lb.

Source: Information provided by the authorities.

(iv) Customs valuation and rules of origin

78. The authorities have noted that St. Vincent and the Grenadines applies valuation methods based on the WTO Agreement on Customs Valuation. Current legislation, Act No. 14 of 1999, incorporated the GATT Customs Valuation Code. Consequently, the methods of valuation contained in the Code are used by Customs in the order prescribed. No minimum or reference prices are used for valuation purposes.

79. St. Vincent and the Grenadines has adopted the new rules of origin introduced by CARICOM in 1998. Duty-free treatment is accorded only if goods satisfying the origin criteria are shipped directly between member States. In the case of St. Vincent and the Grenadines, derogations have been obtained for rice, and coniferous wood for the manufacture of furniture.

(v) Import prohibitions, restrictions, and licensing

80. In accordance with the Import and Export (Control) Regulations No. 10 of 1992, the importation of jet skis and water bikes is prohibited.

81. Import licences are required for the importation of a number of agricultural and manufactured products from non-CARICOM countries. The goods requiring a licence are listed in the Second Schedule of the 1992 Regulations (Table III.3). Goods requiring a licence when imported from any country outside the OECS and Belize are listed in the First Schedule. These goods are also subject to quantitative restrictions in accordance with Article 56 of the CARICOM Treaty, and must be tariffied by end 2005; some fall within the WTO definition of agriculture. The authorities noted, in this respect, that all quantitative restrictions on agricultural goods would be tariffied.

Table III.3

St. Vincent and the Grenadines import licensing requirements

First Schedule: Goods that require import licences when imported into St. Vincent and the Grenadines from any country outside the OECS and Belize:

Curry powder (HS 0910.50); wheat flour (HS 1101.00); margarine (HS 1517.10); shortening (HS 1517.901); pasta products (HS 1902); aerated beverages (HS 2202.101); malt (HS 2202.902); beer (HS 2203.001); stout (HS 2203.002); oxygen (HS 2804.400); carbon dioxide (HS 2811.21); acetylene (HS 2901.002); candles (HS Ex 3406); toilet paper (HS 4818.10); paper bags (HS Ex 4819.30 and Ex 4819.40); solar water heaters (HS 8419.10); chairs and other seats (HS Ex 9401); other furniture of wood and upholstered fabric (HS Ex 9403)

Second Schedule: Goods that require import licences when imported into St. Vincent and the Grenadines from any country outside the CARICOM:

Live poultry (HS 0105); meat and edible meat offal (HS 0201-0204); edible offal of bovines, sheep, etc. (HS 0206); meat and edible offal of fowl (HS 0207); other meat and edible offal (HS 0208); fish, frozen (HS 0303); salmon, trout and other fish (HS Ex 0305); milk and cream not concentrated (HS 0401); milk and cream concentrated (HS 0402); honey, natural (HS 0409.00); parts of Christmas trees (live) (HS Ex 0604); tomatoes (HS 0702); onions (HS 0703.101); cabbages (HS 0704.001); carrots (HS 0706.001); okra (HS 0709.003); pumpkin (HS 0709.004); sweet peppers (HS 0709.006); other vegetables (HS 0709.009); dried vegetables (HS 0712.00); coconut, Brazil nuts and cashew nuts fresh or dried (HS 0801); bananas, fresh or dried (HS 0803); pineapples, avocados, mangoes, guavas, and mangosteens fresh or dried (HS Ex 0804); peppers (HS 0904); cinnamon (HS Ex 0906); cloves (HS 0907.00); rice (HS 1006); starches (HS 1108); groundnuts (HS Ex 1202); edible vegetable oil (HS 1507-1515); sausages and the like of meat, meat offal or animal blood (HS 1601); cane or beet sugar (HS 1701); cheezets and corn churls (HS Ex 1904); bread, pastries, cakes, etc. (HS 1905); jams, fruit jellies, marmalades (HS 2007); fruit and vegetables juices (HS 2009); ice cream (HS 2105.001); water and aerated beverages (HS 2202); over proof rum (HS 2208.409); paints and varnishes (HS 3208-3210); shampoos (HS 3305.01); hair conditioners (HS Ex 3305.90); deodorant (HS 3307.20); household soaps (HS 3401.191); medicated soaps (HS 3401.111); toilet soaps (HS 3401.112); plastic tubing for the banana industry (HS Ex CH 39); PVC pipes (HS Ex 3917.201); poly-foam (HS Ex 3921); plastic bags (HS Ex 3923.20); retreaded tyres (HS Ex 4012); doors, wooden (HS 4418.20); grass mats (HS Ex 4601); corrugated cartons (HS Ex 4819.10); exercise books (HS 4829.20); carpets, rugs and mats of vegetable plaiting materials (HS 5720); T-shirts (HS Ex 6109); bed linens (HS 6302); mattresses and mattress supports (HS Ex 9404)

Source: The Import and Export (Control) Regulations No. 10 of 1992.

82. The authorities stated that the process of tariffication will require a renegotiation of CET rates. The rationale is to increase applied tariffs to bound rates in the WTO, and to remove the licensing requirement. These rates would apply on MFN imports; lower rates would have to be negotiated for imports from other CARICOM countries.

83. The granting of licences for goods included in the First Schedule is non-automatic and subject to the availability of import quotas. These are determined product-by-product, taking into account domestic production and imports of the restricted goods in the three-year period prior to the application for a licence, and allowing for a growth rate. A decision with respect to these import quotas is taken every year.

84. Permits are also required for imports of any live animal, poultry or bird or carcasses and parts thereof; plants and seeds from commercial houses; pesticides; controlled drugs; and arms, ammunition and explosives. In the case of live animals, birds and poultry, a permit is required from the Chief Veterinary Officer under the Animal (Disease and Importation) Ordinance. Imports of plants and seeds require written permission from the Plant Protection Quarantine Unit of the Ministry of Agriculture, under the Plant Protection Act No. 22 of 1988. Imports of pesticides require a permit from the Pesticide Control Board under the Pesticide Control Act No. 7 of 1975. The importation of controlled drugs requires an import licence issued by the Ministry of Health under the Drugs (Prevention and Misuse) Act No. 22 of 1988.

(vi) Contingency measures

85. Anti-dumping legislation is contained in the Customs Duties (Dumping and Subsidies) Act, S.R.O. No. 3 of 1964. This legislation has been applied once, in 1999, in relation to imports of flour from Grenada; however, no duties were imposed. The Government established a WTO desk early in 1999; part of its mandate is the formulation of subsidy legislation and the revision of anti-dumping legislation.

86. St. Vincent and the Grenadines has no specific national legislation dealing with safeguards. Safeguards, however, may be applied under Article 29 of the CARICOM Treaty (Safeguards). Safeguards in the form of import quotas are applied to the importation of beer and malt from third countries and CARICOM MDCs.

(vii) Government procurement

87. St. Vincent and the Grenadines is not a party to the WTO Plurilateral Agreement on Government Procurement. Government procurement accounts for a sizeable part of GDP: purchases of goods and services by the Central Government totalled EC\$50.7 million (US\$18.8 million) in 1999, or 5.7% of GDP, while capital expenditure was EC\$61.8 million (US\$22.9 million), or 6.9% of GDP.

88. Government procurement has its legal basis in the Purchases and Tenders Regulations, Statutory Rules and Orders No. 13 of 1967. Procurement for governmental agencies is centralized through a Central Tenders Board only in the case of amounts over EC\$20,000. In this case, tenders must be invited through notices in the *Government Gazette*. At least three suppliers must be short-listed and examined. Tenders are advertised generally only in St. Vincent and the Grenadines, with the exception of large projects, which are advertised internationally. In all cases, however, tenders are open for international bidding, and no preferences are granted to local suppliers or companies or to those from other CARICOM countries, except for projects financed by the Caribbean Development Bank.

89. The authorities also noted that biddings are generally open, and decisions are based on the most advantageous offer. The exception to this is construction contracts, where tendering takes place generally using a list of suppliers. Contracts funded by the Caribbean Development Bank have special procurement rules; they generally carried attached a requirement to grant a margin of preference of 8% for local or regional suppliers.

(2) MEASURES DIRECTLY AFFECTING EXPORTS

90. St. Vincent and the Grenadines applies no taxes or levies on exports. A 3% tax was applied on exports of certain commodities until 1998. Preshipment inspection of exports is not required but the authorities noted that such inspection takes places for exports to Barbados.

91. Exports of birds (HS 01.06.99) are prohibited and, in general, restrictions under the CITES are followed. The exportation of a number of products is restricted and subject to licensing requirements, including coral, turtle shells, live sheep and goats, lobster and conch, and coconuts. Temporary bans apply for the exportation of lobster under the Oysters (Closed Season) Order of 1939, as amended by S.R.O. No. 18 of 1944. The lobster closed season is from 1 May to 31 August, during which lobster capture and sale (including for export) is forbidden. The closed season for turtles is from 1 March to 31 July. In the case of conch, size regulations apply to their sale or export; the closed period is determined by regulation. The collection of coral from St. Vincent and the Grenadines' waters requires written permission from the Chief Fisheries Officer.

92. Under the Export (Sea Foods) Regulations of 21 November 1967, a licence is required for the exportation of more than 500 lb. of fish, turtle, lobster, conch, whelk, sea eggs, and oysters.

93. Under the Import and Export (Control) Regulations No. 10 of 1992, a licence is required for the exportation of: live swine (HS 0103); live sheep and goats (HS 0104); live, frozen, fresh or chilled, and prepared or preserved lobsters (HS Ex 0306.001; 0306.003; Ex 0306.009; and Ex 1605.30); and dried coconuts (HS 0801.109).

94. The Banana Growers Association is the only authorized exporter of bananas. Under the Banana (Protection and Quality Control) Act No. 33 of 1984 as amended by S.R.O. No. 31 of 1990, banana export standards must be approved by the Windward Islands Banana Growers Association, which the Act declares as the Banana (Protection and Quality Control) Authority. The Authority must approve all boxing of bananas and grant a licence for this activity. All exportable bananas must be grown, harvested, processed, packed, handled, and transported in the manner prescribed by the Authority.

95. St. Vincent and the Grenadines has not yet made a notification to the WTO with respect to whether it maintains specific or direct export subsidies, within the meaning of Article 2 of the Agreement on Subsidies and Countervailing Measures or Article XVI:1 of the GATT 1994.

96. Although there are no public assistance or policy schemes specifically directed at exports, some of the benefits granted by the Fiscal Incentives Act No. 5 of 1982 are contingent on exportation (see section (3)(ii)).

97. Exporters from St. Vincent and the Grenadines have access to the export financing guarantee schemes and insurance facilities for exporters provided by the Eastern Caribbean Central Bank (ECCB) through the Export Credit Guarantee Scheme, covering political and commercial risks. Generally, foreign-controlled companies are excluded from participation in the guarantee scheme; however, exceptions are made for enterprises that are substantial foreign exchange earners, or large employers. Between 1989 and 2000, five companies in St. Vincent and the Grenadines benefited from the Export Credit Scheme, to the value of EC\$2.16 million.

98. Enterprises not benefiting from fiscal concessions under the Fiscal Incentives Act No. 5 of 1982 (see below) are taxed at special corporate rates for their manufacturing production for export. Income from manufacturing for extra-CARICOM markets is taxed at 25%, and income from manufactured exports to Barbados, Guyana, Jamaica, and Trinidad and Tobago is taxed at 30%; the regular corporate tax rate is 40%. Income from manufactured products exported to other OECS countries or sold domestically is taxed at 35%.

99. The St. Vincent and the Grenadines Marketing Corporation is in charge of facilitating exports of agricultural products. Support is provided mainly through assistance for the marketing of the exported products. Exporters may also benefit from support from the OECS Export Development Unit (EDU).

100. Although there are no free zones currently in operation, there is legislation in this respect. The legislation is recent and is aimed at promoting the development of free zones in the near future; it declared a part of the Diamond Estate in the parish of St. George on the island of St. Vincent, as a free zone. The Export Free Zones Act No. 15 of 1999 grants the Port Authority the responsibility for administration and control of free zones. Enterprises producing either goods or services may operate in a free zone. The First Schedule of the Act lists activities that may be carried out in a free zone. These include warehousing and storing; manufacturing and assembly; trans-shipment; exporting; importing; and provision of services such as banking, insurance, and professional services.

101. Companies require an approval from the Authority to operate in a free zone. They must be incorporated locally in accordance with the Companies Act. Incentives include: exemption from import and export licensing requirements; total income tax relief in respect of profits made in manufacturing operations; total income tax relief with respect to international trading activities; exemption from the payment of customs duties on the importation of capital goods, consumer goods, raw materials, component articles, or data to be used for an approved activity; duty free importation

of articles included in the Third Schedule of the Export Free Zones Act for use in construction or repairs of premises inside a free zone; and exemption from the provisions of the Exchange Control Act. Enterprises operating in the free zone may not borrow from banks located in the customs territory of St. Vincent and the Grenadines.

102. The consumption and use of certain goods dutiable in the customs territory of St. Vincent and the Grenadines is prohibited in a free zone, unless permission from the Comptroller of Customs and Excise is obtained. These goods are listed in the Fourth Schedule of the Act, and include: food; beverages; cigarettes, tobacco, and petroleum products. Retailing activities inside a free zone are prohibited.

(3) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Legal framework for business and taxation

103. Companies must be incorporated in accordance with the Companies Act No. 8 of 1994, with the exception of sole proprietorship and partnerships of less than 20 members carrying the surnames of all partners, which do not require any legal formalities for registration. The Companies Act provides for the establishments of three types of companies: companies limited by guarantee; companies limited by share capital and unlimited companies; and public and private companies.

104. Personal income tax is levied at rates between 0 and 40%. Corporate income tax is imposed at a flat rate of 40% on profits. A withholding tax is charged on payments to non-residents: the rates are 10% for rent, 15% for inter-company dividends, and 20% for other payments. Property tax is levied at a rate of 2.5% of the annual rental value. A sales tax of between 5% and 10% is levied on the operations of hotels and guest houses in excess of six rooms. Capital gains are tax free.

(ii) Incentives

105. Incentives exist in the form of tax holidays, import duty exemptions, repatriation of profits, and withholding tax exemptions. The incentives scheme is managed by the Ministry of Trade, Industry, and Consumer Affairs, while the St. Vincent and the Grenadines Development Corporation provides investment promotion services. Applications for incentive benefits are submitted to the Ministry, which decides on the level and type of concessions to be granted. The main beneficiaries of the incentives scheme are manufacturing enterprises and hotels.

106. The Fiscal Incentives Act No. 5 of 1982, as amended by Act No. 20 of 1987 and Act No. 16 of 1991, allows for the granting of a tax holiday for the manufacture of approved products by approved enterprises, as follows: (i) up to 15 years for Group 1 enterprises, in which local value is 50% or more of sales; (ii) up to 12 years for Group 2 enterprises, in which local value is between 25% and 50% of sales; (iii) up to 10 years for Group 3 enterprises, in which local value is between 10% and 25% of sales; (iv) up to 15 years for enclave enterprises, in which production is exclusively for export; and (v) up to 15 years for capital intensive enterprise, in which there is investment of not less than US\$25 million. The Act also grants import duty exemptions for the importation of machinery, equipment, spare parts, building materials, raw and packaging materials, and others, as appropriate, to be used in eligible enterprises. The length of the tax holiday depends on the amount of value added generated in St. Vincent and the Grenadines. Local value added is defined as the amount realized from the sales of the product over a continuous period of 12 months, minus the cost of imported raw materials, components, parts of components, fuels and services, and the wages and salaries paid to foreign nationals. Approved enterprises are those which had been producing an approved product by 13 August 1982; applications for approved enterprise status may be made when new manufacturing enterprises are established. Approved products must satisfy CARICOM rules of origin.

107. Benefits under the Act also include import duty and GCT exemptions for the importation of machinery, equipment, spare parts, building materials, raw and packaging materials to be used in eligible enterprises.

108. The Act provides for income tax relief under certain circumstances once the tax holiday period has expired. This relief is contingent on exportation; it is granted on the export profits of an enterprise accruing from its exports of the approved product. Relief is provided for non-traditional exports to all countries; however, in the case of exports to Guyana, Jamaica, and Trinidad and Tobago, the period of relief is of only five years immediately following the expiration of the tax holiday period. The percentage of relief depends on the share of export profits in total profits. For a share of between 10% and less than 21%, the maximum tax relief is 25%; for a share of export profits of between 21% and less than 41%, the maximum tax relief is 35%; for a share of between 41% and less than 61%, the maximum relief is 45%; and for a share of more than 61%, the maximum percentage of tax relief is 50%.⁶ Allowances may only be made once for any specific approved product.

109. As mentioned in the section on exports, enterprises not benefiting from fiscal concessions under the Fiscal Incentives Act are taxed at special corporate rates. Particular emphasis is placed on incentives for export production: income from manufacturing for extra-CARICOM markets is taxed at 25%; income from manufactured exports to Barbados, Guyana, Jamaica, and Trinidad and Tobago is taxed at 30%; and income from manufacturing exported to other OECS countries or sold domestically at 35%. The regular rate is 40%.

110. The Hotels Aid Act No. 16 of 1988 allows for full exemption from taxes on profits for hotels, apartments, and guest houses, as well as exemption from customs duties and consumption tax on articles of hotel equipment to equip and upgrade hotel property, service vehicles, material for the refurbishment, renovation or expansion of existing hotels, or for the construction of new hotels. The benefits are applicable if the hotel has at least five rooms, or if the expansion is of no less than five rooms. For the construction of new hotels, the period of income tax exemption is ten years for hotels of between five and 20 rooms; 12 years for hotels of between 21 and 34 rooms; and 15 years for hotels of 35 rooms or more. The period of income tax exemption for repairs and expansion is: nine years for hotels creating an addition of between five and nine rooms; ten years for hotels adding between ten and 35 rooms; and 15 years for expansions of more than 35 rooms. The length of the customs duty benefits is determined by Regulation.

111. Under the Industrial Incentive Credit Scheme, small and medium-sized enterprises producing manufactured goods may be granted exemption from the consumption tax. Enterprises of St. Vincent and the Grenadines may also receive concessionary credits funded or guaranteed by the Caribbean Development Bank (CDB) for between US\$750,000 and US\$5 million at the current (2000) preferential rate of interest of 8.75%, with a repayment period of up to 14 years with three years grace.

112. In agriculture, the St. Vincent Marketing Corporation provides marketing support to farmers. Farmers also receive support services from the Ministry of Agriculture. They have traditionally been exempt from income tax, and are also granted a 75% import duty relief on pick-up trucks.

⁶ Export profits as a share of total profits are calculated using the formula $(E \cdot P)/S$, where E represents the proceeds from export sales of the approved product for the year, P represents the profits made by the enterprise from all sales of the approved product for the year, and S represents the proceeds of all sales for the year.

(iii) Standards and other technical requirements

113. The Consumer Protection (Bureau of Standards) Act No. 70 of 1982, implemented in 1998, governs standardization, testing, and type approval of goods. The Act created the St. Vincent and the Grenadines Bureau of Standards (SVGBS), with a mandate to promote and encourage the maintenance of standards, and to promote the adoption and implementation of new standards. The Act covers standards for goods, services, and processes and practices. The Bureau is entitled to declare and review standards, and provide testing and calibration services. The Bureau may also act as an advisor to the private sector in quality control issues. The SVGBS is managed by a National Standards Council, also created in 1998, and chaired by a representative of the Ministry of Trade, Industry and Consumer Affairs. The National Standards Council is an intergovernmental body, with private sector and consumer participation; it is a member of the International Organization for Standardization (ISO), the Pan American Standards Commission (COPANT), and the Caribbean Common Market Standards Council (CCMSC). It is also the national contact point for the Codex Alimentarius Commission.

114. In accordance with the Act, there are voluntary and compulsory standards. The development of standards is undertaken in technical committees, but in some cases standards may also be developed and proposed by other national organizations and institutions; for example, the authorities noted that the Ministry of Health had shown interest in developing standards for meat products. The adoption of international or regional standards may be undertaken by SVGBS staff. The first source for the development of national standards are CARICOM standards, followed by other international standards, which are generally adopted (without changes) or adapted (with some changes). Up to end 2000, the SVGBS had developed only three standards, on general labelling requirements, general requirements for pre-packaged goods, and general requirements for pre-packaged foods. None had been adopted but they had been sent for public comment. The authorities noted that the Bureau would recommend that both standards dealing with pre-packaging be declared compulsory, and that they were CARICOM-compatible.

115. On recommendation of the Bureau, the Minister may declare a standard compulsory through a technical regulation; generally these are standards intended primarily to protect health and safety, prevent fraud or deception, ensure quality in goods produced for export, or ensure quality when supply is restricted. There are compulsory product standards and compulsory labelling standards. Imports of goods subject to compulsory standards are allowed only upon examination of samples, or if the goods are accompanied by a certificate of examination and compliance with the standard issued by a recognized (by the SVGBS) laboratory or similar institution in the country of origin. Compliance with compulsory standards may be monitored randomly by inspectors appointed by the Bureau.

116. Although there are presently no certification bodies in St. Vincent and the Grenadines; the SVGBS is authorized to certify products and services. The authorities noted that the Bureau had plans to undertake certification in the near future. The SVGBS may grant licences to use the St. Vincent and the Grenadines Standard Mark where there is a domestic standard for the product. The Standard Mark is the property of the Bureau.

117. The authorities were in the process of drafting a revised Metrology Act in 2000. The new Act will give the SVGBS responsibility for all metrological activities in the country, including the calibration and verification of all weighing and measuring instruments. Under current legislation, the Police has responsibility for metrological activities; checks take place randomly, once or twice a year. With the new legislation, the aim is to conduct more systematic, periodical checks.

(iv) Sanitary and phytosanitary measures

118. The importation of live animals, plants, and seeds is subject to quarantine regulations and requires an import licence. In the case of live animals, birds, and poultry, a permit by the Chief Veterinary Officer under the Animal (Disease and Importation) Ordinance is required, for which a health certificate must be transmitted, stating that the animal is free from disease and providing proof of origin. Imports of live plants and seeds, and of cut flowers require written permission from the Plant Protection Quarantine Unit of the Ministry of Agriculture, under the Plant Protection Act No. 22 of 1988, and an import licence. The authorities noted that licences are generally granted within 48 hours.

119. Phytosanitary certificates are required for the importation of all restricted articles, and from countries where there is evidence of some pest like the Mealy Bug Disease; certificate must be provided by the appropriate government agency in the exporting country. A phytosanitary certificate from the exporting country is also required on all shipments of fresh fruit, vegetables, and meat.

120. Imports of pesticides require a permit by the Pesticides Control Board under the Pesticide Control Act No. 7 of 1975. The importation of controlled drugs requires an import licence issued by the Ministry of Health, under the Drugs (Prevention and Misuse) Act No. 22 of 1988.

(v) State trading

121. St. Vincent and the Grenadines has not notified the existence of any state trading enterprise, as defined by Article XVII of the General Agreement on Tariffs and Trade of 1994, to the WTO. However, the St. Vincent and the Grenadines Marketing Corporation is the sole importer of sugar in bulk. Until recently, the Corporation also had the monopoly on the importation of bulk rice and of edible oils and fats. Milk may only be imported by the Diamond Dairies Ltd.

122. The St. Vincent and the Grenadines Marketing Corporation is a statutory body established in 1975 to market agricultural produce and to import specified commodities. It also markets some root crops and mangoes for exportation to Europe and North America, and operated a fish market. According to the authorities, the Corporation is currently considering engaging in industrial activities, namely in the processing of copra. The Corporation is mainly responsible for food security and does not fix prices. In the case of raw sugar, the price is fixed by Regulation. The price of refined sugar is determined by tender and influenced by the Corporation's purchasing decisions.

(vi) Competition policy and regulatory issues

123. The Fair Trade Act No. 23 of 1999 is the main competition policy legislation. The Act aims "at ensuring fair competition in the marketing of goods and services in St. Vincent and the Grenadines", for which it established a Fair Trading Commission. The Commission is responsible for the implementation of the Act and for conducting investigations with respect to business practices to determine whether they are in a contravention of the Act.

124. The Fair Trade Act regulates uncompetitive practices, including agreements lessening competition, agreements containing exclusionary clauses, abuse of dominant position, and collective agreements by suppliers and dealers.⁷ Abuse of dominant position is assumed to exist if, among other things, an enterprise restricts entry to a market; deters competitive conduct; imposes unfair purchase

⁷ The exceptions are state monopolies, which, the authorities noted, are allowed by CARICOM legislation, under Protocol II of the Revision of the Treaty of Chaguaramas. An example of this is the monopoly held by the St. Vincent and the Grenadines Marketing Corporation in the importation of bulk sugar.

or selling prices; limits production to the prejudice of consumers; or makes the conclusion of contracts dependent on supplementary obligations. Collective agreements by suppliers or dealers which restrict supply or orders are prohibited. The Act declares void conditions that seek to impose minimum resale prices agreed between two or more suppliers. The Act does not apply to provisions relating to the use, licence or assignment of rights by virtue of a patent, trade mark, or copyright.

125. Legal action must be initiated within three years from the time when the cause for action arose. If, as a result of an investigation, the Commission finds that there is violation of any provision of the Act, it may bring the case to Court to request civil remedies. Civil liabilities are determined by the Court taking into account the damages that the uncompetitive practice may have brought about. The Commission's rulings and decisions may be appealed in Court. There are no penal remedies for uncompetitive practices that violate the provisions of the Act. The authorities noted that the provisions of the Fair Trading Act have not yet been implemented (early 2001), and that the Fair Trading Commission has not been yet established.

(vii) Price controls

126. About 100 items are currently under price control; these cover food products (e.g. milk, flour, rice, sugar), pharmaceutical, stationary and hardware products, petrol, and motor vehicles. Prices are in general controlled by setting a fixed mark-up for wholesalers and/or retailers. For rice and flour, maximum wholesale and retail prices are determined. The price of petrol is also fixed, and adjusted only by Regulation; a buffer system is operated, by which the tax on petrol is adjusted as international prices change, while the domestic price remains fixed. Mark-ups at the wholesale level are calculated over the landed cost, while those at the retail level are calculated on the wholesale price.

127. Products included in the First Schedule of the Supplies Control Act are subject to maximum mark-ups at both the wholesale and retail levels. For wholesalers the mark-up ranges from 5% to 15%; for retailers it is between 10% and 20%, with some exceptions. Products included in the Second Schedule are subject to a maximum mark-up at the retail level only, ranging from 15% to 100%. Motor vehicles are subject to a maximum retail mark-up of 33%.

128. Responsibility for enforcing price controls is with the Ministry of Trade, Industry, and Consumer Affairs.

(viii) Intellectual property rights

129. St. Vincent and the Grenadines has been a member of the World Intellectual Property Organization (WIPO), the Paris Convention and the Berne Convention since 1995; it is not a party to the Patent Cooperation Treaty (Table III.4).

Table III.4
St. Vincent and the Grenadines' membership in international instruments on intellectual property rights

Convention/Agreement	Accession
Convention Establishing the World Intellectual Property Organization (1970)	29 August 1995
Paris Convention for the Protection of Industrial Property, Stockholm Text (1967)	29 August 1995
Berne Convention for the Protection of Literary and Artistic Works, Paris Text (1971)	29 August 1995

Source: World Intellectual Property Organization.

130. Domestic legislation regarding intellectual property protection has not yet been amended to bring it in line with the TRIPS Agreement or with the provisions of the Paris and Berne Conventions.

The authorities noted that the present legislation is under review by the Legal Department of the Ministry of Justice to ensure compliance with the TRIPS Agreement. No existing legislation with respect to the protection of intellectual property rights has been notified to the WTO.

131. The authorities indicated that the Ministry of Justice is responsible for copyright and patent policy formulation as well as the administration of intellectual property laws as regards registrations and enforcement. Patents, trade marks, and designs are registered in the Registry of the High Court. The Registry is not computerized and there are no electronic databases for patents, trade marks or industrial designs. In accordance with St. Vincent and the Grenadines' legislation, only re-registration of patents, trade marks, and designs registered in the United Kingdom is possible; registration limited to St. Vincent and the Grenadines is not possible. The authorities noted that moves to separate intellectual property registration from the Registry of the High Court were been considered in late 2000.

(a) Trade marks

132. Trade mark registration is governed by the Registration of United Kingdom Trade Marks Act, Cap. 113 of the Laws of St. Vincent and the Grenadines. Any person being the registered proprietor of a trade mark in the United Kingdom may apply at any time during the existence of its registration to have it registered in St. Vincent and the Grenadines. Trade marks are protected only if registered. The application for registration must be accompanied by a certificate of the Registrar of Trade Marks in the United Kingdom giving full particulars of its registration, after which the Registry of the High Court issues a certificate of registration to the applicant, who becomes the registered owner of the trade mark in St. Vincent and the Grenadines.

(b) Patents

133. Patent registration is regulated by the Patents Act Cap. 110 of the Laws of St. Vincent and the Grenadines, as revised in 1990, and by the Registration of United Kingdom Patents Act, Cap. 112 of the Laws of St. Vincent and the Grenadines, and based on section 91 of the United Kingdom's Patents and Designs Act of 1907. Domestic patent legislation has not yet been amended following the conclusion of the Uruguay Round and ratification of the Paris Convention. Patents must be registered in the United Kingdom before they can be registered in St. Vincent and the Grenadines. Any patent holder in the United Kingdom may apply within three years from the date of issue of the patent for re-registration in St. Vincent and the Grenadines. Applications must be accompanied by a certificate of the Comptroller-General of the United Kingdom Patent Office giving full particulars of issue; the Registry of the High Court issues a certificate of registration, conferring on the applicant the same rights as if the patent had been issued in the United Kingdom with an extension to St. Vincent and the Grenadines. These rights continue in force so long as the patent remains in force in the United Kingdom.

134. The special characteristics of St. Vincent and the Grenadines' patent legislation that grants exclusive priority rights to patent applications filed in the United Kingdom prevents its from joining the Patent Cooperation Treaty, which provides priority rights on an MFN basis to signatories.

135. Between 1990 and mid 2000, there were 63 patents registrations in St. Vincent and the Grenadines, and 1,272 trade mark registrations (Table III.5)

Table III.5
Number of patent and trade mark registrations, 1990-2000

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 (half year)
Patents	3	9	6	7	4	5	8	6	5	8	2
Trade marks	85	100	120	125	127	126	124	229	106	156	73

Source: Information provided by the authorities.

(c) Industrial designs

136. Industrial designs are protected in St. Vincent and the Grenadines through the United Kingdom Designs Protection Act, Cap. 116 of the Laws of St. Vincent and the Grenadines. In accordance with the Act, the proprietor of any design registered in the United Kingdom has the same privileges and rights as if it had been issued with an extension to St. Vincent and the Grenadines. The period of protection for industrial designs is not specified.

(d) Copyright

137. Copyright is governed by the Copyright Act No. 53 of 1989, Cap. 262 of the Laws of St. Vincent and the Grenadines. In accordance with this Act literary, dramatic, musical, choreographic, photographic, cinematographic, and other audio-visual works, and other artistic works; works of applied arts; illustrations, plans, sketches and maps; written tables or compilations; and computer software, are protected by copyright if they were first issued in, or are the work of a citizen or resident of, St. Vincent and the Grenadines or of countries parties to the Berne Convention or with domestic laws granting the same rights to citizens of St. Vincent and the Grenadines.

138. The Act confers economic rights for life plus 50 years. Authors of works protected under the Act have the right to reproduce, translate, arrange, communicate and broadcast their work. Past the protection period, authors retain the moral right to claim authorship, to demand that this authorship is mentioned when the work is reproduced, and to object to modifications of the work. Performers' rights to broadcast, reproduce or record their work have a duration of 20 years after the end of the year in which the performance occurred. Producer of phonograms rights are also for 20 years after the end of the year in which the phonogram was first made lawfully available to the public.

139. Infringement of protected work may lead to civil or penal remedies. Civil remedies include injunctions to prevent infringement or continuation of the infringement, and recovery of damages for the infringement. Infringements considered by the High Court as criminal offences may carry a fine of EC\$2,000 and a year imprisonment.

IV. MARKET ACCESS IN SERVICES

(1) OVERVIEW

140. The services sector plays a major role in the economy of St. Vincent and the Grenadines. In 1999, financial services, hotels and restaurants, and air and maritime transport combined accounted for over 24% of GDP, while the whole services sector accounted for more than 69.8% of GDP (Table I.1). The sector employs more than two thirds of the work force. The main activity is tourism and related activities, followed by retail trade and distribution, and financial services. Government services are also relatively important, accounting for some 17.7% of GDP

141. Sector-specific commitments under the General Agreement on Trade in Services (GATS), were taken in financial services, tourism and travel related services, and transport services (see below); commitments also covered health-related and social services (hospital services), and recreational, cultural and sporting services (entertainment services and sporting services). No market access or national treatment limitations are applied on cross-border supply and consumption abroad in the areas where commitments were made. In the case of commercial presence, limitations apply in reinsurance and tourism. For reinsurance, a registration requirement applies under in St. Vincent and the Grenadines the Insurance Act, for corporations wishing to provide these services. No market access is granted to individuals.

142. St. Vincent and the Grenadines's horizontal commitments under the GATS include provisions regarding commercial presence: the provision of services through commercial presence requires that foreign service providers incorporate or establish the business locally, in accordance with the requirements of the St. Vincent and the Grenadines's Commercial Code, and where so required, are subject to relevant Acts pertaining to property acquisition, lease, and rental. Service providers are also subject to the requirements of other laws, such as the Exchange Control Act, which requires the Ministry of Finance to regulate all foreign exchange transactions, and to the withholding tax provisions contained in the Income Tax Ordinance. In accordance with the Alien Landholding Act, foreign companies and individual wishing to own property in St. Vincent and the Grenadines must first obtain a licence.

143. The Schedule also contains provisions with respect to the movement of natural persons: the entry of all foreign natural persons, and their residence, is regulated by St. Vincent and the Grenadines' immigration laws; the employment of foreign natural persons is subject to work permit regulations; the issue of permits is normally confined to people with managerial and technical skills that are in short supply or not available in St. Vincent and the Grenadines. The Schedule also specifies that professionals in certain disciplines may be required to register with the appropriate professional or governmental body. For example all medical practitioners must be registered under the Medical Registration Act in order to be permitted to practice legally in St. Vincent and the Grenadines.

144. St. Vincent and the Grenadines did not present a list of GATS Article II MFN exemptions, nor did it participate in the WTO extended negotiations on telecommunications or on financial services.

(2) FINANCIAL SERVICES

145. The financial services sector accounts for some 7.7% of GDP; this percentage has remained stable over the last decade. St Vincent and the Grenadines has a relatively liberal financial regime, although capital movements over EC\$250,000 are subject to authorization.

(i) Banking

(a) On-shore banking

146. There are currently five commercial banks and one development bank operating in St. Vincent and the Grenadines. Of the five commercial banks, four are foreign-owned and one is state-owned. There are two other banks, not classified as commercial banks, that do not conduct foreign exchange transactions. Commercial banks generally offer loans at rates between 11% and 14%, with repayment periods generally up to seven years.

147. The main legislation applicable to the financial sector is the Banking Act No. 20 of 1988. The Ministry of Finance, Planning and Development is in charge of granting licences to engage in banking activities, and issuing regulations pursuant to the main Acts dealing with financial services. Banks require an authorization from the Ministry to undertake major changes, such as an increase or reduction in capital, transfer or merger of the business with another institution, as well as for any fundamental changes undertaken by a bank, such as amendments to its articles of association, transfer of its business to another institution, winding up of its business or purchase of or merger with another bank. These functions of the Ministry are carried out in consultation with the ECCB.

148. Financial institutions must maintain unimpaired, paid-up or assigned capital of at least EC\$5 million in St. Vincent and the Grenadines; for a credit institution, the minimum required capital is determined by the Minister of Finance after consultation with the ECCB. Institutions licensed under the Banking Act must maintain a reserve fund, to which they must transfer a sum equal to no less than 20% of their net profits in any year in which the amount of the reserve fund is less than 100% of the paid-up or assigned capital. Financial institutions are also required to maintain paid-up or assigned capital and reserves of no less than 5% of their liabilities.

149. The Banking Act regulates the activities of licensed financial institutions, by setting a number of safety clauses. In this respect, financial institutions are not allowed to grant advances or credit facilities exceeding 15% of their unimpaired capital and reserves, except in specific cases. Financial institutions may not grant advances against the security of their own shares; they are also precluded from engaging in trade, and acquiring ownership interest in any financial, commercial, agricultural, industrial or other undertaking. Banks may, however, hold shares in companies established for the development of the money or securities markets, and are allowed, in general, to hold shares in other companies, for up to 10% of the sum of their unimpaired capital and reserves.

150. Licensed financial institutions may be required to maintain specified assets of an amount not more than 40% of the aggregate demand, savings, and time deposits and other liabilities.

151. The St. Vincent and the Grenadines Development Bank, established under Act No. 20 of 2000, is the only development bank in the country. The Bank has assumed all the lending and financing activities and responsibilities of the Development Corporation of St. Vincent and the Grenadines (DEVCO). DEVCO acted as a development bank until 2000, offering loans of up to US\$300,000 to activities such as industry, agriculture, and tourism, at interest rates of 11% on a reducing balance, and repayment periods of up to ten years with a moratorium of one year on principal. The major sources of funds were the Caribbean Development Bank (CDB), the European Investment Bank (EIB), and the International Fund for Agricultural Development.

152. The authorities expect the St. Vincent and the Grenadines Development Bank to play a role in fostering diversification of the local economy by mobilizing resources and technical assistance, and by collaborating with the private sector and with developments agencies such as the National Development Foundation and the Small Enterprise Development Unit, and multilateral institutions like the CDB, the World Bank, and the EIB.

(b) Offshore banking

153. Offshore banking activities are regulated by International Banks Act No. 19 of 1996. In accordance with the Act, the Offshore Finance Authority (OFA) was set up in December 1996 to regulate and supervise all offshore financial activities. The exercise of offshore banking activities requires a licence from the Offshore Finance Authority. Licences are granted solely for undertaking offshore banking operations. Companies must have a representative office in St. Vincent and the Grenadines, and a registered agent and alternate authorized agent residing there.

154. There are two categories of licence: Class I Offshore Banking License, for the purpose of carrying on an offshore banking business in general; and Class II Offshore Banking License, only for non-resident persons specifically named or described in an undertaking accompanying the application for the licence. Beneficiaries of a Class I License must maintain a fully paid-up capital of not less than EC\$500,000 and have deposited or invested EC\$100,000 dollars. Holders of a Class II License must maintain a fully paid-up capital of not less than EC\$100,000 and have deposited or invested the sum of EC\$50,000. Licensees must have their accounts audited by an auditor annually or at such other periods as the OFA may require. Audited accounts must be forwarded to the OFA within three months from the end of the financial year of the licensee, unless prior written approval for an extension has been granted by the Authority.

(ii) Insurance

155. Insurance premiums accounted for 3.5% of GDP in 1999. The main legislation governing insurance activities is the Insurance Act No. 10 of 1979. The insurance business is predominantly an agency market. In 2000, there were 23 insurers and four brokers; eight of the insurers were life insurance companies. Of the 23 insurers, 18 were CARICOM-based and five were locally incorporated. Lloyds of London is the only re-insurer.

156. The Registrar of Insurance, in the Ministry of Finance, Planning and Development, licenses, regulates, and supervises insurance activities. Only corporate entities are allowed to conduct insurance business in St. Vincent and the Grenadines. Foreign incorporated insurers seeking registration in St. Vincent and the Grenadines must provide a certificate of compliance from the Regulatory Authority in the country where they are registered, and must provide proof of a viable and solvent operation in their home country in the most recent two years.

157. Market-access commitments under the WTO were made only for reinsurance services; other activities remain unbound.

(3) TELECOMMUNICATIONS

158. Telecommunications and postal services are an important and expanding sub-sector, accounting for some 10.5 % of GDP in 1999. Until April 2001, Cable and Wireless (St. Vincent and the Grenadines), Ltd. had a monopoly on fixed and cellular telephony, as well as in the provision of Internet services. Although Cable and Wireless' monopoly was, in principle, only in the area of fixed telephony, it was the sole provider of most telecommunications services. Tariffs were high by international standards, hindering the competitiveness of a number of industries and service providers, including tourism operators. Cable and Wireless' monopoly rights were terminated in October 2000, when St. Vincent and the Grenadines and four other OECS countries put in place the Eastern Caribbean Telecommunications Authority (ECTEL), to act as regulator at OECS level, and a National Telecommunications Commission was created in parallel. The market was given a transition period of six months to be completely liberalized; this period should end on 31 March 2001.

159. The main legislation regulating the telecommunications sector is the Telecommunications Act of 2000, which repealed the Radio Communications Services Act No. 19 of 1988, as amended.⁸ The 2000 Act contains the Treaty establishing ECTEL and makes the Minister in charge of telecommunications responsible for granting licences and implementing regulations in St. Vincent and the Grenadines. The Minister is advised by a National Telecommunications Regulatory Commission, which is responsible for domestic technical regulations, for the regulation of tariffs of

⁸ The Telecommunications Act of 2000 has not been yet gazetted (early 2001) and, therefore, the number of the Act was not yet available.

telecommunications services, for the review of licence applications, and for compliance with international obligations in the area of telecommunications. The provision of telecommunications services and the operation of networks require an individual or class licence, to be granted taking into account universal service at affordable prices, and enhancement of competition criteria. Interconnection agreements must be approved by the Commission. All licences granted under the new policy are non-exclusive. Disputes between licensees will be reviewed by the Commission

160. St. Vincent and the Grenadine has not made any commitment with respect to telecommunications under the GATS.

(4) OTHER OFFSHORE ACTIVITIES

161. A number of non-financial offshore activities are registered in St. Vincent and the Grenadines, generally as International Business Companies (IBCs). The establishment of an IBC requires a licence from the OFA. Licences may be granted to companies or natural persons. In principle natural persons must be foreigners; however, subject to the discretion of the Authority, a licence may be issued to a natural person who is a citizen of St. Vincent and the Grenadines. Also, the OFA may grant an IBC licence to a company that is incorporated under the Companies Act and is ultimately owned or controlled by a citizen of St. Vincent and Grenadines. The applicant must show evidence of net worth exceeding EC\$75,000.

162. In 2000, the Government was reviewing the legislation governing the operations of the offshore sector, focusing in particular on the Honorary Citizenship Programme, and the institution of measures to prevent money laundering activities. It is expected that the institutional capacity of the OFA will be strengthened by the review.

(5) TOURISM

163. Tourism is an increasingly important activity: its estimated direct and indirect contribution to GDP (including its effect on construction, wholesale and retail trade, hotels and restaurants, and transport) rose from 29% in 1990 to over 38% in 1998. The total number of arrivals has been increasing in recent years, reaching 223,125 in 1999 (Table IV.1). St. Vincent and the Grenadines has one of the highest average annual growth rates for receipts from tourism in the OECS region. While tourism-related activities in the ECCB area grew at an annual average rate of 1.7 % during 1990-98, growth in St. Vincent and the Grenadines was 9.4%.

Table IV.1
Summary of tourism activities, 1993-99

	1993	1994	1995	1996	1997	1998	1999
Total number of visitors (thousands)	163.1	164.6	218.1	216.0	199.6	202.1	223.1
Of which, stay-overs	56.1	55.0	60.2	57.9	65.1	67.2	..
Total visitors (annual growth)	5.1	0.9	32.5	-1.0	-7.6	1.3	..
Stay-over visitors (annual growth)	6.1	-2.8	9.5	-3.9	12.5	3.2	..
Total expenditure (US\$ million)	39.4	39.0	56.2	64.0	72.1	74.8	..
Total expenditure (annual change)	7.1	-1.2	44.2	13.9	12.6	3.7	..
Average stay	5.1	5.0	6.0	7.1	8.6	8.8	..
Average daily expenditure	34.1	33.8	33.2	34.8	38.5	38.3	..

.. Not available.

Source: Department of Tourism.

164. St. Vincent and the Grenadines attracts mostly high-end tourism, and mainly on the Grenadines. Of the 67,228 stop-over arrivals registered in 1998, 27.8% were from the United States,

17.2% from the United Kingdom and 6.7% from Canada. There were 33,826 cruise-ship passengers. Cruise tourism rebounded in 1998-99 following a decline in the 1997-98 season. The yachting and stay-over categories accounted for 40.1 and 30.6 % respectively of overall arrivals.

165. Significant investment in recent years has paved the way for the further development of the industry.

166. At a policy level, the Government intends to promote tourism development by improving air access with the expansion of the E.T. Joshua airport, reviewing the incentives framework for tourism development, and rationalizing operations of the overseas tourist offices.

167. Incentives granted to the tourism industry are detailed in the Hotel Aid Act No. 16 of 1988. Incentives are granted for the improvement by repair, renovation or replacement of existing facilities of a hotel. These incentives include complete or partial exemption from import duty and consumption tax on building materials and articles of hotel equipment imported or purchased locally for purposes stated above. Incentives are also offered for hotel expansion. Investors who may wish to add five or more guest rooms or apartments to an existing hotel can benefit from income tax exemption and duty free concessions on, among other things, construction materials and hotel equipment. The period of tax exemption is contingent on the number of additional rooms/apartments. The construction of a hotel with not less than ten guest rooms or apartments, or in the case of local investors, not less than five guest rooms or apartments, is eligible for exemption from income tax and duty-free concessions on buildings materials and hotel equipment. Advertising and promotional material related to the tourist industry may be imported free of customs duty and consumption tax. Duty-free concessions are also offered for the importation of other ancillary facilities related to the development of tourism, not necessarily linked to hotel development.

168. All applications for the construction, expansion or improvement of a hotel, guest house or apartment must be submitted to the Ministry of Trade, Industry and Consumer Affairs for processing. After appraisal of the application, recommendations are forwarded to Cabinet. The process takes between six and eight weeks for applications dealing with hotel construction or expansion but this is reduced considerably for applications for improvements to existing plants. In order to receive benefits, a hotel must be registered at the Ministry of Trade, Industry and Consumer Affairs under the provisions of the Hotels Proprietor Act; however, a hotel is not required to be registered under the Act to carry on the usual business of a hotel.

169. In order to attract investment in plant and facilities, the Government intends to revise the Hotels Aid Act to include incentives for non-hotel tourism activities.

170. St. Vincent and the Grenadines made commitments under the GATS with respect to tourism and travel related services (hotel and resort development and operation, including hotel restaurant services). Commercial presence was bound subject to the provisions of the Commercial Code, the Exchange Control Act, and the Hotels Proprietor Act.

(6) TRANSPORTATION AND RELATED SERVICES

171. Transport accounted for some 13.8% of GDP in 1999. Investment in internal transport activities is reserved for nationals of St. Vincent and the Grenadines. The Government has identified the lack of adequate airport facilities as a major infrastructure constraint. During the last ten years significant investment has taken place in airport development in the Grenadines and over the medium term, the focus will be on the redevelopment of the E.T. Joshua airport, at an estimated cost of EC\$150 million.

172. Seaport development has been dominated recently by the construction of a ferry and cruise ship berth. An estimated EC\$45 million was invested in this facility, which, towards the end of 1999, suffered damage during the passage of hurricane Lenny. Over the medium term, the Government intends to complete the rehabilitation of the damaged facility and expand the jetties at Bequia and Mayreau to enhance inter-island communications.

(i) Maritime transport and related services

173. While there are several ports of entry, the principal sea port in terms of facilities and cargo handling is Port Kingstown; it is equipped to handle containerized cargo as well as break bulk cargo, and has a pier capable of berthing two large ocean going ships at any one time. A new containerized cargo port has also been developed at Campden Park. Intra-state travel between mainland St. Vincent and the Grenadines is by small aircraft, schooners, and ferries. The main legislation governing maritime transport is the Merchant Shipping Act No. 22 of 1982, as amended by Act No. 8 of 1991. Policy formulation and implementation is under the responsibility of the Ministry of Communications and Works.

174. Port administration and policy implementation is the responsibility of the Port Authority. International passenger and freight transportation services are open to foreigners, with no restrictions. In this respect, St. Vincent and the Grenadines made commitments under the GATS with respect to maritime transport services. More specifically, market access for international passenger and freight transportation services was bound, subject to the provisions of the Exchange Control Act and the Commercial Code, for commercial presence. National treatment was granted subject to the application of a withholding tax. However, domestic services are reserved for nationals. This is an important share of the market, given that the nation is composed of several islands. Some auxiliary services, such as transshipment are also open to foreigners. Other port services, however, are solely in the hands of the Port Authority.

175. St. Vincent and the Grenadines is a member of the International Maritime Organization (IMO) and participates in a number of international maritime conventions, including the International Maritime Organization Convention of 1948 and its 1993 amendment; the International Convention for the Safety of Life at Sea (SOLAS); the Load Lines Convention; the Special Trade Passenger Ships Agreement; the International Convention on Standards of Training, Certification and Watch-keeping for Seafarers; the International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties; the International Convention on Civil Liability for Oil Pollution Damage; and the International Regulations for Preventing Collisions at Sea.

(ii) Air transport

176. St. Vincent and the Grenadines is serviced by one major airport, E.T. Joshua, situated about two miles from Kingstown. E.T. Joshua is not an international airport, although regular connecting flights are made with international carriers operating in neighbouring Grenada, Barbados, St. Lucia, and Trinidad and Tobago.

177. Air transport is governed by the Civil Aviation Act No. 52 of 1992. The Air Licensing Transport Board is the regulatory authority for civil aviation. There are, in principle, no nationality requirements for granting an air transport licence. However, the granting of the licence is at the discretion of the ministry in charge of civil aviation, and a number of factors are taken into account before granting a licence. These are, generally, the existence of the service proposed, the conditions in which the applicant intends to operate (number of flights, type of aircraft,) as well as financial considerations. There are no limitations for the provision of cargo and auxiliary services; these services are provided by the private sector. Cabotage services are restricted to national carriers.

178. St. Vincent and the Grenadines acceded on 27 October 1979 to the United States-United Kingdom Agreement on Air Transport of 23 July 1977. St. Vincent and the Grenadines together with other three member States of the OECS (Antigua and Barbuda, Grenada, and St. Lucia) is a signatory to the Chicago Convention of the International Civil Aviation Organization (ICAO).

179. The Statutory Instrument governing Aviation in the OECS is the Civil Aviation (Air Navigation) Regulations, 1996, as issued by each of the OECS members. The Directorate of Civil Aviation of the Eastern Caribbean States is in charge of regulating civil aviation in the OECS area. The Directorate handles all matters relating to civil aviation including airfields and airport developments, the implementation of ICAO conventions, and the adequacy of air services, and regulates all civil aviation activities in the OECS. Acting on behalf of all OECS member States, the Directorate provides safety oversight through a system of inspection, investigation, maintenance, monitoring, coordination and licensing. The headquarters of the Directorate is in St. John's, Antigua. The Directorate operates under the directive of the OECS Civil Aviation Regulatory Board, comprising the OECS ministers responsible for civil aviation. This body sets aviation policy and also reviews aviation law/regulations within the OECS. The Director of Civil Aviation, who is the Chief Executive Officer, reports to the Aviation Board and advises the Board on such matters as air fares and rates, air services agreements, environmental protection and air transport. No preferences are given to CARICOM/OECS airlines.

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APPENDIX TABLES

Table AL1

St. Vincent and the Grenadines: Imports by product, 1995-99

(Per cent)

Description	1995	1996 ^a	1997	1998	1999
Total ('000 US\$)	134,412		182,025	190,960	200,724
Total primary products	31.7		37.1	34.7	31.8
Agriculture	25.1		28.1	28.1	25.6
Food	22.5		25.4	25.3	23.0
100620 Rice, husked (brown)	2.3		2.7	3.3	2.9
Agricultural raw material	2.6		2.7	2.8	2.6
440910 Wood (lumber) continuously shaped, coniferous	1.2		1.3	1.2	1.5
Mining	6.5		9.0	6.6	6.2
Ores and other minerals	0.2		2.9	0.7	0.4
Non-ferrous metals	0.3		0.2	0.3	0.3
Fuels	6.0		5.9	5.6	5.5
Manufactures	68.3		62.9	65.3	68.2
Iron and steel	2.7		2.4	3.8	2.4
Chemicals	12.9		9.4	9.7	10.0
Other semi-manufactures	18.8		15.2	16.9	16.7
252329 Portland cement, nes	2.5		2.2	2.4	2.2
Machinery and transport equipment	17.7		21.0	22.2	24.3
Power generating machines	1.6		0.4	0.8	2.9
Other non-electrical machinery	4.4		5.3	5.3	6.1
Office machines & telecommunication equipment	2.4		3.4	4.1	4.0
Other electrical machines	3.7		3.5	4.3	3.3
Automotive products	4.2		6.5	4.4	4.5
Other transport equipment	1.4		1.8	3.3	3.5
890391 Sailboats, with or without auxiliary motor	0.0		0.0	2.4	1.2
Textiles	2.0		1.6	1.5	1.5
Clothing	2.7		1.6	1.6	1.7
Other manufactured goods	11.6		11.7	9.5	11.6
Other	0.0		0.0	0.1	0.0

a Data not available.

Source: For 1995-97 and 1999, UNSD, Comtrade database; for 1998, WTO secretariat estimates, based on data from the Free Trade Area of the Americas - Hemispheric Trade and Tariff Database.

Table A1.2
St. Vincent and the Grenadines: Exports and re-exports by product, 1995-99
(Per cent)

Description	1995	1996	1997	1998	1999
Total (US\$ '000)	59,373	50,371	46,064	49,338	49,407
Total primary products	81.2	80.1	81.2	84.7	81.4
Agriculture	81.2	80.1	81.2	84.6	81.3
Food	81.0	79.8	81.0	84.4	81.1
080300 Bananas including plantains, fresh or dried	42.0	41.8	31.8	42.7	42.1
110100 Wheat or meslin flour	14.5	12.6	18.8	13.9	13.5
100630 Rice, semi-milled or wholly milled	7.2	7.1	11.9	8.7	7.6
071490 Arrowroot, salep etc fresh or dried	3.1	4.0	4.5	4.6	4.5
100620 Rice, husked (brown)	3.6	3.6	1.0	4.2	2.6
220290 Non-alcoholic beverages nes	0.5	1.0	1.9	2.2	2.3
230990 Animal feed preparations nes	2.4	1.7	2.9	2.1	2.2
071420 Sweet potatoes, fresh or dried	0.9	1.5	1.0	1.4	1.4
Agricultural raw material	0.2	0.3	0.2	0.2	0.2
Mining	0.1	0.0	0.0	0.1	0.1
Manufactures	18.8	19.9	18.7	15.3	18.6
Iron and steel	2.6	3.6	2.5	2.8	2.6
721041 Flat rolled	2.1	2.9	2.0	2.5	2.5
Chemicals	1.0	1.4	1.6	1.3	1.3
Other semi-manufactures	3.0	3.5	3.9	4.0	3.8
Machinery and transport equipment	4.0	5.3	7.2	4.0	8.6
Power generating machines	0.1	0.1	0.0	0.1	0.2
Other non-electrical machinery	1.2	1.3	1.6	1.1	4.9
Office machines & telecommunication equipment	0.5	0.6	0.4	0.3	0.6
Other electrical machines	0.8	0.6	0.9	1.1	0.5
Automotive products	0.5	1.1	0.4	0.7	1.3
Other transport equipment	0.9	1.6	4.0	0.8	1.1
Textiles	0.0	0.0	0.0	0.1	0.0
Clothing	4.5	1.6	1.3	1.4	1.1
Other manufactured goods	3.7	4.5	2.3	1.7	1.1

Source: For 1995-97 and 1999, UNSD, Comtrade database; for 1998, WTO secretariat estimates, based on data from the Free Trade Area of the Americas - Hemispheric Trade and Tariff Database.

Table AL3

St. Vincent and the Grenadines: Imports by origin, 1995-99
(Per cent)

Description	1995	1996 ^a	1997	1998	1999
World ('000 US\$)	134,412		182,025	190,960	200,724
America	72.0		72.4	72.5	68.7
United States	37.7		39.5	40.0	38.4
Canada	3.2		2.8	2.5	2.5
Other America	31.1		30.1	30.0	27.8
Trinidad and Tobago	17.1		15.5	16.8	15.8
Barbados	4.4		4.0	4.3	3.8
Guyana	1.4		0.6	1.2	1.4
Brazil	0.9		1.7	1.3	1.0
Europe	22.0		20.6	21.9	23.5
EU(15)	21.5		20.1	21.4	22.9
United Kingdom	12.9		9.0	12.5	12.0
Finland	0.1		0.0	0.0	3.1
Italy	2.2		4.2	4.0	2.7
France	0.9		3.3	0.7	2.1
Netherlands	1.9		1.2	0.9	1.0
Other Europe	0.4		0.5	0.5	0.5
Asia	5.8		6.7	4.9	6.8
East Asia	5.7		6.6	4.7	6.7
Japan	2.3		4.7	2.8	4.6
Rest of the world	0.2		0.2	0.7	1.0

a Data not available

Source: For 1995-97 and 1999, UNSD, Comtrade database; for 1998, WTO secretariat estimates, based on data from the Free Trade Area of the Americas - Hemispheric Trade and Tariff Database.

Table AI.4
St. Vincent and the Grenadines: Exports and re-exports by destination, 1995-99
(Per cent)

Description	1995	1996	1997	1998	1999
World (US\$ '000)	59,373	50,371	46,064	49,338	49,407
America	58.9	58.1	66.6	57.4	57.1
United States	9.4	7.1	7.1	5.4	3.3
Canada	0.1	0.2	0.2	0.2	0.2
Other America	49.4	50.8	59.2	51.8	53.6
Trinidad and Tobago	8.7	10.4	10.0	11.0	10.3
St Lucia	11.5	11.0	13.7	10.4	8.7
Barbados	6.2	7.0	6.3	6.3	8.6
Antigua and Barbuda	6.3	7.3	9.0	6.3	6.7
St Kitts and Nevis	3.3	3.1	5.0	3.9	5.7
Grenada	3.2	2.6	3.6	2.7	3.5
Dominica	4.6	4.4	4.6	4.2	3.5
Jamaica	1.3	2.0	3.4	3.0	3.0
Europe	41.0	41.8	33.3	42.5	42.4
EU(15)	41.0	41.8	33.3	42.5	42.4
United Kingdom	40.7	39.5	31.2	42.2	40.3
Rest of the world	0.1	0.1	0.1	0.1	0.5

Source: For 1995-97 and 1999, UNSD, Comtrade database; for 1998, WTO secretariat estimates, based on data from the Free Trade Area of the Americas - Hemispheric Trade and Tariff Database.

Table AIII.1

Saint Vincent and the Grenadines: bound tariff
(Percentage)

Product	Base rate	Final rate
All items included in Annex I of the Agreement on Agriculture with the exception of the products specified hereunder:		100
0105 Ex Baby chicks, point of lay pullets; Chapter 2 Meat and edible meat offals; 0407 eggs in shell; 0409.00 natural honey; 0701-0709 vegetables, fresh or chilled; 0710 vegetables, preserved by freezing; 0713 dried leguminous vegetables shelled; 0714 arrowroot, sweet potatoes and other similar roots and tubers with high starch, fresh or dried; 0806 grapes, fresh or dried; 0808 Ex apples, pears (fresh); 0901.20 ground coffee; 0904 pepper, pimento; 0905.00 cinnamon; 0907.00 cloves; 0908 Ex nutmeg, mace; 1006 rice; 1101.00 Ex wheat flour; 1108.10 arrowroot starch; 1202 ground nuts; 1601 sausages and the like of meat, meat offal or animal blood; 1602 other prepared or processed meat of offal; 1701 cane or beet sugar and chemically pure sucrose in solid form; 1905.00.3 ice cream cones; 1905.00.9 Ex cakes; 2007 jams, fruit jellies, marmalades, 2003.00.4 mango chutney; 2009 fruit and vegetable juices including coconut milk and coconut cream; 2102.30 baking powder; 2103.20 tomato ketchup and sauce; 2103.90 Ex browning, barbecue sauce and mixed seasoning; 2103.90.1 pepper sauce; 2106.00.3 powdered drinks, lime juice cordial; 2201 bottled drinking water; 2309.90.2 poultry feed; 2309.90.3 cattle feed; 2309.90.5 animal feeds	170	130
0602.00.9 Christmas trees (live)	250	190
0801 Ex Coconuts, cashew nuts, fresh or dried whether or not shelled or peeled	280	213
0803 Ex Bananas, fresh or dried; 0804 Ex pineapple, avocados, mangoes, guavas fresh or dried	290	220
0805 Citrus fruits, fresh or dried	290	250
0910 Thyme, saffron, bay leaves, ginger, curry and other spices; 2202 aerated beverages, malt and other non-alcoholic carbonated drinks and orange squash	240	182
1508-1515 Edible oil	230	175
1517 Margarine, imitation lard and other prepared edible fats	205	156
1902 Pasta products	210	160
2203.00.1 Beer; 2203.00.2 stout; 2203.00.9 other	200	133
2204.10 Sparkling wine	160	107
2204.20.1 Grape must; 2204.30 other grape must	170	113
2205.00 Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances; 2206.00 other fermented beverages (for example, cider, perry, mead); 2208.90.2 Cordials and liqueurs; 2402.10 cigars, cheroots, and cigarillos, containing tobacco; 2402.90 other; 2403.90.1 snuff; 2403.90.9 other manufactured tobacco and manufactured tobacco substitutes: other	160	107
2207.10 Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher; 2208.10 compound alcoholic preparations of a kind used for the manufacture of beverages; 2208.20.1 brandy, in bottles, of a strength not exceeding 46% vol.	140	100
2207.20 Ethyl alcohol and other spirits, denatured, of any strength	155	103
2208.20.9 Other; 2208.30 whiskies; 2208.30.1 in bottles, of strength not exceeding 46% vol.; 2208.30.9 other; 2208.40.1 rum and tafia in bottles, of strength not exceeding 46% vol.; 2208.40.9 rum and tafia: other; 2208.50.1 gin and geneva in bottles, of strength not exceeding 46% vol.; 2208.50.9 gin and geneva: other; 2208.90.1 vodka	200	133
2208.90.3 Aromatic bitters used as a flavouring agent for food and beverages; 2208.90.4 other aromatic bitters	165	110
2208.90.9 Other	145	100
2402.20 Cigarettes containing tobacco	180	120
Chapter 3 is bound at a ceiling level of 100% except for the following items:		
0301-0304 Fish, fresh, frozen or chilled; 1605 crustaceans and molluscs, prepared or preserved	170	130
0306 and 0307 Crustaceans & molluscs whether in shell or not, fresh etc.	170	100
Chapters 25 to 97 (other than those products included in Annex I of the Agreement on agriculture), are bound at a ceiling level of 50% except the following items:		
2523.20 Portland cement	100	73
2710.13 Motor spirit (gasoline); 2710.23 vaporising oil or white spirit; 8703.21.9 Motor cars and other motor vehicles principally designed for the transport of persons: of a cylinder capacity not exceeding 1000cc: other; 8703.22.9 of cylinder capacity exceeding 1000cc but not exceeding 1500cc: other; 8703.23.2 of cylinder capacity exceeding 1500cc but not exceeding 1800cc	175	117
2710.31 Diesel oil; 2710.39 other gas oils; 2710.42 bunker "C" grade fuel oil; 2710.49 other fuel oils; 2710.92 lubricating oils	165	110
2710.93 Lubricating greases; 2713.20 petroleum bitumen	180	120
2714.90.1 Natural bitumen; 2714.90.3 asphaltites and asphaltic rocks; 4819 Ex cardboard boxes	125	83

Table AIII.1 (cont'd)

Product	Base rate	Final rate
2715.00.1 Cut-backs; 2715.00.9 other bituminous mixtures; 3208/09/10 Paints, varnishes and lacquers; 3706.10 cinematographic film, of a width of 35 mm or more; 3706.90 other cinematographic film; 3923.20/24 Ex plastic bags, shower curtains; 4817.00 Ex writing compendium of paper or paper board; 4818.20 Ex kitchen towels, napkins and facial tissues; 4820 Ex all items excluding diaries, pads, binders, and albums; 4907.00.9 Ex cheque books only; 7309/7310 Ex welded tanks unlined and fabricated from steel, iron or aluminium; 7610 (of aluminium); 7610.10 Ex aluminium windows and doors	135	90
2804.40 Oxygen in cylinder; 2811.21 carbon dioxide in cylinder; 2901.00.2 acetylene in cylinder; 4818.10 toilet paper; 6810.11 concrete blocks	230	153
3214 Body filler, putty; 4409 Ex wooden mouldings; 7308 reconstructed or temporarily strung structures; 7320 springs and leaves for springs of iron or steel; 7320.10 leaf-springs and leaves therefor; 7320.10.1; for road motor vehicles; 7320.20.1 helical springs: for road motor vehicles; 7320.90.1 other helical springs: for road motor vehicles	130	87
3401.11 Soaps (toilet); 3401.19.1 soaps (laundry); 4013.10.1 inner tubes, of rubber: used on motor cars; 4602 Ex baskets and waste paper bins of vegetable plaiting materials; 7007.21.1 motor car windscreens; 7114.00 articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or of metal clad with precious metal; 7116.20 of precious or semi-precious stones; 7117.00 imitation jewellery	155	103
3402.20.4/20.5 Household bleach; 4012 Ex tyres, remould, recapped, retreated; 6302-6304 pillow cases, sheets, table cloths, table napkins, hand towels, bath towels, bath mats, beach towels, bed spreads, draped, kitchen towels; 7102.10 diamonds, unsorted; 7102.21 diamonds, industrial: worked or simply sawn, cleaved or bruted; 7102.29 diamonds, other; 7116.10 of natural or cultured pearls; 8409.99.1 engines for road motor vehicles; 8413.30 fuel, lubricating or cooling medium pumps for internal combustion piston engines; 8421.23.1 oil filters; 8421.23.2 petrol filters; 8421.31 intake air filters for internal combustion engines; 8483.00.1 transmission shafts for road motor vehicles; 8511.10 sparking plugs; 8511.20 ignition magnetos; magneto-dynamos; magnetic flywheels; 8511.30 distributors; ignition coils; 8511.40 starter motor and dual purpose starter-generators; 8511.50 other generators; 8511.80 other equipment; 8511.90 parts; 8512.30 sound signalling equipment; 8543.00.2 sound mixing units (equalisers) for domestic use; 9101.10 wrist-watches, battery or accumulator powered; 9101.20 other wrist-watches, whether or not incorporating a stop-watch facility; 9101.90 other; 9102.10 wrist-watches, battery or accumulator powered; 9102.20 other wrist-watches, whether or not incorporating a stop-watch facility; 9102.90 other; 9110.10 complete watch or clock movements unassembled or partly assembled: of watches	145	97
3406 Ex Candles	240	160
3904 Diothene (plastic) sheets in tubular form	235	157
3917 PVC pipes; 5608 Ex trammel nets	125	83
4011.10 New pneumatic tyres, of rubber: of a kind used on motor cars; 4012.10.1 Retreaded tyres: used on motor cars; 4013.10.2 inner tubes, of rubber: of a kind used on buses or lorries; 7007.11.1 motor car windscreens; 7009.10 rear-view mirrors for vehicles; 8407.33 piston engines of a cylinder capacity, exceeding 250cc but not exceeding 1000cc; 8407.34 piston engines of a cylinder capacity, exceeding 1000cc; 8408 compression-ignition, internal combustion piston engines; 8408.20 engines of a kind used for the propulsion of vehicles of Chapter 87; 8409.91 parts suitable for use with spark-ignition internal combustion piston engines; 8409.91.1 for road motor vehicles; 8512.20 other lighting or visual signalling equipment; 8512.40 windscreen wipers, defrosters and demisters; 8518.40 audio-frequency electric amplifiers; 8519.10 coin or disc-operated record players; 8539.10 sealed beam lamp units; 8708.00.9 parts and accessories of the motor vehicles of heading Nos. 8701 to 8705: other	150	100
4012.10.2 Retreaded tyres: used on buses or lorries; 4418.20 wooden doors; 4601.20 Ex mats, other straw mats and matting; 6105 and 6205 men's and boys' shirts; 6108 Ex girls' and ladies' panties, half slips and nighties; 6109 Ex T-shirts; 6112.10 brassieres; 6203.30.1 men's and boys' shirt jackets; 6203.40 Ex trousers; 6813.10 brake linings and pads; 7101.10 natural pearls; 7101.21 cultured pearls: unworked; 7101.22 cultured pearls: worked; 7102.30 diamonds, non-industrial; 7102.31 diamonds, unworked or simply sawn, cleaved or bruted; 7102.39 diamonds, other; 7103.10 precious (other than diamonds) and semi-precious stones unworked or simply sawn or roughly shaped; 7103.90 otherwise worked; 7103.91 rubies, sapphires and emeralds; 7103.99 other; 7104.10 piezo-electric quartz; 7104.20 other unworked or simply sawn or roughly shaped; 7104.90 other; 7611 Ex (of aluminium); 8302.00.3 other mountings, fittings and similar articles suitable for motor vehicles; 8419.10 solar water heaters; 8524.90.1 audio compact discs; 9103 clocks with watch movements, excluding clocks of heading No. 9104.00; 9103.10 battery or accumulator powered; 9103.90 other; 9104.00 instrument panel clocks and clocks for vehicles, aircraft, spacecraft or vessels; 9105 other clocks; 9105.10 alarm clocks; 9105.20 wall clocks; 9105.90 other; 108.00 watch movements, complete and assembled; 9601 worked shells, etc., 9603 Ex brooms and mops	140	93
4417 Ex Broom and mop handles	115	77
4819 Ex Paper bags	225	150
4901 Ex All items excluding printed books and booklets; 4911 Ex all publications devoted primarily to advertising including tourist propaganda	110	73
7014.00.1 signalling glassware and optical elements of glass, for road motor vehicles	160	107

Table AIII.1 (cont'd)

Product	Base rate	Final rate
7113.19.1 articles of jewellery and parts thereof: of gold, 7113.19.9 other; 7113.20 of base metal clad with precious metal; 8702.10.2 public transport type passenger motor vehicles: other coaches, buses and mini-buses of seating capacity not exceeding 21 persons (including the driver); 8702.10.4 other coaches, buses and mini-buses of seating capacity exceeding 21 persons but not exceeding 29 persons; 8702.10.6 other coaches, buses and mini-buses, of a seating capacity exceeding 29 persons; 8702.10.9 other; 8702.90 other (excluding items listed below); 8702.90.2 other coaches, buses and mini-buses, of a seating capacity not exceeding 21 persons; 8702.90.4 other coaches, buses and mini-buses, of a seating capacity exceeding 21 persons but not exceeding 29 persons; 8702.90.9 other; 8704.10 motor vehicles, for the transport of goods: dumpers designed for off-highway use; 8704.21 other, with compression-ignition internal combustion piston engine GVW not exceeding 5 tonnes; 8704.21.9 other; 8704.22 GVW exceeding 5 tonnes but not exceeding 20 tonnes; 8704.22.9; Other 8704.23.9; GVW exceeding 20 tonnes: other; 8704.31 other, with spark-ignition internal combustion piston engine: GVW exceeding 5 tonnes; 8704.31.9 other; 8704.32.9 other GVW exceeding 5 tonnes; 8704.90 other motor vehicles for the transport of goods; 8703.31.9 other vehicles of cylinder capacity not exceeding 1500cc: other; 9113 watch straps, watch bands and watch bracelets, and parts thereof; 9113.10 of precious metals or of metal clad with precious metals.	170	113
8507.00.1 Electric accumulators	345	163
8521.00 video recording or reproducing apparatus	165	110
8702.90.6 Other coaches, buses and mini-buses, of a seating capacity exceeding 29 persons	205	135
8703.23.3 cars of cylinder capacity exceeding 1800cc but not exceeding 2000cc	195	128
8703.23.4 cars of cylinder capacity exceeding 2000cc but not exceeding 3000cc	210	140
8703.24.9 cars of cylinder capacity exceeding 3000cc : other	215	143
8703.32.2 other vehicles of cylinder capacity exceeding 1500cc but not exceeding 2000cc	190	126
8703.32.4 other vehicles of cylinder capacity exceeding 2000cc but not exceeding 2500cc	195	130
8703.33.9 other vehicles of cylinder capacity exceeding 2500cc: other; 8703.90 other	200	133
9302.00 revolvers and pistols, other than those of heading No. 9303 to No. 9304; 9303.00.9 other firearms and similar devices: other; 9304.00 other arms, excluding those of heading No. 9307.00; 9305.00 parts and accessories of articles of headings Nos. 9302.00 to 9304.00	185	123
9401 chairs and other seats; 9403 other furniture; 9404.20 mattresses	255	170
9504 Ex Gambling machines	310	206

Note: Implementation period for agriculture 1995-2004; for industrial products, 1995-1999.

Source: WTO Schedule CXXII.

Table AIV.1
Summary of Saint Vincent and the Grenadines specific commitments in individual service sectors

Summary of Saint Vincent and the Grenadines specific commitments in individual service sectors						
Mode of supply: Cross border Consumption abroad Commercial presence	Market access			National treatment		
	1	2	3	1	2	3
	Commitments (■ full; ▣ partial; □ none; – not in the Schedule)					
Sector-specific Commitments						
7. Financial services						
C. Reinsurance	■	■	▣	■	■	▣
8. Health and related social services						
A. Hospital services	■	■	▣	■	■	■
9. Tourism and travel related services						
A. Hotels and resort development	■	■	▣	■	■	▣
B. Travel agencies and tour operators; C. Tourist guides services	■	■	■	■	■	■
10. Recreational and sporting services						
A. Entertainment services	▣	■	▣	■	■	▣
D. Sporting and other recreational	■	■	n.a.	■	■	n.a.
11. Transport services						
A. Maritime Transport Services						
a) and b) International Passenger and freight transportation services	■	■	▣	■	■	▣
H. Services Auxiliary to all Modes of Transport						
Transshipment services; free zone operations	■	■	▣	■	■	▣

n.a. Not applicable.

Source: WTO document GATS/SC/74, 15 April 1994.