

ANNEX 3 – GRENADA

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1 ECONOMIC ENVIRONMENT

1.1 Recent economic developments

1.1.1 Real economy

1.1. Grenada, the Southernmost OECS-WTO Member is a small, open economy situated in the East Caribbean Sea. It comprises three relatively large islands (Grenada, Carriacou, and Petite Martinique), and several small islands, which are a part of the Grenadines. As a small island economy, Grenada is susceptible to external shocks such as natural disasters, and global market fluctuations.

1.2. Grenada's economy is dominated by services, in particular by tourism and private education. The services sector accounts for two thirds of GDP. Agriculture, together with fisheries, accounts for just 5% of GDP, but is the source of the majority of merchandise exports. The manufacturing sector is small, consisting mainly of agro-processing; it contributes some 3% to GDP (Table 1.1). Classified by the World Bank as an upper middle-income country, Grenada's per capita GDP was above USD 9,000 during every year of the review period (2015-22). Although it reached some USD 10,800 in 2019, GDP per capita declined to USD 9,200 in 2020 as a consequence of lower economic activity due to the pandemic. GDP per capita is estimated to have exceeded again USD 10,000 in 2022 as the economy recovered.

Table 1.1 Selected economic indicators, 2015-21

	2015	2016	2017	2018	2019	2020	2021
GDP (current XCD million)	2,692	2,866	3,039	3,150	3,276	2,817	3,032
GDP (current USD million)	997.0	1,061.6	1,125.7	1,166.5	1,213.5	1,043	1,123
Real GDP growth (% change)	6.4	3.7	4.4	4.4	0.7	-13.8	4.7
GDP per capita (USD)	9,056	9,572	10,099	10,402	10,779	9,200	..
GDP by economic activity (% of current GDP)							
Agriculture, Livestock and Forestry	6.2	5.0	4.2	4.2	3.6	3.8	4.1
Crops	5.6	4.4	3.6	3.6	3.0	3.1	3.4
Bananas	0.1	0.2	0.2	0.1	0.1	0.0	0.1
Nutmeg	0.3	0.3	0.2	0.2	0.2	0.3	0.3
Sugar	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Crops	5.1	3.9	3.3	3.2	2.8	2.8	3.1
Livestock	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Forestry	0.2	0.1	0.1	0.1	0.1	0.2	0.2
Fishing	1.2	1.2	1.1	1.1	1.0	1.1	1.2
Mining & Quarrying	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Manufacturing	3.4	3.4	3.1	3.1	3.4	3.1	3.3
Sugar	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	3.4	3.4	3.1	3.1	3.4	3.1	3.3
Electricity & Water	3.3	3.0	2.7	2.7	3.1	3.4	3.2
Electricity	2.6	2.3	2.0	2.1	2.4	2.3	2.2
Water	0.7	0.7	0.7	0.6	0.7	1.1	1.0
Construction	5.3	5.6	6.7	7.4	7.0	6.4	7.8
Wholesale & Retail Trade	6.6	6.1	6.3	6.6	6.5	6.4	6.6
Hotels & Restaurants	5.5	6.7	6.5	6.7	6.7	2.3	3.2
Hotels	4.2	5.3	5.1	5.2	5.2	1.7	2.5
Restaurants	1.3	1.3	1.4	1.4	1.5	0.7	0.7
Transport, Storage and Communications	10.1	9.7	9.9	9.8	9.7	8.5	7.0
Transport and Storage	7.4	7.1	7.4	7.6	7.4	6.1	4.7
Road Transport	4.5	4.5	4.9	5.2	5.0	4.7	3.6
Sea Transport	0.7	0.7	0.7	0.8	0.8	0.6	0.4
Air Transport	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Supporting and Auxiliary Transport Activities	2.1	1.8	1.7	1.6	1.5	0.7	0.8
Communications	2.7	2.6	2.5	2.1	2.3	2.4	2.3
Financial Intermediation	5.1	5.6	5.2	5.2	5.8	6.3	6.2

	2015	2016	2017	2018	2019	2020	2021
Banks	4.0	4.6	4.2	4.2	4.7	4.9	4.9
Insurance	1.0	0.9	0.9	1.0	1.0	1.3	1.2
Activities Auxiliary to Financial Intermediation	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Real Estate, Renting and Business Activities	9.9	9.4	9.2	9.1	8.9	9.6	9.1
Owner Occupied Dwellings	6.5	6.1	5.9	5.8	5.6	6.2	5.8
Real Estate Activities	0.8	0.8	0.7	0.7	0.7	0.8	0.7
Renting of Machinery and Equipment	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Computer and Related Activities	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Business Services	2.3	2.3	2.3	2.4	2.4	2.4	2.4
Public Administration, Defence & Compulsory Social Security	6.2	6.0	5.9	5.5	5.5	6.6	6.7
Education	19.2	19.4	20.1	19.0	19.9	23.2	22.5
Public	3.4	3.1	3.2	3.2	3.2	3.7	3.6
Private	15.8	16.3	16.8	15.8	16.7	19.5	18.9
Health and Social Work	1.8	1.7	1.8	1.8	1.8	2.1	2.0
Public	1.6	1.6	1.6	1.7	1.6	1.9	1.8
Private	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other Community, Social & Personal Service	1.7	1.6	1.6	1.6	1.4	1.2	1.2
Activities of Private Households as Employers	0.7	0.7	0.7	0.7	0.6	0.7	0.7
Less: FISIM	0.9	1.0	1.1	1.2	1.3	0.9	0.8
GVA in Basic Prices	85.6	84.3	84.0	83.5	83.9	83.9	84.3
Plus: Product Taxes	14.4	15.7	16.0	16.5	16.1	16.1	15.7
Less: Subsidies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employment							
Unemployment rate (%)	30.4	28	23.6	16.7	15.1	28.4	..
Prices and interest rates							
Inflation (% end of period)	1.1	0.9	0.5	1.4	0.1	-0.8	1.9
Inflation (% period average)	-0.5	1.6	0.9	0.8	0.6	-0.7	1.2
Money supply (M1) (% growth)	16.4	6.4	8.2	12.4	8.6	-10.2	24.3
Monetary liabilities (M2) (% growth)	5.2	1.3	4.0	5.9	2.9	-1.2	8.5
Deposit interest rate (%)	1.57	1.44	1.33	1.31	1.24	1.09	1.19
Lending interest rate (%)	8.70	8.43	7.99	7.56	7.21	6.37	6.2
Memorandum:							
Population (persons)	110,096	110,910	111,467	112,139	112,580	113,420	..
Exports of goods and services (% of GDP, current prices)	51.2	49.4	51.4	53.3	54.5	40.4	35.1
Imports of goods and services (% of GDP, current prices)	50.9	49.9	54.7	58.7	59.9	56.3	57.9
Exchange rate (domestic currency per USD)	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Real effective exchange rate (% change)	3.0	2.3	-0.9	-2.2	0.8	-1.9	-4.7

.. Not available.

Note: Data for 2019-21 and for unemployment is preliminary data. Growth rates of M1 and M2 for 2020 and 2021 are based on data from the Annual Economic and Financial Review, December 2021.

Source: Eastern Caribbean Central Bank (ECCB), statistics page as viewed on 25 October 2022, and Annual Economic and Financial Review, December 2021; Caribbean Development Bank, Grenada Economic Review 2018, 2019, and 2020; and the International Monetary Fund (IMF).

1.3. Grenada's economy was hit hard by two hurricanes (Ivan 2004 and Emily 2005) at the beginning of the new century. According to the authorities, the damages by the hurricanes exceeded 200% of GDP; 90% of the buildings (including tourism facilities) and a large percentage of tree crops were damaged or destroyed. In addition, the decline in world demand caused by the global financial crisis 15 years ago added stress to the economic growth in Grenada. The recovery operations added stress to the country's already high debt. Public debt as a share of GDP increased from 84.4% in 2008 to 110.2% in 2015 at the beginning of the review period.

1.4. During most of the review period, Grenada's economy was on its path to recovery from the previously mentioned adverse shocks. Growth was driven by the expansion of agriculture, construction, and tourism. Grenada experienced a robust growth until 2020 when the COVID-19 pandemic impacted the world; real GDP expanded at an average annual growth rate of about 4% in the 2015-19 period, allowing per capita income to grow.

1.5. The COVID-19 pandemic, especially its inducing social distancing measures and border closure, had a devastating impact on Grenada's travel service-oriented economy (including education). The economy contracted by 13.8% in 2020 in real terms. Compared to 2019, the number of total visitor arrivals fell by 58.8% to 216,867 in 2020, while stay-over arrivals dropped by 73.1% to 43,815 (Table 4.6). This consequently dampened activity in hotels, restaurants and other tourist related facilities. As a share of GDP, hotels and restaurants declined to 2.3% in 2020 from 6.7% in 2019 (Table 1.1). In 2021, despite the reopening of the border, total visitor arrivals as well as stay-over arrivals declined further. Manufacturing production was halted while output in agriculture was impacted by lower demand, logistical challenges due to curfews and border closures. Value added in manufacturing and agriculture declined by 20.0% and 11.2%, respectively in 2020.

1.6. As the COVID-19 situation began to ease, activity in all major sectors, such as agriculture, construction, manufacturing, and tourism, began to pick up. In 2021, output growth on a year-on-year basis in these sectors was 9%, 30%, 7% and 40.3%, respectively.¹ Overall, GDP grew in real terms at a pace of 4.7% in 2021 (Table 1.1), and was expected to grow by 3.6% in 2022.

1.7. In the most recent Art IV Consultations, in May 2022, IMF staff noted that, prior to the pandemic, the authorities had made great strides with strengthening fundamentals. Significant efforts were made to diversify the export base, strengthen human capital, improve the investment climate, and build climate resilience. However, the pandemic and 2021 volcanic eruptions, had highlighted Saint Vincent and the Grenadines' significant vulnerability to external shocks and natural disasters. The report notes that the authorities' proactive policy responses, supported by two IMF Rapid Credit Facilities (RCFs) and financing from other international financial institutions, mitigated the socio-economic impact of the shocks and helped contain economic scars. The two RCF disbursements approved were if SDR 11.7 million (100% of quota) in May 2020, to address the COVID 19 pandemic and SDR 8.17 million (69.85% quota) in July 2021, to address the fallout from the volcanic eruptions. The financing helped the Government finance two fiscal packages to provide critical support to households and firms affected by the shocks and the vulnerable. Grenada received USD 22.4 million under the Rapid Credit Facility in April 2020 and USD 42.4 million in concessional financing from the World Bank (WB) and the Caribbean Development Bank (CDB) that supported the Government's response to the pandemic.²

1.8. In November 2022, the IMF projected the economy to grow by 3.6% in 2022 supported by large-scale investment projects and recoveries in tourism and agriculture, and to strengthen further in 2023. Due to external pressures, average annual inflation was estimated in 5.8% in 2022.³

1.9. Inflation remained low during most of the review period at rates between 0.1% and 1.1%, with the exception of 2020, when the variation in the Consumer Price Index was negative. In 2021, due

¹ ECCB (2021), *Annual Economic and Financial Review: Grenada*. Viewed at: <https://www.eccb-centralbank.org/content-manager/documents/download/681>.

² IMF Country Report No. 22/134 Grenada 2022 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Grenada, May 2022. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2022/05/10/Grenada-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-517768>.

³ IMF Country Report No. 22/134 Grenada 2022 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Grenada, May 2022. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2022/05/10/Grenada-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-517768>.

mainly to external inflationary pressure, in particular a sharp increase in energy and food prices, higher shipping costs and supply chain disruptions, inflation accelerated to an annual average of 1.9%, and was expected to reach 4.5% in 2022, although core inflation is estimated to have remained below 1%, due partly to still weak domestic demand.

1.10. As a response to the COVID-19 pandemic, the Government introduced two packages to stimulate economic activity, in mid-2020 and in September 2021, comprising a number of measures to counter it, including: (i) an increase in health expenditure; (ii) temporary reduction in fuel excise taxes by half; (iii) wage subsidies (temporary payroll support for the hospitality and tourism sectors; income support to the transportation sector and other hospitality-based businesses); (iv) formal employment programmes; income support for informal sector workers, support to expand young entrepreneur programme; unemployment benefits; (v) credit support in the form of a small hotel lending facility and a small business lending facility, both run by the Grenada Development Bank; (vi) credit support through a COVID-19 support Fund Facility for MSMEs; a small hoteliers facility; and a restructured small business development fund; (vii) price support for farmers, tax deferral, and household electricity bills; and (viii) 9 and Internet connectivity programme. The funds allocated to each package were of XCD 60 million, and XCD 36 million, respectively.

1.1.2 Fiscal policy

1.11. During the period under review, Grenada implemented a fiscal consolidation programme under the auspices of the IMF. Grenada subscribed and Extended Credit Facility with the Fund in June 2014, receiving an amount of SDR 14.04 million (approximately USD 19.4 million). The IMF support programme was aimed at restoring fiscal and external sustainability.⁴ As a result, Grenada established fiscal rules to reduce the deficit as well as public debt.

1.12. The Fiscal Responsibility Act 2015 established fiscal rules to effectively reduce the deficit while allowing some space for counter-cyclical fiscal policy. The fiscal rules consist of a medium-term debt ceiling and three operational rules. They aim at achieving a public debt (ceiling) of 55% of GDP. If debt is above 55% of GDP, a primary balance surplus of at least 3.5% of GDP should be achieved, primary expenditure should grow at a maximum rate of 2% year-on-year in real terms, and the (public sector) wage bill should not exceed 9% of GDP. If public debt is below or at 55% of GDP, the primary balance should be at a debt-stabilizing level. These goals can be suspended in the face of a severe adverse shock. In the IMF's assessment, Grenada's fiscal rules are the cornerstone of its fiscal policy framework and have contributed to the Government's prudent fiscal management.⁵

1.13. Upon the introduction of Fiscal Responsibility Act 2015, which entered into force on 1 January 2016, the Government initiated a number of structural reforms to enhance spending discipline and strengthen its fiscal position. The structural reforms include measures to increase revenue such as increasing rates of taxes and charges and improving revenue collection through the introduction of the Tax Administration Act 2016.⁶ Also, the Government reformed the incentive schemes, adopting a new incentive scheme on 1 May 2016 (Section 3.3.1).

1.14. As the Grenadian economy grew robustly during the review period (before 2020), and reflecting the measures applied, the primary balance remained in surplus throughout the 2015-19 period, increasing from XCD 56.5 million (equivalent to 2.1% of GDP) in 2015 to XCD 222.8 million (6.8% of GDP) in 2019 (Table 1.2). Correspondingly, public debt as a share of GDP decreased from 90.1% to 58.5% for the same period, almost reaching the 55% goal. This gave the Government some fiscal space to address future challenges.

⁴ In 2013, the public debt reached its peak, equivalent to 107% of GDP; while the current account deficit also stood at the highest, equivalent to 23.2% of GDP.

⁵ IMF Country Report No. 22/134 Grenada 2022 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Grenada, May 2022. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2022/05/10/Grenada-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-517768>.

⁶ The Tax Administration Act 2016 entered into force on 1 May 2016.

Table 1.2 Central Government fiscal accounts, 2015-21

(% of current GDP)

	2015	2016	2017	2018	2019	2020	2021
GDP (current XCD million)	2,692	2,866	3,039	3,150	3,276	2,817	3,032
Current Revenue	21.2	22.7	23.0	24.0	23.7	24.5	23.5
Tax Revenue	19.7	21.5	22.0	23.0	22.5	22.8	20.9
Taxes on Goods and Services	8.6	9.1	9.3	9.4	9.2	9.3	8.7
<i>Of which: Sales tax</i>	0.7	0.6	0.6	0.6	0.6	0.7	0.6
Stamp duties	0.2	0.3	0.2	0.2	0.2	0.1	0.1
Value added tax	7.3	7.6	7.8	7.9	7.7	7.7	7.3
Taxes on Income and Profits	3.8	4.4	4.6	4.9	4.6	4.8	3.9
<i>Of which: Personal Income Tax</i>	2.0	2.1	2.0	2.0	2.2	2.3	2.1
Taxes on Property	0.9	0.8	0.8	0.9	1.2	1.2	0.9
Taxes on International Trade and Transactions	6.4	7.1	7.3	7.7	7.5	7.5	7.3
<i>Of which: Customs service charge</i>	1.7	1.7	1.8	2.0	1.9	1.8	2.0
Import Duty	2.3	2.4	2.5	2.7	2.6	2.6	2.7
Non-tax Revenue	1.5	1.2	1.0	1.0	1.2	1.7	2.6
<i>Of which: Citizenship by Investment</i>	0.6	0.1	0.2	0.1	0.2	0.6	1.0
Capital Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	3.2	3.5	2.6	3.0	2.9	3.7	7.3
Current Expenditure	17.3	19.7	19.9	19.3	19.0	23.1	22.3
Goods and Services	2.8	4.1	4.2	4.1	4.1	4.7	4.9
Interest Payments	3.3	2.9	2.7	2.0	1.9	2.0	1.9
Domestic Interest Payments	1.1	0.8	0.7	0.6	0.5	0.5	0.5
External Interest Payments	2.3	2.1	2.0	1.4	1.4	1.4	1.3
Personal Emoluments	8.0	8.8	8.7	8.4	8.1	9.8	10.1
Transfers and Subsidies	3.2	4.0	4.4	4.8	5.0	6.6	5.4
Capital Expenditure	8.3	4.2	2.7	2.8	2.6	9.6	8.7
Capital Expenditure and Net Lending	8.3	4.7	2.7	2.8	2.6	9.6	8.7
Current Account Balance	3.9	3.0	3.1	4.7	4.7	1.4	1.1
Primary Balance (after grants)	2.1	4.7	5.7	6.9	6.8	-2.6	1.7
Overall Balance (after grants)	-1.2	1.8	3.0	4.9	5.0	-4.5	-0.2
Total financing	1.2	-1.8	-3.0	-4.9	-5.0	4.5	0.2
Domestic financing	-3.8	-1.4	-1.5	-3.0	-5.2	1.2	-1.9
Commercial banks	-1.4	0.3	-2.5	-0.4	-0.6	-2.5	-1.0
ECCB	-1.7	0.0	0.5	-2.1	0.0	2.6	-1.9
Other	-0.7	-1.6	0.5	-0.4	-4.5	1.1	1.0
External Financing	3.3	-0.6	-1.5	-2.0	0.2	3.3	2.1
Arrears	1.7	0.1	0.0	0.0	0.0	0.0	0.0
Domestic Arrears	0.0	0.1	0.0	0.0	0.0	0.0	0.0
External Arrears	1.7	0.1	0.0	0.0	0.0	0.0	0.0

Source: Eastern Caribbean Central Bank (ECCB).

1.15. During the pandemic, the accumulated fiscal space under the rules allowed for a fiscal response by the Government. As mentioned above, facing the challenges posed by the COVID-19, the Government in March 2020 announced a temporary (effective from April to June 2020) stimulus package, which included income and payroll support; hotel and small business support; an electricity subsidy; agriculture support; and health-related spending. The rapid policy response helped mitigate the pandemic's impact and preserved foreign exchange earning industries. As the packages cost the Government XCD 60 million (equivalent to 2.1% of GDP) in 2020 and XCD 36 million (1.2% of GDP) in 2021, the debt-to-GDP ratio sharply increased, by almost 13 percentage points, reaching 71.4% in 2020 (up from 58.5% in 2019). As the economy gradually recovered, the public debt as a share of GDP is expected to decline, and to reach pre-pandemic levels in 2025.

1.16. International trade was a major contributor to the increase in the Government revenue during the review period. Customs duties and Customs Services Charges together, as direct revenues from

trade, accounted for around one third of total tax revenue. Revenue from the value added tax (VAT) accounted for another third of total revenue (Table 1.2). Given the small size of domestic production, the VAT falls mainly on merchandise imports and tourism exports.

1.1.3 Balance of payments, monetary and exchange rate policy

1.17. Grenada, like all other OECS-WTO Members is a member of the Eastern Caribbean Currency Union (ECCU). The Eastern Caribbean Central Bank (ECCB), based in Saint Kitts, is the monetary authority for the ECCU. The ECCB is responsible for OECS monetary, credit, and exchange rate policies. The ECCB Agreement Act states that monetary stability, money and capital market development, and real sector development are objectives to be attained, in that order of preference.

1.18. Monetary stability has been pursued through a fixed exchange rate regime, which pegs the EC dollar to the US dollar at a rate of XCD 2.70 per USD 1. Movements in the XCD real effective exchange rate are related largely to changes in the value of the USD *vis-à-vis* other major currencies. The money supply is virtually endogenous due to the existence of a quasi-currency board.

1.19. After declining by 1.2% in 2020, broad money liabilities (M2) rose by 8.5% in 2021.

1.20. During the review period, Grenada's current account balance remained in deficit. As a percentage of GDP, the deficit was widened from 12.5% in 2015 to 26.2% in 2021. The current account deficit noticeably deteriorated in 2020 and 2021, due to a fall in income from exports, particularly tourism receipts, and, from 2021 onwards, a larger import bill reflecting the hike in energy and food prices.

1.21. Grenada is a net importer of goods but a net exporter of services. Grenadian merchandise exports, were generally between USD 38 million and USD 48 million in each year during the review period (except a decline to USD 28.6 million in 2020); while the import bill for goods in 2021 stood at USD 405 million, up from USD 307 million in 2015. Before the COVID-19 pandemic, Grenada had a services trade surplus of USD 304 million (2019); in 2021 this surplus shrank to USD 100 million (Table 1.3).

Table 1.3 Balance of payments, 2015-21

(USD million)

	2015	2016	2017	2018	2019 ^a	2020 ^a	2021 ^b
1. Current account	-124.7	-117.3	-162.5	-188.0	-177.0	-219.6	-293.8
1.A Goods and services	3.7	-4.7	-37.6	-63.5	-65.5	-165.6	-256.5
1.A.a Goods	-263.4	-269.2	-328.5	-365.4	-369.7	-317.2	-356.5
Exports	43.7	38.5	41.3	45.5	47.9	28.6	48.8
Imports	307.1	307.7	369.9	410.9	417.7	345.8	405.3
1.A.b Services	267.1	264.5	291.0	301.8	304.2	151.7	100.0
Exports	467.1	486.2	536.8	575.8	613.8	393.3	345.0
Imports	200.0	221.8	245.9	273.9	309.6	241.6	245.0
1.B Primary income	-116.9	-97.0	-121.6	-114.5	-115.9	-72.5	-66.0
1.B.1 Compensation of employees	-29.9	-30.0	-33.6	-34.0	-35.0	-33.9	-35.7
1.B.2 Investment income	-87.1	-67.0	-88.0	-80.5	-80.8	-38.6	-30.3
1.B.2.1 Direct investment	-67.1	-50.0	-74.6	-71.0	-76.6	-35.3	-29.5
1.B.2.2 Portfolio investment	-12.2	-9.1	-5.4	-1.9	4.9	5.0	6.7
1.B.2.3 Other investment	-7.8	-7.9	-8.0	-7.7	-9.1	-8.2	-7.5
1.B.3 Other primary income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.C Secondary income	-11.5	-15.6	-3.3	-9.9	4.4	18.5	28.7
1.C.1 General government	-4.8	-6.4	-4.0	-5.4	-5.0	-1.6	10.0
1.C.2 Financial corporations, nonfinancial corporations, households, and NPISHs	-6.6	-9.2	0.7	-4.5	9.4	20.2	18.7
1.C.3 Adjustment for change in pension entitlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Capital account	32.4	49.7	66.9	69.0	62.0	78.7	125.4
2.2 Capital transfers	32.4	49.7	66.9	69.0	62.0	78.7	125.4

	2015	2016	2017	2018	2019 ^a	2020 ^a	2021 ^b
2.2.1 General government	28.4	27.9	23.9	27.9	28.2	24.2	66.9
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	4.0	21.7	43.0	41.1	33.8	54.4	58.5
Net lending (+) / net borrowing (-) (balance from current and capital account)	-92.3	-67.7	-95.6	-119.0	-114.9	-140.9	-168.3
3. Financial account	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net lending (+) / net borrowing (-) (balance from financial account)	-60.6	-23.4	-84.9	-82.3	-80.3	-71.1	-151.2
3.1 Direct investment	-137.4	-93.2	-152.2	-166.0	-178.2	-149.3	-149.8
3.2 Portfolio investment	66.0	70.2	61.7	45.5	24.4	-14.5	7.9
3.3 Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4 Other investment	-17.8	-10.5	14.5	3.4	71.0	35.8	-64.6
3.4.2 Currency and deposits	27.9	-0.7	18.8	14.0	38.6	82.5	17.6
3.4.3 Loans	-18.3	2.7	12.1	-12.2	29.3	-36.2	-65.5
3.4.4 Insurance, pension, and standardized guarantee schemes	1.3	-0.5	0.5	-2.7	2.2	-1.1	-1.1
3.4.5 Trade credit and advances	-16.2	-7.5	-13.9	0.6	-0.8	-1.7	-0.2
3.4.6 Other accounts receivable/payable	-12.6	-4.5	-3.0	3.7	1.6	-7.7	6.7
3.4.7 Special drawing rights (Net incurrence of liabilities)	0.0	0.0	0.0	0.0	0.0	0.0	22.4
3.5 Reserve assets	28.6	10.1	-8.9	34.8	2.5	56.9	55.3
3.5.2 Special drawing rights	-1.7	-4.4	-2.4	-1.2	-0.8	0.2	22.1
3.5.3 Reserve position in the IMF	0.0	1.6	0.0	0.0	0.0	0.0	0.0
3.5.4 Other reserve assets	30.3	12.9	-6.5	36.0	3.3	56.7	33.3
Net errors and omissions	31.7	44.2	10.7	36.7	34.6	69.8	17.2
Current account as a share of GDP (%)	-12.5	-11.0	-14.4	-16.1	-14.6	-21.0	-26.2

a Preliminary data.

b Estimates.

Source: Eastern Caribbean Central Bank (ECCB).

1.22. The current account deficit was financed by robust FDI flows (including from the Citizenship by Investment programme) and governmental grant transfer from abroad (Table 1.3).

1.2 Trends and patterns in merchandise and services trade

1.23. In terms of merchandise trade, Grenada is a net importer. More than half of merchandise exports in 2021 were fruits and fish. During the review period, exports of agro-processed goods, in particular beverages, increased significantly, reaching a value of USD 16 million in 2021, up from USD 2.5 million in 2014. Beverages and tobacco accounted for 16% of total merchandise exports in 2021 (Chart 1.1).

1.24. Food and fuels are the largest merchandise import items, followed by machinery and transport equipment, and manufactured goods. Grenada imposes high duties, taxes, and surcharges on imports of fuels and transport equipment (Section 3.1.3 and 3.1.4).

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



Source: WTO Secretariat calculations, based on ECCB statistics.

1.25. Grenada is a net exporter of services. Travel services, which in the case of Grenada includes private education, is the largest foreign exchange earner. Before the COVID-19 pandemic, travel services accounted for 90% of services exports each year (equivalent to 40% of GDP); this share declined to 46% in 2020. As the COVID-related restrictions eased, travel-related services rebounded to 67% of Grenadian services exports in 2021 (Table 1.4). Air transport receipts maintained a stable flow of income of around USD 13 million each year before the pandemic; after the pandemic, this income dropped to USD 4 million a year in 2020 and 2021.

1.26. Technical, trade-related and other business services became the second largest service export in 2016. This trend reflects the growth of business operation services, such as call centre businesses; these services grew steadily during the review period, reaching USD 20 million in 2021, up from USD 9.7 million in 2015, and do not appear to have been affected much by the pandemic.

Table 1.4 Trade in services, 2015-21

(USD million)

	2015	2016	2017	2018	2019 ^a	2020 ^a	2021 ^b
Services trade balance	267.1	264.5	291.0	301.8	304.2	151.7	100.0
Exports of services	467.1	486.2	536.8	575.8	613.8	393.3	345.0
Transportation	15.9	14.7	14.6	16.4	15.9	6.0	5.4
Sea transport	1.8	2.2	2.0	2.1	2.1	1.6	1.1
Air transport	13.4	12.0	12.0	13.2	13.4	4.0	3.9
Postal and courier services	0.6	0.6	0.6	1.1	0.4	0.4	0.4
Travel	421.6	437.4	482.0	521.9	561.8	181.2	230.5
Insurance services	5.5	7.4	5.9	6.0	3.9	5.2	5.7
Direct insurance	4.0	5.4	4.3	4.3	2.4	2.7	3.0
Auxiliary insurance services	1.5	2.0	1.7	1.7	1.5	2.5	2.8
Financial services	0.4	0.4	0.5	0.7	1.9	1.5	1.6
Telecommunications, computer, and information services (Combined)	9.2	9.3	7.9	5.9	5.7	5.5	5.7
Other business services	10.4	13.7	22.8	22.6	21.2	19.0	20.4
Professional and management consulting services	0.7	0.9	1.2	1.0	0.7	0.4	0.4
Technical, trade-related, and other business services	9.7	12.8	21.6	21.6	20.5	18.6	20.0
Personal, cultural, and recreational services	0.0	0.0	0.0	0.0	0.0	171.4	73.7
Government services, n.i.e.	4.0	3.2	3.1	2.3	3.4	3.4	2.0
Embassies and consulates	1.9	2.0	1.3	1.1	0.4	0.4	0.4
Other government services	2.1	1.3	1.8	1.2	3.0	3.0	1.5
Imports of services	200.0	221.8	245.9	273.9	309.6	241.6	245.0
Transportation	55.3	54.3	58.4	65.8	77.0	46.8	54.1
Sea transport	34.9	35.1	42.0	46.7	47.5	39.3	46.1
Air transport	20.3	19.1	16.4	19.0	29.4	7.4	8.0
Passenger	19.8	18.5	15.7	18.0	28.2	6.8	7.3
Freight	0.1	0.2	0.2	0.6	0.7	0.5	0.5
Other	0.4	0.4	0.5	0.5	0.5	0.2	0.2
Postal and courier services	0.1	0.1	0.0	0.1	0.1	0.0	0.0
Travel	20.0	21.2	22.5	23.6	24.2	7.2	7.8
Construction services	5.4	6.6	5.5	9.8	12.0	11.0	8.8
Construction in the compiling economy	5.4	6.6	5.5	9.8	12.0	11.0	8.8
Insurance services	11.5	13.9	15.3	18.2	18.4	17.3	19.4
Direct insurance	8.1	9.1	10.7	12.4	12.5	11.0	12.6
Reinsurance	2.5	2.9	2.9	3.5	3.6	4.0	4.3
Auxiliary insurance services	1.0	1.9	1.7	2.2	2.4	2.4	2.6
Financial services	20.1	24.9	36.1	42.3	55.8	47.3	40.7
Charges for use of intellectual property	9.4	9.9	8.8	12.2	13.7	11.2	12.0
Telecommunications, computer, and information services (Combined)	3.7	3.5	3.6	3.2	2.9	5.0	5.4
Other business services	72.3	85.6	93.3	95.9	101.6	91.7	92.6
Professional and management consulting services	18.5	22.4	24.8	26.4	27.3	22.3	23.9
Technical, trade-related, and other business services	53.9	63.2	68.5	69.5	74.4	69.5	68.7
Government services, n.i.e.	2.2	1.8	2.3	2.9	4.0	4.0	4.3

	2015	2016	2017	2018	2019 ^a	2020 ^a	2021 ^b
Embassies and consulates	1.5	1.5	2.1	2.5	3.8	3.8	4.1
Other government services	0.7	0.3	0.2	0.3	0.2	0.2	0.2

a Preliminary data.

b Estimates.

Source: Eastern Caribbean Central Bank (ECCB).

1.27. With respect to services imports, technical, trade-related and other business services are the largest item. This partly reflects engineering and architectural services needed to implement disaster recovery projects such as rebuilding the houses that were destroyed by hurricanes. Other items of importance are sea transport and financial services, which accounted for some 20% of Grenadian services imports each year during the review period.

1.28. Reflecting that Grenada does not have merchant marine, nor a national air carrier, majority of goods imports and exports were carried by sea, costing USD 41 million each year on average. Most people in and out of the country travelled by air; air transport also carried some perishable or high value-added cargos (Table 1.4).

2 TRADE AND INVESTMENT REGIMES

2.1 General framework

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

2.2. Executive authority is vested in the Government led by the Prime Minister (PM) and his/her Cabinet. The appointment of the Prime Minister by the Governor General is generally done on the basis on the that he or she appears to command the majority of the support of the House of Representatives. The Prime Minister has exclusive authority to nominate elected members of his party to ministerial posts, although the Governor General makes such appointments, acting on PM's advice. The Cabinet is collectively responsible to Parliament for advice to the Governor General. The current Governor General was appointed in May 2013, and the Prime Minister assumed his office in June 2022.

2.3. The legislative branch is composed of a Senate and a House of Representatives. The Senate consists of 13 members appointed by the Governor General. Of the 13 senators, 7 are appointed on the advice of the Prime Minister; three on the advice of the Leader of the Opposition, and three on the advice of the Prime Minister, after consultation with organizations or interests groups that the PM considers should be represented. The House of Representatives consists of 15 members directly elected for a five-year term through a simple majority or first-past-the-post system.⁷ Grenada's last elections were held in March 2018, and the next election is expected to be held in 2023.

2.4. The judicial system is independent, and has four levels. At the lowest level, Magistrates Courts deal with routine matters, minor civil and criminal cases. Appeals may be brought to the Magisterial Court of Appeals or the High Court, which also deals with more serious cases. If necessary, appeals may be taken to the Eastern Caribbean Supreme Court, an itinerant court, based in Saint Lucia (Common Report). Grenada is party to the Agreement Establishing the Caribbean Court of Justice, a regional court with both original and exclusive jurisdiction for interpreting provisions of the Revised Treaty of Chaguaramas 2001, and appellate jurisdiction for municipal appeals from the member states. However, it has not made the required constitutional modifications to make its appellate jurisdiction the final court of appeal.⁸ The court of last resort remains the Judicial Committee of the Privy Council (in London).

2.5. The Constitution is the supreme law in Grenada.⁹ International agreements have no direct effect: they must be incorporated into domestic law before they may be invoked before the courts. Bills are normally introduced in the House, usually by a senior Minister. After passage in both chambers of Parliament, bills must receive the assent of the Governor General; they become law upon publication in the Government Gazette. Parliamentary Acts and Statutory Rules & Orders that were passed after 2011 are made available online by the Ministry of Legal Affairs, Labour and Consumer Affairs.¹⁰

2.6. Although most trade negotiations are usually handled by the minister responsible for trade, Cabinet has ultimate responsibility for authorizing the conclusion and signing of trade treaties and trade-related agreements. Once the negotiation of an international agreement is concluded, the Cabinet will approve or reject the agreement. When an international agreement is accepted by the Cabinet, the line ministry begins to prepare bills for Parliament to transpose its international obligations into domestic provisions.

⁷ Either chamber may initiate or amend legislation. However, the initiation of legislation related to public finances is subject to the Prime Minister's consent.

⁸ A revision of the Constitution is currently under way. Changes include the form of Government (republican versus constitutional monarchy) and the accession to the Caribbean Court of Justice as the final appellate court. Viewed at: http://www.gov.gd/egov/docs/budget_speech/Budget_Speech_2013.pdf.

⁹ The Grenada Constitution Order 1973.

¹⁰ Laws of Grenada. Viewed at: <https://laws.gov.gd/>.

2.2 Trade policy formulation and objectives

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

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

2.9. The Ministry of Foreign Affairs, Trade and Export Development is responsible for trade policy formulation, trade negotiations, and monitoring trade agreements. Trade negotiations are coordinated by the National Trade Policy Committee (NTPC), comprising representatives from ministries and departments involved in trade policy, as well as the private sector and civil society. There are regular consultations among the various stakeholders in the preparation and formulation of trade policy.

2.10. A Strategic Development Plan, Vision 2030 was announced on 26 November 2014. In this Plan, Grenada identified six strategic priorities to pursue, including: to enhance government; to foster a competitive private sector; to improve infrastructure; to stimulate innovation; to fight against climate change; and to build a caring society.

2.3 Trade agreements and arrangements

2.3.1 WTO

2.11. Grenada was a contracting party of the GATT, and has been a WTO Member since 22 February 1996. In the WTO, Grenada, like its OECS peers, is a member of the Small, Vulnerable Economies (SVEs)-NAMA group, a negotiating group comprising proponents of a proposal for flexibilities for SVEs in the NAMA negotiations. Grenada is also member of the ACP group, the G-90, the G-33 and the group of "W52" sponsors.¹¹

2.12. During the review period, Grenada submitted 22 notifications to the WTO, covering the repeal of its subsidies programme; its import licensing regime; the absence of anti-dumping measures; the activities of its State Trading Enterprises; and technical regulations (Table 2.1). Grenada also submitted a number of addenda and supplements, providing additional information to the notified measures. It appears that notifications in some areas are completely missing from Grenada, in particular in the areas of quantitative restrictions, sanitary and phytosanitary (SPS) measures, agriculture domestic support measures, and agriculture export subsidies.

Table 2.1 Notifications to the WTO, 2014–22

Topic and description	Document symbol	Document date
General Agreement on Tariffs and Trade		
Article XXIV:7(a), Free Trade Areas (CARIFORUM-UK EPA)	S/C/N/1025/Add.1 WT/REG420/N/1/Add.1	05/05/2021
	S/C/N/1025 WT/REG420/N/1	07/01/2021

¹¹ WTO online information. Viewed at: http://www.wto.org/english/tratop_e/dda_e/negotiating_groups_e.htm.

Topic and description	Document symbol	Document date
General Agreement on Trade and Services (GATS)		
Article V:7(a), Regional Trade Agreement (CARIFORUM-UK EPA)	S/C/N/1025/Add.1 WT/REG420/N/1/Add.1	05/05/2021
	S/C/N/1025 WT/REG420/N/1	07/01/2021
Contacts and enquiry points notified (Articles III:4 and IV:2)	S/ENQ/78/Rev.18	01/02/2019
Agreement on Subsidies and Countervailing Measures		
Notification and extension of the transition period for the elimination of export subsidies	G/SCM/N/284/GRD G/SCM/N/299/GRD G/SCM/N/315/GRD	21/04/2017
Notification and extension of the transition period for the elimination of export subsidies	G/SCM/N/275/GRD	21/8/2014
Agreement on Trade Facilitation		
Notification of Category A commitments	WT/PCTF/N/GRD/1	12/06/2015
Notification of Category B commitments	G/TFA/N/GRD/1	30/10/2018
Notification of Category C commitments	G/TFA/N/GRD/1/Add.1	22/08/2019
Notifications on detail contact points for exchange of information	G/TFA/N/GRD/2	07/08/2019
Notifications on contact points for office responsible for coordinating and prioritizing trade facilitation-related assistance and support for capacity-building	G/TFA/N/GRD/3	07/08/2019
Technical Barriers to Trade		
- Labelling of toys and playthings	G/TBT/N/GRD/17	12/05/2014
- Rice	G/TBT/N/GRD/18	18/09/2017
- Labelling of all prepackaged foods	G/TBT/N/GRD/19	20/03/2018
- Labelling of retail packages of tobacco products	G/TBT/N/GRD/20	23/11/2018
- Pneumatic passenger tyres	G/TBT/N/GRD/21	20/09/2019
- Hollow concrete blocks	G/TBT/N/GRD/22	20/09/2019
- Packaged water	G/TBT/N/GRD/23	07/11/2019
- Wet seasoning	G/TBT/N/GRD/24	09/12/2019
- Labelling of brewed products	G/TBT/N/GRD/25	09/12/2019
- Brewed products	G/TBT/N/GRD/26	09/12/2019
- Labelling of goods- general requirements	G/TBT/N/GRD/27	09/12/2019
- Labelling of goods- specific requirements for prepackaged goods	G/TBT/N/GRD/28	09/12/2019
- Labels of electrical appliances	G/TBT/N/GRD/29	09/09/2020
- Pneumatic tyres for commercial vehicles	G/TBT/N/GRD/30	09/09/2020
Transparency Mechanism for Regional Trade Agreements		
AAP.A25TM 31.1 (Article 25 of the TM80), Notification of changes affecting the implementation of a Regional Trade Agreement (CARICOM and Colombia)	WT/COMTD/RTA15/N/1 /Add.148	20/03/2020
AAP.A25TM 31.1 (Article 25 of the TM80), Notification of changes affecting the implementation of a Regional Trade Agreement (Colombia and CARICOM)	WT/COMTD/RTA15/N/1 /Add.148/Suppl.1	14/02/2022
AAP.A25TM 40 (Article 25 of the TM80), Notification of changes affecting the implementation of a Regional Trade Agreement (Cuba and CARICOM)	WT/COMTD/RTA15/N/1 /Add.156	20/03/2020
AAP.A25TM 24 (Article 25 of the TM80), Notification of changes affecting the implementation of a Regional Trade Agreement (CARICOM and the Bolivarian Republic of Venezuela)	WT/COMTD/RTA15/N/1 /Add.141	20/03/2020

Source: WTO Secretariat.

2.13. Grenada has not been a complainant or defendant in any case before the Dispute Settlement Body. Grenada joined the *European Communities – Regime for the Importation, Sale and Distribution of Bananas* as a third party.¹²

2.3.2 Regional and preferential agreements

2.14. Grenada is a founding member of the Organisation of Eastern Caribbean States (OECS). In 2011, Grenada ratified the Revised Treaty of Basseterre Establishing the Organisation of Eastern Caribbean States Economic Union, and is currently in the process of adapting legislation to fulfil the

¹² A mutually agreed solution was notified to the Dispute Settlement Body in November 2012. See WTO online information. Viewed at: http://www.wto.org/English/tratop_e/dispu_e/cases_e/ds_27_e.htm.

requirements of the Union. The goal is to reach a point where all policies will be common within the OECS, and economies of scale are achieved by avoiding a duplication of functions.

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

2.16. The Economic Partnership Agreement (EPA) between the United Kingdom and CARIFORUM States was signed on 22 March 2019 and notified to the WTO on 31 December 2020. Covering goods and services, the EPA entered into force on 1 January 2021 in Grenada. The provisions of the agreement and the negotiated schedule closely follow commitments of the already existing EU-CARIFORUM EPA.

2.17. Grenada is eligible for the GSP schemes of Canada, Japan, New Zealand, the Russian Federation, Switzerland, Türkiye, and the United States.¹³

2.4 Investment regime

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

2.19. In general, foreign investment in Grenada is not subject to any restrictions, and foreign investors receive national treatment. OECS citizens are granted rights of establishment as nationals. Investors from other countries are required to obtain alien landholding licences to invest in property¹⁴, and a work permit to gain employment. All fields of lawful economic activity are open to foreign investors, with the exception of some small-scale and low-technology services activities, especially in areas where there is local capacity. These include retail and distribution trade, taxi and self-drive services, restaurants and catering, night clubs, hair-dressing, laundry and dry cleaning, movie houses, travel agencies, and real estate agencies. Certain types of light manufacturing are also reserved for nationals.

2.20. Foreign investors are allowed to repatriate 100% of profits.¹⁵ There is no tax on capital gains. Businesses are liable for domestic taxes such as corporate income tax and property tax. The corporate income tax rate is now 28%, compared to 30% previously. Grenada maintains a withholding tax at 15% for non-resident payable on salaries, rent, royalties, fees and commissions, and non-bank deposit interests (Table 2.2).

¹³ Other qualifying members in the CARICOM region are: Belize, Dominica, Guyana, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. These countries are treated as one for GSP rule-of-origin requirements.

¹⁴ The cost of landholding licence is 10% of the value of the land or interest in the real estate or shares to be purchased.

¹⁵ Enterprises are guaranteed against expropriation (except in accordance with the Constitution), and guaranteed of the right to transfer overseas net profits or dividends, royalties and fees, or the proceeds in the event of the sale or liquidation of the enterprise.

Table 2.2 Summary of taxes and mandatory contribution in Grenada, 2022

Tax or mandatory contribution	Rate	Tax base	Comments
Corporate income tax	28%	All profits	
Personal income tax	15% (XCD 36,000-XCD 60,000); 28% (XCD 60,000 and above)	Profit/salary in excess of XCD 36,000	
Withholding tax (non-residents only)	15% (applied upon repatriation) 15% on Lottery winnings	Revenue earned	
Stamp tax	0%, 0.25% or 0.5% (depending on sales)	Gross sales receipts	
Customs duties (CET)	0%-40%	c.i.f. value of extra-CARICOM imports	
Customs service charge	6%	c.i.f. value of imports	
Excise Tax			
Social security contributions	Employer: 5% Employee: 6% Sole proprietors: 11%	Gross salaries	Subject to an annual cap of XCD 3,500
Property transfer tax (lands, real estates, companies, etc.)	Citizens: 5% (seller) Non-citizens: 10% (buyer) 15% (seller)	Sale price minus XCD 20,000	Real estate valued XCD 20,000 or less
Property tax	Land: 0% - 0.2%; Buildings: 0% - 0.3%; (depending on use)	Market value of the property Exemption on first XCD 100,000.	
Tax on cheque transactions	XCD 0.01	per cheque	
VAT	0%, 10% or 15%	Imports: c.i.f.+ duties and taxes Domestic goods and supplies: value receivable	Rates contained in Schedule IV and V of the Value Added Tax Act 2009
Environmental levy	Specific, or between 1% and 30%	c.i.f. value of imports	

Source: Information provided by the authorities.

2.21. The Grenada Investment Development Corporation (GIDC) is the primary agency responsible for investment promotion. It aims at attracting new FDI, and at promoting and facilitating the growth and development of businesses, in particular small businesses. Grenada welcomes any investment likely to have positive effects on income, employment, skills development, energy savings, and foreign exchange earnings, or likely to promote technology transfers domestically.

2.22. On 1 May 2016, Grenada adopted a new investment incentive regime (Section 3.3.1). Under the new regime, there are 10 sectors eligible for incentives: tourism (including tourism accommodation, tourism services); manufacturing; agriculture and agri-business; information technology service, telecommunication providers and BPO operations; education and training; health and wellness; medical services; sports; creative industries; and energy. Incentives granted are almost identical for these 10 sectors, except that the withholding tax is waived only for investment in tourism accommodation and health and wellness, and that the reduction in the Customs Service Charge is only available to investment in manufacturing. GIDC is responsible for administering this incentive programme. Incentives are granted on a case-by-case basis.

2.23. In 2013, the Government re-introduced its Citizenship by Investment programme.¹⁶ The programme allows qualified investors to apply to become a Grenada citizen or a permanent resident against an investment of at least USD 350,000 into approved projects, or against a payment of at

¹⁶ Grenada Citizenship by Investment Act, 2013. Grenada ran a similar programme between 1997 and 2001.

least USD 200,000 to the National Transformation Fund which was established for funding sponsored projects including public-private partnerships.¹⁷

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

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

¹⁷ Grenada Citizenship by Investment. Viewed at: www.cbi.gov.gd.

¹⁸ The TIEA with the United States has been in force since 1987; all the others were signed more recently and entered into force in 2012.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Customs procedures, valuation, and requirements

3.1. During the review period, Grenada modernized its Customs framework, with an aim to enhance entry-point services and revenue collection efficiency. As part of this Customs Reform, the new Customs Act (No. 9 of 2015) entered into force on 30 January 2015, repealing the previous Customs Act 1960 (as amended by Act No. 19 of 1991). The corresponding Customs Regulation 2018 (SRO 13 of 2018) also came into effect on 25 May 2018, replacing the previous Regulation (SRO 17 of 1961).

3.2. Grenada ratified the WTO Agreement on Trade Facilitation (TFA) on 8 December 2015, and has submitted to the WTO its notifications on the measures under Categories A, B, and C. About 73.5% of the TFA provisions have been implemented under Category A, while about 6.7% were designated under Category B. Eight measures were notified in Category C, and require technical assistance.

3.3. The Grenada Customs & Excise Division, under the Ministry of Finance, remains the enforcement authority concerning customs matters. The Ministry of Agriculture, the Ministry of Health, and the Grenada Bureau of Standards have regular personnel present at the border, responsible for enforcing technical regulations, and sanitary and phytosanitary (SPS) measures. There is no formal mechanism established between Customs and stakeholders for consultations on formulating/amending Customs-related policies, and procedures. The authorities noted that stakeholders' consultation meetings are called on *ad hoc* basis.

3.4. All persons may import or export goods to/from Grenada, as long as they complete the registration on Customs' computerized system, currently ASYCUDA World, before engaging in an import (or export) business.¹⁹ ASYCUDA World became fully operational in 2017. According to the authorities, traders may refer all Customs-related documents to ASYCUDA World and obtain all pertinent legislation, regulations, rules, and decisions, through the system. Those documents are not available on Customs' website. Traders may also obtain tariff information on ASYCUDA World.

3.5. All importation, irrespective of it being of commercial or non-commercial nature²⁰, must be declared when entering Grenada. For non-commercial imports with a value below XCD 3,000 (c.i.f. value), Customs may apply a simplified procedure. However, Customs officers have discretion to reinstate the normal procedure depending on the classification of the declared goods. The import documents required by Customs are the customs entry form (CARICOM Single Administrative Document/Simplified Customs Declaration), a commercial invoice, and the bill of lading/airway or shipping bill. Other documents, such as an import licence or permit, a certificate of origin, or a concession letter may be required if applicable.

3.6. An import declaration must be lodged either in person with Customs at the point of entry, or electronically on the ASYCUDA World platform within 48 hours of the shipment's arrival. Submitting a pre-arrival declaration is encouraged by the authorities; this allows importers to submit the declaration up to six hours prior to the cargo arrival.²¹ The authorities indicated that Customs usually takes one business day to process a declaration. Though a number of enforcement agencies are connected to ASYCUDA World, there is no Customs single window operating in Grenada.

3.7. All imports are subject to Customs inspection based on risk profiling. Risk profiling for imports is conducted through ASYCUDA World. Based on their risk profiles, goods may be cleared from Customs through one of the four channels: the red channel for high risk goods which requires documentary verification and inspection; the yellow channel for medium risk goods, requiring additional documentation, and possible further inspection of the goods; the green channel, for goods

¹⁹ Commercial importers are required to register with the Inland Revenue Division to obtain a Trade Identification Number, and a VAT identification number (if applicable).

²⁰ Non-commercial imports include those of personal effects, or of small parcels by post.

²¹ In case the bill of lading is not available at the time of submission, a commercial invoice is encouraged to be submitted first as part of the pre-arrival declaration.

deemed risk-free that can be released immediately without document verification nor inspection; and the blue channel for goods released immediately but subject to post-clearance control.

3.8. Upon the payment of import duties or after a duty guarantee is secured, imports are delivered from Customs custody. The authorities notified to the WTO that implementation of a pre-arrival processing of duties would require further technical assistance. Perishable goods may be released prior to properly submitting a declaration conditional on: (i) placing a security deposit for any import duty and tax liabilities, and (ii) undertaking to properly declare the imported goods within seven days of Customs clearance.²² The authorities stated that applications for the release of perishable goods are approved by the Customs Comptrollers on a case-by-case basis.

3.9. There are no legal provisions pertaining to expedite shipments. Pursuant to the Customs Act 2015, commercial imports by post (i.e. small parcels) are also subject to the same Customs control as commercial imports. According to the authorities, the simplified Customs procedure is applicable only to non-commercial imports.

3.10. There is no Authorized Economic Operator (AEO) programme in operation. The authorities indicated that they are exploring the possibility of developing a scheme similar to the Trust Trader Programme operating in neighbouring countries.

3.11. There are no legal provisions on advance rulings on matters of classification, origin, valuation, and compliance. The authorities indicated that no advance rulings are applicable in practice.

3.12. The use of Customs brokers is voluntary. Licences to operate as Customs brokers are granted by the Customs Comptroller only to Grenadian or CARICOM citizens. A Customs broker licence is valid for a calendar year; it is renewable.

3.13. Grenada does not use pre-shipment inspection.

3.14. Upon the enactment of the Customs Act 2015, Grenada modernized its legislation on Customs valuation. According to the authorities, the rules and procedures of customs valuation are in conformity with the Agreement on Implementation of Article VII of the GATT 1994. Transaction values, generally in terms of c.i.f. prices, are used as basis for customs valuation. The authorities further noted that the minimum price method is no longer used, as was the case in previous reviews.

3.15. The Customs Act 2015 provides traders with appeal procedures other than the Courts. Traders dissatisfied with a Customs decision may request reconsideration to the Comptroller within two weeks from the original decision date. In the case of any dispute over import duties between a trader and Customs, the protesting trader may appeal to the Comptroller in writing within 30 days upon the payment of a deposit or security; the Comptroller must respond within 30 days to the appeal by confirming or adjusting the amount of duty to be due. If the trader remains unsatisfied with the Comptroller's reconsideration of a decision, the trader in question may appeal against such decision to the Customs Appeal Commission within 21 days since the decision on reconsideration was made. In the case that a party is dissatisfied with a decision of the Commission, the dispute may be heard in the High Court for judicial remedies. The Customs Appeal Commission was established in 2018. As of end-September 2022, the majority of disagreements were solved in the first instance, a few cases were appealed to Comptroller, and none had reached the Appeal Commission, according to the authorities. As of November 2022, a Customs dispute case was being heard before the High Court.

3.1.2 Rules of origin

3.16. Grenada maintains preferential rules of origin for goods originated from the CARICOM member states; duty-free treatment is accorded only to goods shipped between member states that satisfy CARICOM origin rules. The CARICOM Treaty contains a derogation facility to the application of Common Market Rules of Origin for MDCs in CARICOM, known as the Safeguard Mechanism.

²² Article 76, the Customs Regulation 2018.

3.17. The EPAs with the European Union, as well as with the United Kingdom, contain specific rules of origin (Common Report).

3.18. Grenada has not notified to the WTO its preferential rules of origin, or its use (or non-use) of non-preferential rules of origin.

3.1.3 Tariffs

3.1.3.1 WTO bound tariffs

3.19. All tariff lines in Grenada are bound, at rates ranging between 0% and 200% (Table 3.2). The majority of lines under the WTO definition of agriculture are bound at 100%, except a number of lines corresponding to fruits (e.g. bananas, pineapples, citrus fruits) and spices (e.g. cloves, nutmeg, mace, ginger, saffron, turmeric), which are bound at 200%. As a result, the simple average rate of bound tariffs for agricultural lines is 100.7%. Non-agriculture goods are bound at rates that range between 50% and 100%.

3.1.3.2 Applied MFN tariffs

3.20. Grenada offers at least MFN treatment to all trading partners.

3.21. Grenada applies the CARICOM Common External Tariff (CET), with exceptions as listed in Lists A, C and D of the CET.²³ List A, contains items on which suspension of the CET has been granted for an indefinite period subject to review, with the rates determined by member States; List C, contains items in respect of which minimum rates have been agreed showing the actual rates to be applied by individual member States; and List D, contains two parts – Part I, listing products of tariff headings ex 73.21, ex 84.18, and ex 85.16, for which suspension of the CET has been granted to Belize for an unspecified period; and Part II, containing products of tariff headings ex 30.03 and ex 30.04 (medicaments), for which suspension of the CET has been granted to Saint Kitts and Nevis, other OECS Member States, and Belize. With the introduction of the OECS Economic Union in 2011, tariff changes are, in principle, under the responsibility of the OECS Economic Affairs Council. Tariff changes are generally announced in annual budget speeches, and notified to the CARICOM COTED.

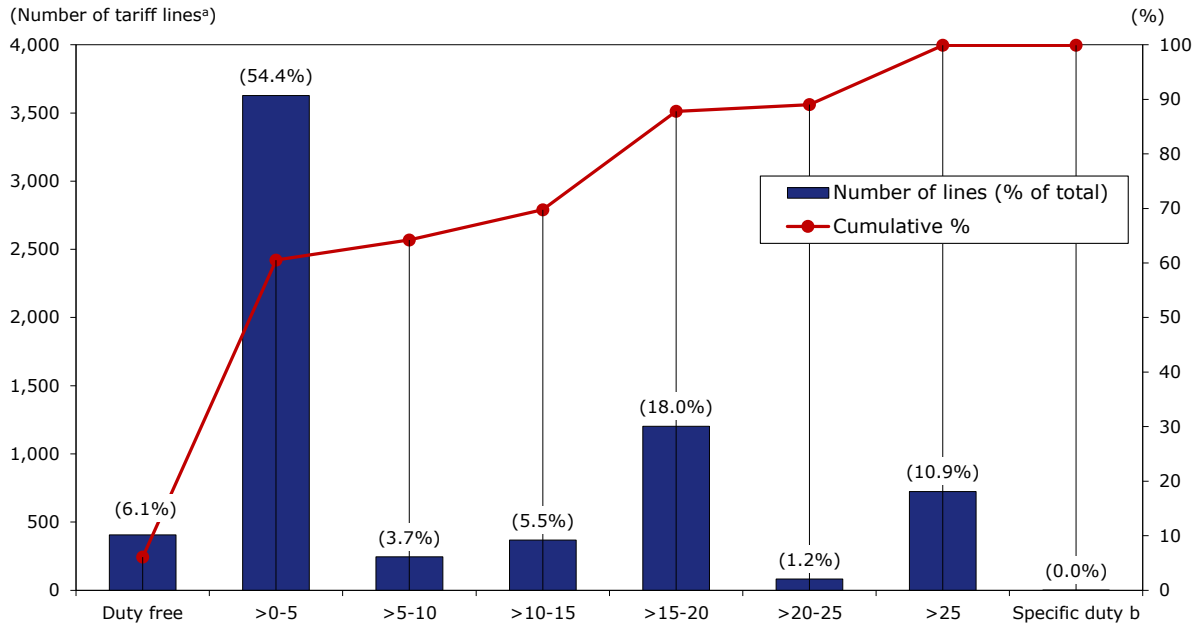
3.22. The 2022 MFN tariff and preferential tariffs were in HS-2012. The 2022 MFN schedule contains a total of 6,664 lines at 8-digit level, among which 6.1% of total lines are duty-free; 54.4% of total lines are rated at 5% or below; 27.2% of total lines are rated at between 5% and 20%; and about 11% of total line bear rates higher than 25% (Chart 3.1).²⁴

3.23. All tariff lines, except for one, are at *ad valorem* rates.²⁵ There are no seasonal duties, nor tariff quotas in operation (Table 3.1). During the review period, applied MFN tariff rates remained largely unchanged; changes occurred mainly to reflect the implementation of the suspension of the CET for 27 tariff lines as provided by Article 164 of the Revised Treaty of Chaguaramas. The simple average MFN tariff rate in 2022 was 12.1%, slightly up from 11.4% in 2013. The simple average tariff for WTO-defined agricultural goods was 20.4%, while the one for non-agricultural goods was 10.4%.

²³ Goods in List A may be imported at rates below the corresponding CET rates, while goods in List C at rates higher.

²⁴ The tariff analysis in this report is based on the tariff schedule in the WTO IDB that Grenada submitted in 2016, on the grounds that the authorities confirm that the 2016 submission to the WTO IDB remains applicable at the time writing this report.

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

Chart 3.1 Distribution of MFN applied tariff rates, 2020

- a The total number of lines is 6,664. This number includes six lines with no rate, excluded from the averages calculations.
- b One line has a specific duty.

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

Table 3.1 Structure of the tariff schedule, 2013 and 2020

	2013	2020
Total number of tariff lines	6,288	6,664
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	0.02	0.02
Non- <i>ad valorem</i> with no AVEs (% of all tariff lines)	0.02	0.02
Lines subject to tariff quotas (% of all tariff lines)	0.0	0.0
Duty-free tariff lines (% of all tariff lines)	5.4	6.1
Dutiable lines tariff average rate (%)	12.0	12.9
Simple average tariff (%)	11.4	12.1
WTO agriculture	19.2	20.4
WTO non-agriculture (incl. petroleum)	9.9	10.4
Domestic tariff "peaks" (% of all tariff lines)	7.5	7.7
International tariff "peaks" (% of all tariff lines)	28.5	30.2
Overall standard deviation	10.5	11.8
Bound tariff lines (% of all tariff lines)	100.0	100.0

Note: Non-*ad valorem* duty applies to one line. Domestic tariff peaks are defined as those exceeding three times the overall average applied rate. International tariff peaks are defined as those exceeding 15%.

Source: WTO Secretariat calculations, based on data received by the authorities.

3.24. In 2022 tariff schedule, the simple average tariff rate applicable to agricultural products (WTO definition) was 20.4%. The highest applied tariff rate, 100% is applied on products such as durum wheat, and beverages. For non-agricultural goods, the highest applied rate is 50%, applicable to, *inter alia*, wooden office furniture, upholstered seats with wooden frames, and paints and varnishes. Tariff duties at a rate of 35% are applicable to precious stones, machinery, and transport equipment (Table 3.2).

Table 3.2 Summary analysis of the MFN tariff, 2022

Description	MFN				Bound rates range (%)
	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	
Total	6,664	12.1	0-100	1.0	0-200
HS 01-24	1,326	23.0	0-100	0.8	0-200
HS 25-97	5,338	9.4	0-50	0.8	5 -200
By WTO category					
WTO Agriculture	1,126	20.4	0-100	0.9	0-200
- Animals and products thereof	178	23.6	0-40	0.6	25-100
- Dairy products	25	6.4	0-20	1.0	100
- Fruit, vegetables and plants	324	23.9	0-40	0.7	30-200
- Coffee and tea	29	17.4	5-40	0.8	100-200
- Cereals and preparations	144	16.9	0-100	0.9	0-100
- Oil seeds, fats and oils and their Products	109	15.0	0-40	1.1	0-200
- Sugars and confectionery	24	24.3	5-40	0.6	100
- Beverages, spirits and tobacco	121	29.9	5-100	0.7	30-100
- Cotton	6	5.0	5	0.0	100
- Other agricultural products n.e.s.	166	12.2	0-100	1.5	0-200
WTO Non-agriculture (incl. petroleum)	5,538	10.4	0-50	0.9	50-100
- WTO Non-agriculture (excl. petroleum)	5,502	10.4	0-50	0.9	50-100
- - Fish and fishery products	278	29.1	0-40	0.5	50-100
- - Minerals and metals	1,136	8.1	0-35	0.9	50
- - Chemicals and photographic supplies	1,028	7.5	0-50	0.9	50-100
- - Wood, pulp, paper and furniture	340	10.6	0-50	0.8	50
- - Textiles	641	7.6	0-30	0.8	50
- - Clothing	282	19.8	5-20	0.1	50
- - Leather, rubber, footwear and travel goods	182	10.3	0-25	0.7	50
- - Non-electric machinery	609	6.5	0-35	0.9	50
- - Electric machinery	283	10.8	0-35	0.8	50
- - Transport equipment	235	12.0	0-30	0.8	50
- - Non-agriculture articles n.e.s.	488	13.2	0-35	0.7	50
- Petroleum	36	11.1	0-25	0.8	50
By HS section					
01 Live animals & prod.	455	26.3	0-40	0.6	25-100
02 Vegetable products	436	20.9	0-100	0.9	0-200
03 Fats & oils	54	24.7	5-40	0.6	0-200
04 Prepared food, etc.	381	21.3	0-100	0.8	0-200
05 Minerals	197	7.3	0-25	0.7	50
06 Chemical & prod.	949	7.2	0-50	0.9	50-200
07 Plastics & rubber	256	8.6	0-25	0.7	50
08 Hides & skins	81	10.8	5-20	0.7	50-100
09 Wood & articles	134	10.7	0-20	0.5	50
10 Pulp, paper, etc.	172	7.6	0-20	0.9	50
11 Textile & articles	912	11.0	0-20	0.7	50-100
12 Footwear, headgear	59	16.3	0-20	0.4	50
13 Articles of stone	187	10.6	0-25	0.7	50
14 Precious stones, etc.	62	19.8	0-35	0.8	50
15 Base metals & prod.	733	7.3	0-35	0.7	50
16 Machinery	911	7.9	0-35	0.9	50
17 Transport equipment	246	11.8	0-30	0.8	50
18 Precision equipment	229	11.3	0-30	0.8	50
19 Arms and ammunition	22	23.9	0-35	0.5	50

Description	MFN				Bound rates range (%)
	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	
20 Miscellaneous manufacturing	180	16.3	0-50	0.6	50
21 Works of art, etc.	8	20.0	20	0.0	50

Note: Bound rates are provided in HS12 classification and applied rates in HS17; therefore there may be a difference between the number of lines included in the calculation.

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

3.25. Some tariff rates applied by Grenada on foods are below the CET rates (Lista A), while some rates for manufactured goods are higher (List C). Grenada applies higher rates than CET on products such as alcoholic beverages (including beer, wine, and spirits); tobacco products (including cigars and cigarettes); petrochemical products (e.g. fuels, lubricants); articles related to motor vehicles repairs (e.g. windscreens, breaks); and luxury goods (e.g. precious stones, jewellery).

3.26. Under Article 164 of the Revised Treaty of Chaguaramas an OECS country may request temporary suspension of the Community origin treatment for certain products as a measure to promote the development of an industry. Following consultations, products covered under Article 164 include soft drinks, beers, malts, curry, candles, water, flour, animal feed, and wooden furniture. Statutory Rules and Orders No. 31 of 2020, which entered into effect on 15 May 2020, suspended the CARICOM CET on 27 tariff lines for a period of nine years until 4 July 2029.²⁶ This temporary suspension of the CET resulted in a hike in the applied rates for these 27 tariff lines. The increase was of 50% for imports from "more developed CARICOM countries", and 100% for imports that do not satisfy CARICOM/CSME rules of origin.

3.27. As shown in the previous TPR report, the applied MFN rates for 18 tariff lines exceed their corresponding bound rates. All these lines are related to agricultural products, including beef, poultry offal, sweet peppers, as well as certain juices and alcoholic beverages. Among these lines with broken bindings, seven lines relate to beef and poultry offal whose MFN rates are lower than the corresponding CET rates, while seven lines relate to alcoholic beverages and have higher MFN rates than the CET rates (Table 3.3).

Table 3.3 Tariff headings where applied rates exceed bound rates, 2020

Tariff line	MFN rate	Bound rate	CET rate	Description
02023010	30	25	40	Meat of bovine animals, frozen: Tenderloin
02023020	30	25	40	Meat of bovine animals, frozen: Sirloin
02023030	30	25	40	Meat of bovine animals, frozen: Minced (Ground)
02023090	30	25	40	Meat of bovine animals, frozen: Other
02071430	30	25	40	Meat and edible offal, fresh, chilled or frozen: Of fowls of the species Gallus domesticus: Livers, frozen
02074300	30	25	40	Meat and edible offal, fresh, chilled or frozen: Of ducks: Fatty livers, fresh or chilled
02075300	30	25	40	Meat and edible offal, fresh, chilled or frozen: Of geese: Fatty livers, fresh or chilled
07096010	40	35	40	Other vegetables, fresh or chilled: Sweet peppers
15079000	40	35	40	Soya-bean oil and its fractions, whether or not refined, but not chemically modified: Other
20099020	40	30	40	Fruit juices; Other mixtures of grapefruit juice and other juice
20099030	40	30	40	Fruit juices; Other mixtures of orange juice with other juice
21069080	35	30	20	Food preparations; of types used in the manufacture of beverages with an alcoholic strength by volume exceeding 0.5% vol
22030090	35	30	30	Beer made from malt: Other
22041000	35	30	15	Wine of fresh grapes, including fortified wines; Sparkling wine

²⁶ Grenada Customs (Suspension of Common External Tariff) Order. Viewed at: https://laws.gov.gd/index.php?option=com_edocman&task=document.viewdoc&id=907&Itemid=212.

Tariff line	MFN rate	Bound rate	CET rate	Description
22042100	35	30	15	Wine of fresh grapes, including fortified wines; grape must with fermentation prevented or arrested by the addition of alcohol: In containers holding 2 litres or less
22042910	35	30	5	Wine of fresh grapes, including fortified wines; Grape must with fermentation prevented or arrested by the addition of alcohol
22042990	35	30	15	Wine of fresh grapes, including fortified wines; grape must with fermentation prevented or arrested by the addition of alcohol: Other
22043000	35	30	5	Wine of fresh grapes, including fortified wines; grape must with fermentation prevented or arrested by the addition of alcohol: Other grape must

Source: WTO Secretariat.

3.1.3.3 Tariff and tax concessions

3.28. Like other CARICOM countries, Grenada maintains a List of Conditional Duty Exemptions, which is included in the CARICOM External Tariff Statutory Rules and Orders No. 37 of 2009. The list contains items classified under 53 HS headings, as well as the purpose for which the goods are imported.

3.29. Import duty exemptions are available for beneficiary industries under Grenada's Investment Promotion Act. Import duties and the Customs Service Charge are not applied on imports destined for government institutions; SRO 37/99 provides the legal basis for this exemption. Customs and the Grenada Industrial Development Corporation examine the full List of Conditional Duty Exemptions (Section 3.3.1).

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

3.1.3.4 Tariff preferences

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

3.32. Under CARIFORUM's Economic Partnership Agreements (EPAs) with the European Union and with the United Kingdom, Grenada grants preferential access to most products originated from the European Union. The United Kingdom's preferences are being implemented gradually – most products originating in the European Union and the United Kingdom are expected to be granted duty-free access to Grenada and other OECS countries by end-2033.

3.1.4 Other duties and charges

3.1.4.1 Customs service charge

3.33. A Customs Service Charge (CSC) is collected on imports, including goods originating from CARICOM countries. Effective on 21 February 2014, the rate of CSC was increased to 6% of the c.i.f. value, compared to 5% before. According to the authorities, the increase in the CSC was part of the Government's fiscal consolidation efforts upon the advice from the IMF. Grenada has not included other duties and charges applied on imports in its WTO tariff schedule of bindings.

3.34. As an incentive, firms in the manufacturing sector pay the CSC at the reduced rate at 3% on their raw materials imports.²⁷

3.1.4.2 Other taxes

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

3.36. The VAT is levied at a standard rate of 15% on most goods and services.²⁸ The VAT on some supplies is either zero-rated or exempted²⁹, as listed on the Third and the Fifth Schedules of the VAT Act. Gasoline, diesel, LPG, cooking gas, and kerosene may also be zero-rated if they have been already subject to the Petrol Tax. Effective on 1 May 2016, building materials for qualifying investment projects are exempted from the VAT.³⁰

3.37. Products subject to the excise tax include alcoholic beverages, cigarettes and tobacco products, and motor vehicles.³¹ Effective 27 May 2014, five types of goods become excisable at a rate of 5%, including luxury goods³², motor oils, tyres, vehicle batteries, and vehicle parts.³³ Under certain circumstances, excise tax exemptions are granted on imported goods that are exempted from the VAT. Exemptions may be also granted, at the discretion of the Minister of Finance, to certain industries or products. From 6 April 2016, imports of rum or tafia as raw materials, and of motor vehicles, are exempted from excise tax.³⁴ Under some circumstances, excise tax paid on imports can be refunded if the goods comply with the conditions for a duty drawback.

3.38. Effective 16 October 2015, petroleum products imported for local consumption are subject to a Petrol Tax of XCD 5.5 per gallon at the time of the importation³⁵, compared to XCD 3.5 per gallon before. These products are zero-rated for VAT purposes.

3.39. An environmental levy applies to imported vehicles, "white goods"³⁶, and beverage containers.³⁷ The rate is 1% of the c.i.f. value for "white goods", and ranges from 2% to 30% of the c.i.f. value for cars (depending on the age) and trucks over five years old (depending on the tonnage). Effective 24 April 2015, vehicle tyres are subject to an environmental levy of XCD 7 for a new tyre, and XCD 13 for a used tyre.³⁸

²⁷ The authorities note that the incentive for some manufacturing companies paying CSC at a rate as low as 0.2% when importing raw materials as inputs was abolished on 1 May 2016 when the new investment incentive scheme entered into force.

²⁸ Mobile telecommunication services and tourism service are taxed at 20% and 10%, respectively (Value Added Tax Regulations (SRO 41 of 2009)). Diving activities, together with hotels and holidays, also attract the special rate of 10%.

²⁹ Goods used to produce exempted supplies are also exempted.

³⁰ Value Added Tax (Amendment) Act 2016. Viewed at: https://laws.gov.gd/index.php?option=com_edocman&task=document.download&id=1214&Itemid=213.

³¹ Excise Tax Act, First Schedule.

³² Luxury goods means a motor vehicle or a yacht that is valued more than XCD 200,000.

³³ SR&O 16 of 2014, Excise Tax Order. Viewed at: https://laws.gov.gd/index.php?option=com_edocman&task=document.download&id=608&Itemid=212.

³⁴ Excise Tax (Amendment) Act, 2016. Viewed at: https://laws.gov.gd/index.php?option=com_edocman&task=document.download&id=1216&Itemid=213.

³⁵ SR&O 37 of 2015, Petrol (Tax Rate) (No. 2) Order. Viewed at: https://laws.gov.gd/index.php?option=com_edocman&task=document.download&id=687&Itemid=212.

³⁶ These include stoves, ranges, grates, cookers and other cooking appliances (73.21); fans (84.14.50); air conditioning machines (84.15.10); refrigerators, freezers and other refrigerating or freezing equipment, electrical or other (84.18); clothes driers for domestic and other uses (84.21); dish washing machines (84.22.10); household or laundry-type washing machines (84.5); vacuum cleaners (8509.1); floor polishers (8509.2); kitchen waste disposer (8509.3); food grinders and mixers, fruit or vegetable juice extractors (8509.4); fruit or vegetable juice extractors (8509.8); electric heaters (85.16); television receivers, including videos monitors and video projectors (85.28); and motor vehicles (87.02, 87.03, 87.04, 87.05, 87.11, 87.12). Environmental Levy Act, Second Schedule.

³⁷ This levy is also applied on households that consume 100 kWh or more of electricity per month, and on stay-over and marine visitors.

³⁸ SR&O 13 of 2015 Environmental Levy (No. 2) Order, 2015. Viewed at: https://laws.gov.gd/index.php?option=com_edocman&task=document.download&id=663&Itemid=212.

3.40. For plastic or glass containers, the levy is charged at a rate of XCD 0.25 to XCD 0.50 per container. The levy may be refunded partly (75%) if the importer produces to the Comptroller of Customs, within six months of importation, satisfactory evidence of re-export of the container or its disposal in a manner acceptable to the Grenada Solid Waste Management Authority. A full refund is granted for containers imported for manufacturing purposes that are re-exported.

3.1.5 Import prohibitions, restrictions, and licensing

3.1.5.1 Import prohibitions

3.41. In accordance with the Customs Act, 2015, imports of products listed in Part I of Schedule III are prohibited. According to the authorities, such import prohibitions are implemented on public safety and moral grounds, for human life and environment protection, and for compliance with Grenada's international obligations.

3.42. Effective 14 September 2018, the importation of expanded polystyrene food containers (such as disposable plastic plates, spoons, forks, bowls, cups; Styrofoam food boxes, plates, bowls, cups, and egg boxes) and shopping bags is prohibited.³⁹

3.43. Grenada has not notified to the WTO any quantitative restriction measures.

3.1.5.2 Import restrictions and licensing

3.44. Importation of goods listed in Part II of Schedule III of the Customs Act is not allowed, unless importers acquire prior permits from the relevant authorities (Table 3.4).

Table 3.4 Import restrictions, 2022

Product	Approval authorities
Arms and ammunition, mace and pepper spray	Commissioner of Police
Gunpowder, blasting powder, detonators and high explosives of any description	Commissioner of Police
Cannabis sativa, cannabis indica, choras, ganjaor any preparation or mixture of such goods	Chief Medical Officer
Any goods which bear a design, in imitation, of any currency or bank notes or coin	Finance Minister
Kerosene oil and other petroleum products	Finance Minister
Cigarette-making appliances	Finance Minister
Spirits and wine	Comptroller
Tobacco, cigars, cigarillos or cigarettes (net weight > 20 pounds)	Comptroller
Extracts, essences or other concentrations of tobacco or any admixture of such goods	Comptroller
Motor vehicles with 10 years or more since its manufactured date	Various authorities

Source: Information provided by the authorities.

3.45. Effective 1 July 2020, the importation of motor vehicles that are 10 years old or older is restricted. Imports of such vehicles require permits from various authorities, depending on the type and the use of the vehicles. Exceptions are given to certain type of cars such as special purpose vehicles (e.g. vehicles transporting physically challenged persons), tractors, and heavy goods vehicles.⁴⁰

3.46. According to the authorities, import licensing requirements for products that importers are encouraged to source from OECS countries or CARICOM were abolished on 15 May 2020; instead, higher tariff rates (i.e. suspension of CET treatment) are applicable to such products temporarily

³⁹ SROs No. 18 and 19 of 2018. Viewed at:

https://laws.gov.gd/index.php?option=com_edocman&task=document.download&id=829&Itemid=212, and https://laws.gov.gd/index.php?option=com_edocman&task=document.download&id=830&Itemid=212.

⁴⁰ SRO No. 43 of 2020. Viewed at:

https://laws.gov.gd/index.php?option=com_edocman&task=document.download&id=919&Itemid=212.

until 4 July 2029 (Section 3.1.3.2).⁴¹ The authorities maintain that tariffication of licensing requirements on industry development grounds enhances policy transparency and simplifies its implementation.

3.47. Apart from the products listed for suspension of CET treatment, the list of products subject to import licensing requirement remained unchanged from the previous Review (Table 3.5). The import licensing regime is regulated by the Supplies Control Act, Cap 314. According to the authorities, the system is used for regulating and monitoring, security, and environmental purposes. Licensing requirements are applied to goods from all countries except from other OECS members.

Table 3.5 Import licensing regime, 2022

Products	Importation policy
Chicken	Whole chicken restricted
Eggs	Restricted
Processed pork products	Restricted
Milk (bulk)	Powdered milk (bulk full cream) restricted
Sugar	Sugar restricted
Rice (bulk)	Rice (bulk) restricted
Ground spices	Restricted
Jellies & jams	Restricted
High-proof spirits	Restricted
Cigarettes	Restricted
Paint	Paint restricted except specialized
Varnishes & lacquers	Restricted
Toilet paper	Restricted
Other tissue paper	Restricted
Corrugated galvanised sheets	Restricted
Aluminium windows, doors & parts thereof	Restricted
Wooden doors incl. panelled doors	Restricted
Mattress & mattress supports	Restricted
Mops	Restricted
War toys	100% restricted

Source: WTO Secretariat, based on WTO document G/LIC/N/3/GRD/3, 9 October 2009.

3.48. Imports of ozone-depleting substances are subject to quota control. Quotas are determined annually and are communicated to importers in writing or published in the Gazette. According to the authorities, quotas are allocated to applicants on a "first-come, first-served" basis. Once a quota is allocated, an import licence is issued, serving as a permit for imports. Applications for a quota should be submitted one week prior to the arrival of goods, and are processed within 48 hours.

3.49. The regime is administered by the Licensing Division, under the Ministry of Economic Development, Planning, Trade and Cooperatives. The validity of a licence varies from three months to one year, dependent on the licence condition. A fee of XCD 5 is charged for each licence issued. Licences are not transferable, and there are no penalties for non-use.

3.50. Grenada's latest notification on import licensing procedures was submitted to the WTO in September 2014.⁴²

3.1.6 Contingency measures

3.51. The legal framework regarding contingency measures remained unchanged during the review period. The legislation on anti-dumping and countervailing measures dates from 1960, and there is no legislation on safeguards. Grenada has not established a national authority for trade remedies.

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

⁴¹ SRO No. 31 of 2020. Viewed at: https://laws.gov.gd/index.php?option=com_edocman&task=document.viewdoc&id=907&Itemid=212.

⁴² WTO document G/LIC/N/3/GRD/4, 8 September 2010.

3.53. Imports from other CARICOM member States are not subject to national trade remedy measures. However, Grenada may invoke safeguard provisions in the Revised Treaty of Chaguaramas to limit imports of goods from other CARICOM member States, for up to three years (unless COTED authorizes a longer period)⁴³, and/or to petition COTED to suspend community origin treatment to certain products and to apply tariff rates higher than the CET.⁴⁴

3.54. According to the authorities, Grenada has never taken anti-dumping, countervailing, or safeguard actions.

3.2 Measures directly affecting exports

3.2.1 Procedures

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

3.2.2 Export taxes, charges, and levies

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

3.57. Exports are VAT zero-rated.

3.2.3 Export prohibitions, restrictions, and licensing

3.58. As listed in Part IV of the Schedule III of the Customs Act 2015, exportation of narcotic and psychotropic substances, as well as endangered species of animals and plants (including live or dead, or their products/derivatives) is restricted, unless exporters obtain a licence/permit from the relevant authorities.

3.59. In order to export restricted products, exporters must seek prior approval from the relevant line ministries (Table 3.6). For cocoa and nutmeg, whose exportation is subject to state trading (Section 3.3.4), exporting small amounts of such products by private exporters is possible, provided they obtain an export licence from the relevant state trading entity. According to the authorities, such licensing requirement is maintained for quality control, to ensure that the quality of exports in small amounts is in line with quality of exports by the corresponding state trading entity. A fee of XCD 5 is charge per licence. Licences not transferable.

Table 3.6 Goods subject to exports control and/or licensing, 2022

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

Source: Information provided by the authorities.

⁴³ Revised Treaty of Chaguaramas, Article 150.

⁴⁴ Revised Treaty of Chaguaramas, Article 164.

3.60. The Agricultural Industries Protection Act, Cap 7 enables the Minister of Agriculture to prohibit temporarily the exportation of plants necessary for the establishment or extension of any agricultural industry in Grenada, or to make exportation contingent upon the receipt of a licence.

3.2.4 Export promotion and assistance

3.61. Grenada has notified to the Committee on Subsidies and Countervailing Measures (SCM) that on 1 May 2016 its laws related to export subsidies (i.e. the Fiscal Incentive Act and the Qualified Enterprises Act) were repealed, and that its export subsidy programmes were abolished.⁴⁵ During the review period, a new National Export Strategy (NES) was implemented.

3.62. At the regional level, the OECS's Export Development Unit has the mandate to contribute to the promotion and marketing of domestic products of the different OECS countries. Support is generally limited to participation in trade fairs and trade promotion activities at the request of the Government. Financial support may also be provided by the Government to allow exporters to participate in trade fairs.

3.63. The Grenada Investment Development Corporation (GIDC) operates three business parks in the country⁴⁶, providing commercial real estate facilities for "export ready" businesses. Each of the three business parks has its own target industry, for instance, Frequente Park and Seamoan Park aim to attract businesses in the ICT, agro-processing, warehousing, and manufacturing sectors, while St Patrick Park targets business processing and retail. According to the authorities, there is no financial assistance for tenants in these business parks.

3.2.5 Free zones

3.64. The Free Trade and Processing Zone Act, 2015 entered into force on 25 August 2015. Only approved enterprises may be engaged in approved activities in the free zones. Import and export licensing requirements are waived for enterprises in the free zones. Also, enterprises in the free zones enjoy tax and duty concessions including exemption of customs duty, VAT, excise tax, and corporate income tax.

3.65. Activities approved to operate in the free zones are listed in Schedule I of the Act, and include establishing commercial, financial, business and service centres; sea and air transport operation; warehousing; export processing; packaging; and assembling. In accordance with the Act, free zones are managed by a company under a concession agreement for 60 years; the concession is renewable.

3.66. There is no free zone or export processing zone currently in operation in Grenada.

3.3 Measures affecting production and trade

3.3.1 Incentives

3.67. On 1 May 2016, Grenada adopted a new investment incentive scheme. The authorities state that the new scheme consolidated the incentive provisions previously scattered in various acts and removed provisions that are against Grenada's international obligations; hence it improved transparency and enhanced certainty.

3.68. The incentives provided by the Investment Promotion Act for qualified investment projects are linked to amendments to other Acts, such as the Income Tax Act, the Property Transfer Tax Act, the Customs Act, the Value Added Tax (VAT) Act, the Excise Tax Act, and the Customer Service Charge Act. Incentives may be granted in the form of investment allowance, tax credit, carrying forward of a loss, VAT suspension, customs duties and excise tax exemptions, waivers of property transfer tax and withholding tax, and reduction of the CSC (Table 3.7).

⁴⁵ WTO documents G/SCM/N/284/GRD, G/SCM/N/315/GRD, and G/SCM/N/299/GRD, 21 April 2017.

⁴⁶ Grenada Investment Development Corporation, Facilities Business Unit. Viewed at: <https://facilities.gd/about-us/>.

Table 3.7 Investment incentives, 2022

Inventive	Details
Investment allowance	100% capital expenditure 15 years maximum period for unutilized investment allowances carried forward
Carry-forward losses	100% losses incurred in any one year can be carried forward for a period of 6 years and offset against 100% of any taxable income earned
Tax credit for training	Training allowance (deductible) at rate of 150% of the qualifying cost of training (not to exceed XCD 5,000/employee)
Tax credit R&D	150% for agri-business projects (no deduction granted on: (i) expenditure on routine testing; (ii) efficiency surveys on management studies; (iii) routine data collection; and (iv) market research or sales promotion)
Customs duty exemptions	100% waiver on building materials, fixtures, furnishings, networking elements, computer hardware and software (not available locally or regionally); for first installation, extension, and expansion of buildings 100% waiver on production machinery, equipment and spare parts 100% waiver on raw materials (not available locally or regionally) and packaging materials 100% waiver on office equipment, computers, network elements, infrastructure materials and equipment for initial supplying and expansion of Information and Communication Technology facilities 100% waiver on office supplies and stationery 100% waiver on specialized vehicles (50% waiver on commercial vehicles) (up to 6 vehicles) 100% waiver on 1 high-end luxury vehicle for tourist accommodation facilities (rated 4 stars and above) 100% waiver on ambulances and specialized medical vehicles (for certified medical facilities) 75% on certain heavy equipment 100% waiver on raw materials and spare parts for the marine and boatyard sector 100% waiver on building materials, fittings and furnishing (if not available locally and regionally) to upgrade tourist accommodation facilities 100% waiver on spare parts, soft furnishings and linens for tourist accommodation facilities 100% waiver on building materials, fixtures and furnishings for initial construction and equipping (if not available locally and regionally) for student accommodation facilities 100% waiver on boats, engines, compressors, scuba tanks, regulators, consoles, buoyancy control devices, dive computers, safety equipment, and other equipment to establish and/or expand dive and water sporting operations 100% waiver on tour buses, limousines and other high-end luxury vehicles (maximum of 2 vehicles every 5 years) for tour operators 100% waiver on ATVs, bicycles, and similar vehicle for the establishment of tour operations 100% waiver on heavy equipment for use in the construction of tourism accommodation projects (investment cost in excess of XCD 80 million and with construction period superior to 2 years)
VAT suspension	Importation of capital goods subject to customs duty exemption Refund on local purchase of capital goods Exemption on local purchases of building materials and capital goods for priority projects with VAT-able activities, and qualifying cost in excess of XCD 30 million % VAT waived in keeping with duty exemption on commercial vehicles imported/purchased
Excise tax exemption	Waiver of the excise tax in keeping with % duty exemption on raw materials and vehicles
Customs Service Charge reduction	Reduced rate of 3% on raw materials
Property transfer tax waivers	50% reduction for the acquisition of property, where the property purchased is by a non-national investor for use in a priority sector project eligible for the investment allowance 75% reduction for the acquisition of property located within the parish of St George (cost superior to XCD 30 million but less than XCD 80 million) 100% reduction for the acquisition of property located outside the parish of St George (cost superior to XCD 30 million) or located in St George's (cost superior to XCD 80 million) for residential tourism development 1% for the developer, and 5% for the purchaser on the first sale of property participating in the rental pool programme within an approved tourism development

Inventive	Details
	2.5% on subsequent sales by the purchaser and seller, provided that the property is maintained within the rental pool programme of the approved tourism development
Withholding tax waiver	50% on interest charges associated with the financing, and royalty fees (limited to non-related parties) associated with the operation of the projects (qualifying cost exceeding XCD 30 million but less than XCD 80 million) 100% on interest charges associated with the financing, and royalty fees (limited to non-related parties) associated with the operation of the projects (qualifying cost exceeding XCD 80 million)

Source: Grenada Investment Development Corporation, *Grenada's Investment Incentives Guide*.

3.69. Ten sectors (agriculture and agri-business; manufacturing; energy; information technology services, telecommunication providers, and BPO operations; tourism; education and training; health and wellness; medical services; sports; and creative industries) are eligible for the incentives; eight of those sectors are related to services.

3.3.2 Technical regulations and standards

3.70. Grenada continues to make minimal use of technical regulations. The framework for technical regulations and standards has remained largely unchanged since its previous review. As of end-2022, there were 150 national standards in Grenada⁴⁷, of which 24 had become technical regulations in force (Table 3.8). During the review period, Grenada submitted 14 notifications to the WTO TBT Committee, covering specifications for pneumatic tyres and hollow concrete blocks, and labelling requirements, especially for toys and prepackaged food/water/tobacco products.

Table 3.8 Technical regulations, 2022

Standard no.	Standard title
GDS 1: PART 1: 1990	Specification for the Labelling of Commodities - General Principles
GDS 1: PART 2: 1990	Specification for the Labelling of Commodities - Labelling of Prepackaged Goods
GDS 1: PART 3: 1990	Specification of all Products Manufactured from Textile
GDS 1: PART 4: 2018	Specification for Labelling of Prepackaged Foods
GDS 1: PART 5: 1992	Specification for Care Labelling of Textile Articles
GDS 1: PART 6: 1997	Labelling of Retail Packages of Cigarettes
GDS 1: PART 7: 1999	Specification for Labelling - Labelling of Pesticides and Other Toxic Chemicals
GDS 1: PART 8: 2001	Specification for the Labelling of Domestic Electrical Appliances
GDS 6: 1992	Specification for Hollow Concrete Blocks
GDS 12: 1992	Specification for Wheat Flour
GDS 14: 1992	Specification for Toilet Tissue
GDS 25: 2003	Specification for Requirement for Assessment, Licensing and Registration of the Accommodation Sector in Grenada
GDS 26: 1997	Specification for Pneumatic Passenger Car Tyres
GDS 41: 1998	Requirements for Labelling of Brewery Products (Beer, Stout, Shandy, and Malt)
GDS 42: 1998	Wet Seasoning
GDS 48: 1998	Specification for Pneumatic Tyres for Highway Commercial Vehicles
GDS 50: 1999	Specification for Portland Cement: Guidelines for Procurement and Use
GDS 63: PART 2: 2002	Specification for Ready-Mix Concrete
GDS 69: 2017	Rice - Specification
GDS 70: 2003	Specification for Safety Matches
GDS 71: 2003	Specification for Packaged Water
GDS 73: 2003	Specification for Rum
GDS 74: 2003	Specification for Brewery Products
GDS 78: 2005	Specification for Corrugated Galvanized and Aluminium and Zinc (Aluzinc) Coated Steel Sheets for Roofing and General Purposes

⁴⁷ Grenada Bureau of Standards, *Standards Information Centre*. Viewed at: <http://www.gdbs.gd/StandardsInfo.html>.

Standard no.	Standard title
GDS 84: 2008	Specification for the Labelling of Toys and Playthings
GDS 120: 2014	Labelling of Tobacco Products (including Cigarettes)

Source: Information provided by the authorities.

3.71. The Grenada Bureau of Standards (GDBS) is the sole agency responsible for developing national standards, and coordinating inputs from stakeholders during the process.⁴⁸ The GDBS is the enquiry point and national notification authority under the WTO TBT Agreement. The GDBS is a member of the Caribbean Regional Organisation for Standards and Quality, the Pan American Standards Commission, the International Electro-technical Commission (affiliate member), and the Inter-American Metrology System.

3.72. Grenadian standards are formulated by a GDBS technical committee, which coordinates inputs from stakeholders. Once a "committee draft" is finalized, it will be published on the GDBS website for public consultation and comments for a period of two months. If comments are received, the draft is sent back to the technical committee for review; the draft is then forwarded to the Standards Council (the GDBS's decision-making body) for approval. Once adopted, standards are published in the Official Gazette, with a 60-day notice period for technical regulations. The authorities state that the GDBS makes extensive references to international standards in the process of formulating standards and generally adapts or adopts international or regional standards. The authorities indicate that more than half of Grenadian standards are adopted or adapted from international standards.

3.73. At the CARICOM level, the CARICOM Regional Organization for Standards and Quality (CROSQ) is mandated to establish and harmonize standards within CARICOM.⁴⁹ These standards and technical regulations are drafted by special committees within the CROSQ. Participation in committee work is open to all interested parties. Standards and technical regulations adopted by the CROSQ⁵⁰ also require approval from COTED. CARICOM countries may transpose community standards and technical regulations into national standards and regulations through domestic legal procedures.

3.74. When enforcing a standard that is deemed necessary for human health and environmental protection, the GDBS will propose to the Minister responsible for the economy to adopt such a standard as a technical regulation. Technical regulations are notified to the WTO with a 60-day period for circulation and comments. They may be amended, if necessary, on the basis of comments received from WTO Members. Technical regulations are published as statutory regulations and orders (SROs).

3.75. All products subject to technical regulations require conformity assessment. According to the authorities, imported and domestically produced goods are assessed under the same terms and conditions. Conformity certificates must be issued by a GDBS-accredited conformity assessment body, unless provided by a mutual recognition agreement (MRA). In addition, domestic electrical appliances, corrugated galvanized and alu-zinc sheets, and pneumatic tyres are physically inspected to ensure compliance with labelling requirements and product specifications.

3.76. The authorities state that market surveillance is carried out to ensure that products sold in the market are in compliance with technical regulations, particularly labelling requirements. Surveillance of prepackaged goods and foods is conducted at the point of entry and by random inspection of goods at retail outlets.

3.77. Product labelling is mandatory in Grenada.

⁴⁸ The Standards Act (No. 6 of 1989) established the Grenada Bureau of Standards (GDBS), setting the rules on standardization, testing, and type approval of goods. In addition to standards development, the Bureau is in charge of their implementation and diffusion, as well as the development and testing of products, and their certification, metrological services, material testing, and training. Where other agencies have standard-setting responsibilities, they must first obtain approval from the GDBS.

⁴⁹ Detailed functions of CROSQ can be found at <https://www.crosq.org/>.

⁵⁰ Adoption is decided by the Council of CROSQ, comprising the executive heads of national standards bodies of CARICOM countries.

3.3.3 Sanitary and phytosanitary measures

3.78. In the area of SPS measures, the institutional framework has remained unchanged with respect to the previous Review. The main laws on SPS issues pre-date the creation of the WTO and have not been since amended. They include the Animal (Disease and Importation) Act (Nos. 7 and 23 of 1967), the Pesticides Control Act (No. 18 of 1973), and the Plant Protection Act (No. 19 of 1986). The Veterinary and Livestock Division of the Ministry of Agriculture is responsible for sanitary (animal health) issues, while the Pest Management Unit for Phytosanitary Issues and the Produce Chemist Laboratory are responsible for issues relating to pesticides and toxic chemicals. The Grenada Bureau of Standards and the Ministry of Health both have responsibilities and legal authority for food safety.

3.79. The Ministry of Agriculture, Lands, and Forestry is Grenada's national notification authority and enquiry point on SPS matters in the WTO. Grenada has not submitted any notifications on SPS measures to the WTO.

3.80. The Food Safety Act 2015 (No. 19 of 2015) was enacted on 24 June 2015 but has not yet entered into force. The Act calls for the establishment of a Food Safety Authority responsible for food safety enforcement. The Act requires that food be traceable from "field to fork". In addition to other documents and formalities required by other legislation, importers (and exporters) of food must submit an intention to import (or export) document to the Food Safety Authority prior to any importation (or exportation).⁵¹

3.81. To import live animals and poultry, and carcasses or parts of animals and poultry, a special permit must be obtained from the Chief Veterinary Officer. Once the permit is granted, an import licence is issued by the Ministry of Trade. Imports of birds, reptiles, insects, and fish are also subject to a licensing requirement.

3.82. Importation of plant seeds is prohibited.

3.83. Similar to the requirements for the importation of animals and animal products, an import permit from the Pest Management Unit under the Ministry of Agriculture must be obtained prior to the importation of plants, plant products, plant pests, or soil. Permit fees are XCD 100 for planting materials, and range from XCD 5 to XCD 50 for food items, depending on the weight. Imports of plants, plant products, plant pests, live beneficial organisms, and soils must be accompanied by a phytosanitary certificate in conformity with International Plant Protection Convention (IPPC) requirements from the exporting country.

3.84. Under the Plant Protection Act, the Plant Protection Board and Plant Quarantine are responsible for the protection of Grenada's agricultural resources. Imports of plants and plant products are subject to a quarantine requirement. The Pest Management Unit maintains a Plant Quarantine Pest List. According to the authorities, the List is reviewed periodically in line with information from other international organizations.

3.85. Imports of pesticides require licences from the Pesticide Control Board.

3.86. Grenada is in the Codex Alimentarius Commission, and is a contracting party to the International Plant Protection Convention (IPPC). It is not a member of the World Organisation for Animal Health (OIE).

3.3.4 State trading enterprises

3.87. According to Grenada's latest notification to the WTO in August 2010, the Grenada Cocoa Association (GCA) is the sole state trading enterprise and enjoys the exclusive right to export cocoa.⁵² The GCA determines prices paid to farmers by granting exclusive licences to local agents to purchase cocoa beans from farmers.

⁵¹ Food Safety Act, 2015, Article 46.

⁵² WTO document G/STR/N/13/GRD, 24 August 2010.

3.88. The Marketing & National Importing Board (MNIB) is a state trading entity established to import, procure, export, wholesale, and retail some agricultural products. The MNIB is the sole importer of "specified imports", as identified by an Order issued by the Minister in charge of trade and finance; these products may include foodstuffs, building materials, and agricultural equipment. Currently, unrefined sugar, rice, and full cream milk in bulk (in packages greater than 10 kg) are classified as "specified imports".⁵³ The MNIB has discretion to grant licences for the importation or exportation of these products. Licences are valid for a maximum of 12 months. The MNIB's activities have not been notified to the WTO.

3.89. In addition to those mentioned above, other commodity boards enjoy statutory exclusive trading rights, including the Grenada Minor Spices Co-operative Marketing Society Limited, which has the exclusive right to export cloves, cinnamon, pimento, and all other spices except nutmeg and mace⁵⁴, and the Grenada Cooperative Nutmeg Association (GCNA), which is the sole authorized exporter of nutmeg. These entities have been notified to the WTO.

3.3.5 Government procurement

3.90. Grenada is neither a party nor an observer to the plurilateral WTO Agreement on Government Procurement (GPA).

3.91. During the review period, Grenada established a unified public procurement regime. On 24 April 2015, the Public Procurement and Disposal of Public Property Act, 2014 entered into force, while its implementing regulations, contained in the Public Procurement and Disposal of Public Property Regulations, 2015, entered into force on 17 September 2015. As set forth in the Act, the objectives of the public procurement regime include maximizing economy and efficiency, promoting competition, promoting integrity and fairness, enhancing transparency and public confidence in the procurement system, and facilitating the promotion of local industry and economic development.

3.92. Procurements above XCD 15,000 by any public entities including ministries and departmental agencies, statutory bodies, autonomous bodies, and state-controlled enterprises are subject to the rules set out in the Act and Regulations.

3.93. All public procurement must be generally conducted by open competitive tendering. If a procurement entity does not have the sufficient capacity to conduct such tendering, the procurement process will be carried out by the Centralized Procurement Unit of the Grenada Government. Selective tendering may be used on the grounds of limited number of suppliers or due to the complex nature of the works/services/goods required. Negotiated procurement may be used when there is only one supplier or when there is an emergency need.

3.94. Procuring entities are not allowed to package, divide, or structure procurements to circumvent the approval thresholds. For procurements below the approval thresholds, the procuring entity in question is also the approving authority of the procurement activities. Above the corresponding procurement threshold, the procurement activity must obtain a "No Objection" Certificate from the Public Procurement Board. The approval threshold is XCD 200,000 for most procurement methods, except for negotiated procurement, which can only be conducted for procurement with a value between the approval thresholds of XCD 15,000 to XCD 1 million⁵⁵, and low-value procurement (XCD 25,000).

3.95. Unless required by funding or other agreements, domestic preference must be given in any tendering. National or local community suppliers have priority of participation in procurement activities.⁵⁶ A margin of preference of 10% is granted to for domestic suppliers. According to the authorities, this has not been used since the Act entry into force.

3.96. Invitations to participate in an open competitive tender must be published in at least one newspaper of national circulation and on the Internet, for at least 30 days for national tendering and 45 days for regional/international tendering. Every tender above XCD 1 million must be opened by

⁵³ Marketing Board (Un-refined Sugar and Bulk (Milled and Unmilled) Rice) Order, SRO 16 of 1994.

⁵⁴ Minor Spices Act, Cap 195.

⁵⁵ All procurements under the negotiated procurement method must obtain a "No Objection" Certificate from the Public Procurement Board.

⁵⁶ Public Procurement and Disposal of Public Property Act, 2014, Article 32.

the Public Procurement Board; tenders below that threshold may be dealt with directly by the procuring entity. The valuation of tenders must follow the criteria specified in the tender documents. These criteria may include non-price factors, but they must be objective and be quantifiable in monetary terms to the extent possible. Abnormally low tenders may be rejected, in accordance with the Regulations.

3.97. Challenges to a contract award may be submitted to the procuring entity for reconsideration of a decision (or action) within five working days of the decision, or to the Procurement Review Commission for review of a procuring entity's decision/action within seven working days since the challenger became aware of the circumstances. The Commission's decision is final and binding, in terms of administrative acts; however, any aggrieved party may seek judicial review by the High Court.

3.98. There is an arrangement at regional level for the procurement of pharmaceutical and medical supplies.

3.3.6 Competition policy and regulatory issues

3.99. Grenada does not have antitrust or any other kind of competition legislation. It has signed Protocol VIII revising the CARICOM Treaty, which provides for the enactment of harmonized competition legislation in CARICOM members. The protocol provides for the establishment of a regional competition authority, to deal with issues at CARICOM level, and a national authority to deal with domestic issues.

3.100. Price controls are regulated by the Supplies Control (Prices) Regulations. The regulations set maximum retail and wholesale prices or mark-ups for a number of products included in two schedules, with three and four lists, respectively. Items under price control include food products, pharmaceuticals, clothing, stationery, and hardware products. On 14 July 2020, the Supplies Control (Prices) Regulations were amended in response to the public health crises; in this amendment, articles such as cleaning agents and hand sanitizers were made subject to price control. Prices are in general controlled by setting a fixed mark-up for wholesalers, retailers or both. The Ministry of Trade is responsible for enforcing price controls.

3.3.7 Intellectual property rights

3.101. The institutional framework for intellectual property rights (IPRs) in Grenada has remained unchanged since the previous Review. The main legislation concerning IPRs includes the Patent Act, 2011; the Copyright Act, 2011; and the Trademarks Act, 2012. The Ministry of Legal Affairs has lead authority for the administration of intellectual property laws in Grenada. The Registrar of the Supreme Court is responsible for the registration of patents, trademarks, and copyright.

3.102. Grenada is a member of the World Intellectual Property Organization (WIPO). It is also a signatory to the Berne Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Patent Cooperation Treaty, and the Beijing Treaty on Audiovisual Performances.

3.103. Patents and utility models are protected for 20 years after the filing date of a complete specification. Patents are recorded in the Register and a notice is published in the Gazette. After four years from the filing date of a patent or three years from the date the patent was granted, whichever happens later, a person may apply to the High Court for a non-voluntary licence, on the grounds that the patented invention is not being exploited or is being insufficiently exploited by working the invention in Grenada, or by importation into Grenada. Parallel imports of patented goods are permitted.⁵⁷

3.104. The exclusive right to a trademark is acquired through registration in the Registry of Trade Marks of the Supreme Court of Grenada. The application must be submitted to the Corporate Affairs and Intellectual Property Office (CAIPO). Registration is granted for 10 years, and may be extended for the same duration. The granting of a trademark may be opposed; the opposition period is one month from the date of publication. The Trademarks Act recognizes first-use priority of a mark over

⁵⁷ Patents Act, Article 35.

first-to-file. Registered marks that are not used within three years from their date of registration are vulnerable to a revocation action for non-use.

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

3.106. There is no specific legislation pertaining to the protection of geographic indications (GIs). According to the authorities, GIs are protected under collective marks, in practice.

3.107. Copyright protection of literary, musical, and artistic works is for up to 50 years after the death of the author (or the last surviving author), or after the year of publication, broadcast, or communication, if the latter takes place after the death of the author. Collective works (other than of applied art or photography) and audiovisual works are protected for 50 years after the year of publication or the year of their availability to the public. Unpublished works, works originating in parties to international copyright conventions, or works produced by international organizations are also protected in the same manner.

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

3.109. There is no legislation providing specific protection for the layout designs of integrated circuits, plant varieties, and undisclosed information. The authorities indicate that legislation on plant varieties is in currently being drafted.

3.110. As regards enforcement, the authorities state that because IPRs are private rights, "the burden is on the right holder to enforce such rights".⁵⁸ In order for penalties to be imposed, complainants must prove to the satisfaction of the Court that their interests have been prejudicially affected by the registration of patents, trademarks, or designs or that their rights have been infringed.

⁵⁸ WTO document IP/Q/GRD/1, 8 June 2004, p. 1.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture and fisheries

4.1. The agriculture and fisheries sector remains the backbone of the rural economy. Although it accounted for around 6% of GDP over the review period (Table 1.1), the sector is the fourth-largest employer. The agriculture sector is predominantly composed of small farms. In addition to scarce resources of land and water, as well as adverse natural conditions (e.g. hurricanes), other challenges facing the sector include limited resources to enforce agriculture policies, limited investment in the sector, disorganized markets, and limited access to credit for producers. Climate change poses continuous risks to Grenada's agriculture and fisheries sector.

4.2. During the review period, two thirds of Grenada's merchandise exports were agricultural exports. Among agricultural and fisheries exports, fish accounted for half of the total in value terms, and the other half were mainly exports of fruits and vegetables (Table 4.1). Traditional agricultural products are spices, fruits and vegetables, and fish. The major exports of these products include cocoa, nutmeg, mace, and citrus fruits.

Table 4.1 Agricultural exports, 2015-21

(XCD '000)

	2015	2016	2017	2018	2019	2020	2021
Fruits and vegetables	5,624.1	5,811.3	7,968.4	7,984.8	7,280.5	3,377.6	5,849.7
Spices	111.5	122.5	136.6	118.8	141.4	88.9	262.9
Fish	5,322.9	6,949.2	5,281.1	5,697.2	8,834.8	4,313.7	5,953.5

Source: Information provided by the authorities.

4.3. Grenada is a net importer of food. Local production is able to satisfy 30% of the food consumed in Grenada, and the remaining 70% depends on imports, mainly from the United States.

4.4. The Ministry of Economic Development, Planning, Tourism, ICT, Creative Economy, Agriculture and Lands, Fisheries and Cooperatives is responsible for devising and implementing Grenada's agriculture and forestry policy. The Ministry provides nonfinancial support to the sector, through support services to farmers, such as market research and marketing assistance, and capacity-building through the Farmer Training Programme.

4.5. Grenada issued a National Agricultural Plan (2015-2030) in August 2015. The policy objective for the agriculture sector is to build an efficient and competitive agricultural sector. Other objectives and challenges include facing climate change and the heavy dependence on food imports. Achieving food security and building resilience in the agriculture and fisheries sectors are also national priorities. In this regard, the National Food and Nutrition Policy aims to create a mechanism to ensure access to food and nutrition available to all Grenadians. Also, a National Poultry Policy was developed and approved in 2017, with the aim of meeting the local demand for protein.

4.6. Tariff protection on agricultural imports is high. The majority of the agricultural lines (WTO definition) are bound at 100%, while the simple average of MFN tariffs for agriculture is 19.6%. There are no tariff quotas on agricultural products (Section 3.1.3). Licensing requirements are applicable to a number of agricultural goods, such as whole chicken and eggs (Table 3.5). Licensing requirements for pasta, aerated beverages, curry powder, and margarine were abolished on 15 May 2020 and replaced by higher tariffs when Grenada applied Article 164 of the Revised Treaty of Chaguaramas to suspend the CARICOM CET treatment of such products.

4.7. Grenada's traditional exports (cocoa, nutmeg, and minor spices) are marketed by commodity boards, including the Grenada Banana Co-operative Society (GBCS), the Grenada Cocoa Association (GCA), and the Grenada Cooperative Nutmeg Association (GCNA). The Grenada Minor Spices Co-operative Marketing Society Limited has the exclusive right to export cloves, cinnamon, pimento, and all other spices except nutmeg and mace. The GCNA is the sole authorized exporter of nutmeg. The Marketing & National Importing Board (MNIB) markets Grenada's products not marketed by any other statutory bodies.

4.8. The Ministry of Agriculture provides planting materials for farmers at subsidized prices. The CET rates on agricultural inputs are low. The Ministry also provides veterinary services and pest control services for free. The Grenada Development Bank (GDB) provides loans for the agriculture and fisheries sector. The authorities note that loans from the GDB are not preferential loans.

4.9. Financial incentives are granted to the sector in various forms, mostly tax and import duty concessions; these include duty and tax concessions on farm vehicles, farm equipment, and farm inputs (Table 3.7). A fuel rebate is also offered to eligible fishers.

4.10. Grenada has not submitted any notifications on domestic support measures or export subsidies to the WTO Committee of Agriculture.

4.11. Fish is one of the few food items for which Grenada has achieved self-sufficiency. The fisheries subsector plays a key role in terms of food security and export earnings. The subsector has a large number of small-scale operators. Grenada's fisheries policy in the last 15 years has concentrated in expanding production of oceanic pelagic catch by facilitating the upgrade of the capacity of the fleet.

4.12. Among all fish caught in Grenadian waters, tuna and lobster are the main exports; the principal markets for fish exports are the United States, France, Canada, and Barbados. Fish exports are regulated by the Fish and Fish Product Regulation SRO 170/1999, administered by the Fisheries Division of the Ministry of Agriculture, which has exclusive authority to grant licences for fish exports. Licences are valid for one year.

4.13. The legal framework for the fisheries subsector remains unchanged and consists of the Fisheries Act, 1986, and its implementing rules, the Fisheries Regulations, 1987. According to the authorities, some of the problems the industry faces include illegal fishing activities and inadequate access to transportation.

4.2 Energy

4.14. Grenada depends almost entirely on fossil fuel imports for its energy needs. During the review period, Grenada started offshore exploration drills.

4.15. With regard to the electricity sector, Grenada created a new regulatory regime in 2016. The main legislation is the Electricity Supply Act, 2016, which entered into force on 1 August 2016. The Public Utilities Regulatory Commission (PURC) was created by the Act as the regulator for the sector. The Ministry of Infrastructure Development, Public Utilities, Energy, Transport & Implementation is the body responsible for formulating sectoral development policies and coordinating with other stakeholders of the sector.

4.16. The new regulatory regime opens up the power generation segment for competition from independent power producers (IPPs). An IPP must apply for a licence from the PURC when it intends to generate and store electricity and sell it to the electricity network. According to the Electricity Supply Act, priority to grant an IPP licence must be given to applicants using renewable energy, or to applicants who "would significantly reduce the cost of electricity to consumers, the carbon footprint of Grenada, and Grenada's dependence on imported fossil fuel".⁵⁹ A licence is valid for 25 years, extendable for up to another 5 years. Self-generators⁶⁰ are not required to obtain a licence. As of end-September 2022, there are no IPPs licensed in Grenada, nor any framework for feed-in-tariffs.

4.17. Grenada Electricity Services limited (GRENLEC) is the sole provider of electricity services. Since 1961, it has had the exclusive licence to generate, transmit, distribute, and sell electricity in Grenada (until 2073).⁶¹ However, since 2016 it no longer has a monopoly in generation. GRENLEC operates as a private company, but since December 2020 the Government has held 50% of its shares as a result from a settlement agreement with WRB Enterprises.

⁵⁹ Electricity Supply Act 2016, Article 14.

⁶⁰ "Self-generators" are people who generate electricity for their own use and may sell excess electricity to the electricity network.

⁶¹ As provided for in the Electricity Supply Ordinance, 1961, and the Electricity Supply Act, 1994.

4.3 Manufacturing

4.18. The manufacturing sector is relatively small, accounting for 3.3% of GDP on average over the review period. Manufacturing activities are concentrated around the production of light manufactures such as agro-processing and wood furniture.

4.19. The agro-processing subsector comprises a few medium-sized firms and over 265 small firms. They produce dry seasonings; wet seasonings and related products; wheat products; beverages, essence and alcoholic drinks; non-alcoholic bottled drinks and water; honey and honey products; confectionery, snacks and dried fruits; cassava products; meat and fish products; ice cream and dairy products; spice products; and craft and cosmetic products. Most of the products are sold on the local market. The volumes of agro-processed exports are small; the authorities are of a view that the low export volume may be attributed to the non-availability of raw materials, an underdeveloped production system, and lack of capacity to comply with foreign technical regulations, standards, and SPS regulations in export markets.

4.20. The simple average tariff on manufactured goods (ISIC classification) was 11.1% in 2020, but there high tariff dispersed, with a coefficient of variation nearing 1. The average tariff rate in the clothing sector was 19.9%. Tariff rates for alcoholic beverages are higher than the CARICOM CET rates, as Grenada lists these products "sensitive" on List C of the CARICOM CET Schedule. Also, effective from 15 May 2020, Grenada suspended application of CARICOM CET on 27 tariff lines until 4 July 2029, 6 of which were on beverages, 4 on feeds, and 5 on wooden furniture.

4.21. The Fiscal Incentive Act and the Qualified Enterprises Act were repealed and replaced by the Investment Promotion Act. The then 15-year tax holiday provided for exporters of approved products manufactured by approved enterprises was discontinued.⁶²

4.22. Under the new incentives scheme, incentives are accorded to the manufacturing sector in the form of exemption or reduction in customs duty, VAT, excise tax, the CSC, and the property transfer tax (Table 3.7). In addition, up to 150% of qualified training costs for employees are deductible from corporate tax.

4.4 Services

4.23. Grenada is a services-driven economy. The services sector accounted for nearly 60% of GDP in 2021. The landscape of the services sector has remained unchanged since last Review. The contribution of the private education subsector to real GDP continued increasing⁶³; it stood at 18.8% in 2021, compared to 14.1% in 2011 and 8.1% in 2006. Apart from education services, other main services components are real estate, renting and business activities; transport, storage, and communications; hotel and restaurants; and financial services.

4.4.1 Financial services

4.24. Financial services accounted for around 6% of GDP annually during the review period. On 31 December 2018, the Offshore Banking Act and the International Insurance Act were repealed. Hence, effective 1 January 2019, there are no longer offshore banking or offshore insurance activities in Grenada. Services provided by institutions established before the end of 2018 were grandfathered for a three-year transition period, until 31 December 2021.

4.25. The Grenada Authority for the Regulation of Financial Institutions (GARFIN) is responsible for regulating all non-bank institutions, except commercial banks and securities businesses that are regulated by the Eastern Caribbean Central Bank (ECCB) and the Eastern Caribbean Securities Regulatory Commission (ECSRC), respectively. Institutions regulated by GARFIN include credit unions, insurance companies, money services businesses, the GDB, and the Grenada Building and Loan Association.

⁶² WTO documents G/SCM/N/284/GRD, G/SCM/N/315/GRD, and G/SCM/N/299/GRD, 21 April 2017.

⁶³ The authorities indicate that this is the result of increases in private education, primarily due to the increase in non-national students attending St George's University.

4.4.1.1 Banking

4.26. As of end-September 2022, there were four banks licensed to operate in Grenada: one branch of a foreign bank, and three locally incorporated. Two of these four banks are foreign-owned.⁶⁴

4.27. The ECCB Agreement Act and the Banking Act, 2015 (a model legislation designed by the ECCB) are the main legislation governing banking activities in Grenada. The ECCB is the regulatory body for all financial institutions licensed under the Banking Act in Grenada. The Ministry of Finance is responsible for local supervision of the banking sector.

4.28. The licensing conditions for banks are the same across OECs countries. There are no limitations on foreign investment in commercial banks in Grenada. Foreign-owned banks licensed and incorporated in Grenada are subject to the same requirements as locally owned and locally incorporated banks and may provide the same services. Branches of foreign banks must submit additional information when applying for a licence to show that they are subject to effective supervision at home and must confirm that the regulatory body in their home jurisdiction does not object to the application.

4.29. The minimum capital required is XCD 20 million for banks, and XCD 5 million for credit or other financial institutions. The Banking Act requires licensed financial institutions to maintain a reserve fund, and to transfer to the fund at least 20% of their net profits whenever the reserve fund falls below 100% of their paid-up capital. The capital adequacy ratio has been raised to 8%.

4.30. Citizens and companies of Grenada are not restricted from borrowing or placing deposits with banks located abroad.

4.31. Credit unions are regulated and supervised by GARFIN, under the Cooperative Societies Act, 2011. The Act was amended in 2017. The capital adequacy ratio for credit unions is 7%. As of end-2021, GARFIN supervised 10 credit unions and the Grenada Cooperative League with a total asset of XCD 1.15 billion.

4.32. Activities of credit unions were increased generally during the review period. There were 80,135 credit union members in 2021, up from 52,771 in 2014. Total deposits from members reached almost XCD 979 million (XCD 430 million in 2014), while total loans extended to members climbed from XCD 367 million in 2014 to XCD 850 in 2021. Thus, the total interest income of the credit union sector was XCD 67 million, almost double the figure in 2014.

4.4.1.2 Insurance

4.33. As of end-2021, there were 26 licensed insurance companies in Grenada, among which 14 were in general insurance, 12 in long-term insurance, and 1 was a composite company.⁶⁵ Total assets were XCD 497 million. Most insurance companies are branches or subsidiaries of regional companies.

4.34. The institutional framework for the insurance sector remained largely unchanged during the review period. The main legislation is the Insurance Act, and GARFIN remains as the regulator and supervisor.

4.35. Insurance companies must be registered with GARFIN in its capacity as the Supervisor of Insurance. Foreign insurance companies may establish branches in Grenada. The minimum paid-up share capital is set at XCD 2 million for local companies⁶⁶ and XCD 5 million for foreign companies; the XCD 5 million must be fully paid-up in cash. Mutual companies must have uncommitted reserves of at least XCD 5 million; this is the case for long-term and other classes of insurance business.

⁶⁴ ECCB, *Contact Information for Licensed Financial Institutions – Grenada*. Viewed at: <https://www.eccb-centralbank.org/p/grenada-1>.

⁶⁵ In general, long-term insurance companies provide ordinary life insurance services, while general insurance companies provide mostly property and motor vehicle insurance.

⁶⁶ A local company is a company incorporated under the Companies Act, 1994, with not less than 51% of its issued share capital held by citizens of Grenada, or any company incorporated in a country, other than Grenada, which the Minister has specified by Order in the *Gazette* for purposes of this definition.

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

4.37. Insurance (excluding reinsurance) companies are required to deposit cash, assets, or a combination of both with the Supervisor of Insurance.⁶⁷ Deposits for foreign-incorporated companies are higher. The deposit for long-term insurance businesses is XCD 250,000 for foreign companies, and XCD 150,000 for local companies. The deposit for general insurance businesses is XCD 150,000 for foreign companies and XCD 50,000 for local companies, if these figures are higher than the amount of 40% of the previous year's net premium income. Associations of underwriters must be registered under the Insurance Act to carry on any class of insurance business; they must deposit with the Supervisor of Insurance an amount equal to XCD 200,000.

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

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

4.40. Motor vehicles insurance against third-party risks is the only mandatory insurance in Grenada.

4.41. Insurance intermediaries (e.g. brokers and agents) must be licensed by GARFIN. As of end-2021, there were 21 insurance brokers and 15 agents. Only Grenadian citizens or nationals of CARICOM member States may be registered as insurance intermediaries.

4.4.2 Telecommunications

4.42. According to the authorities, since the Telecommunications Act (No. 31 of 2000, amended by Act No. 8 of 2001) entered into force, the telecommunications market has been open to competition.

4.43. Despite the positive performance of Grenada's economy during the review period, the telecommunications sector did not mirror the trend of the macroeconomy. The total revenue in the sector continued to decline, reaching XCD 91 million in 2021, a contraction of 49% compared to 2015. Similarly, the investment to the sector and employment directly by the sector were also on a declining trend (Table 4.2).

4.44. Telecommunications in Grenada have become increasingly mobile and broadband oriented. The fixed-line voice service penetration has gradually declined, due to a cancellation of subscriptions, while fixed broadband penetration climbed by 10 percentage points from 18.3% in 2015 to 28.4% in 2020. In contrast, mobile phone penetration reached a peak of 106%, before declining somewhat in the next few years. Mobile broadband penetration grew remarkably from 28.2% in 2015 to 79.1% in 2021. Since 2017, every individual in Grenada has had access to broadband Internet services (Table 4.2).

Table 4.2 Telecommunications statistics, 2015-21

Key indicator	2015	2016	2017	2018	2019	2020	2021
Operator revenue (XCD million)	177	174	150	166	160	147	91
Investment (XCD million)	29	18	20	17	16	15	13
Employment	163	189	141	113	105	103	69
Fixed voice service penetration (%)	25	24	23	28	22	17	23

⁶⁷ Assets registered with the Eastern Caribbean Central Securities Registry may be used as well.

Key indicator	2015	2016	2017	2018	2019	2020	2021
Fixed broadband penetration (%)	18.3	18.4	23	19.6	28.3	28.4	26.5
Mobile service penetration (%)	110	108	102	106	104	105	90.8
Mobile broadband penetration (%)	28.2	32.3	86.7	94.3	82.6	79.5	79.1
Broadband Internet service penetration (%)	..	50.7	109.7	113.9	110.9	107.9	..
Local traffic (million minutes)	311	292	250	274	354	303	39
International outgoing traffic (million minutes)	90	24	18	10	17	12	4

.. Not available.

Source: ECTEL, *Annual Electronic Communication Sector Review*, and information provided by the authorities.

4.45. The legal and institutional framework for the telecommunications sector remained largely unchanged during the review period. The basic law is the Telecommunications Act. The authorities indicate that an Electronic Communications Bill is pending promulgation to repeal the current Telecommunications Act. The National Telecommunications Regulatory Commission (NTRC) remains as the national regulatory agency, while the Eastern Caribbean Telecommunications Authority (ECTEL) is the policy advisory body for the sector at regional level.

4.46. Anyone who wishes to provide public telecommunications services must apply for a licence from the NTRC. If a service provider would like to operate its own infrastructure (e.g. network or cable landing stations), an "Individual" licence must be obtained from the regulator; a "Class" licence is usually issued to service providers who provide a particular type of service. There are no restrictions in foreign capital participation in telecommunications services.

4.47. As of end-2022, there were a total of six network operators offering fixed voice and broadband, mobile cellular and broadband, subscriber television, and submarine cable services. Two operators – Cable & Wireless (Grenada) Limited and Digicel – have licences to provide all types of services.

4.48. Telecommunications infrastructure, including submarine cable landing stations, is privately owned. In addition to the last mile connection to end users, each of the licensed operator owns its own telecommunications network. A licensed network operator must treat any other operator connecting to its network on a fair, reasonable, and non-discriminatory basis; this obligation is also applied to the branches or subsidiaries of a dominant provider.⁶⁸ Companies may freely negotiate, amend, or modify interconnection agreements, but the approval of the NTRC is required. Maximum interconnection rates are set by ECTEL.

4.49. Service providers are free to set tariffs for services for which there is effective competition in the market. If the NTRC determines that there is a dominant position in the market, tariffs are set in accordance with conditions. The NTRC may designate a provider as a dominant telecommunications provider in a particular service. In this case, the provider has the obligation to file its tariffs with the NTRC for approval; other service providers that are not in a dominant position only need notify the NTRC of their tariffs and may file any modification.

4.50. The NTRC may designate a particular telecommunications service as a regulated service if it determines that the degree of competition is not sufficient to protect consumers. For regulated services, price cap plans are elaborated at the regional level by ECTEL, in collaboration with the companies concerned. Currently, local fixed-line voice calls are designated as a regulated service, and subject to a price cap plan. There are no other services designated as regulated services.

4.51. Telephone numbers are allocated to licensed operators according to the National Numbering Plan. The NTRC manages the National Numbering Plan in conjunction with ECTEL. Numbers are portable across operators. Regarding radio frequency allocation for mobile telecommunications services, the service provider must obtain a Frequency Authorization from the NTRC. The NTRC manages the spectrum plan in conjunction with ECTEL and allocates frequency bands to operators based on need. The authorities state that the frequency allocations are based on technical assessments and the applicant's needs, which is dependent on the stage of technology development

⁶⁸ Cable & Wireless (Grenada) Limited is the only identified dominant service provider.

the applicants are in. If the band is in high demand, the allocation is conducted on a first-come, first-served basis.

4.52. Universal service obligations include the provision of public voice telephony, Internet access, and telecommunications services to schools, hospitals, and similar institutions serving public needs. The Universal Service Fund (USF) compensates any provider that is required to provide or promote the service; the USF is financed through licensed operators' contribution at a rate of 0.25% to 2% of their gross annual revenue.⁶⁹ In recent years, the projects funded by the USF included providing broadband infrastructure to underserved locations, wireless Internet access at public locations, and ICTs for persons with impaired abilities.

4.4.3 Transport

4.4.3.1 Air transport

4.53. Air transport is the predominant mode of transport for people entering and departing the country. During the review period and until the onset of COVID-19 pandemic in 2020, Grenada experienced an expansion of air transport due to the rapid growth in tourism. Since May 2020, passenger traffic has declined sharply (Table 4.3).

Table 4.3 Selected indicators of aviation, 2015-21

	2015	2016	2017	2018	2019	2020	2021
Passengers ('000)	374,956	387,267	398,852	433,367	447,522	126,336	112,519
Freight ('000 kg)	2,395,262	2,671,974	2,722,826	3,016,065	3,053,640	2,374,402	2,217,138
Aircraft movements	13,337	12,833	13,078	13,534	12,970	6,015	6,155

Source: Information provided by the authorities.

4.54. During the review period, the legal and institution framework for air transport has remained unchanged. The main law for the sector is the Civil Aviation Act. The Ministry of Tourism, Civil Aviation and Culture is responsible for formulating policies related to air transport. The Air Transport Licensing Board is responsible for issuing air transport licences and permits, and for approving tariffs for passengers and cargo transportation. The Eastern Caribbean Civil Aviation Authority (ECCAA) has the responsibility, at the regional level, for safety and security matters such as issuing air operator certificates (AOCs).

4.55. Anyone wishing to provide air transport services in Grenada must obtain an Air Transport Service Licence/Permit (for business authorization) from the Air Transport Licensing Board, and an air operator certificate for safety compliance from ECCAA. Air Transport Service Licences/Permits are issued only to applicants who are a Grenadian or CARICOM nationals; applicants must have their principal business address registered within the territories of any CARICOM member States, and the business must be effectively controlled by Grenadian/CARICOM nationals. The granting of licences or permits to non-nationals or bodies not incorporated in Grenada is subject to the approval of the Minister. Grenada does not have a national airline/flag carrier.

4.56. Grenada maintains four bilateral air service agreements (BASAs) with its trading partners; the BASAs offer up to fourth freedom with restriction on ownership and designate. Due to the absence of a national carrier, Grenada in its BASAs applies CARICOM ownership, designating any CARICOM-based carriers as its carrier when enforcing the agreements. Grenada is a signatory to the CARICOM Multilateral Air Services Agreement (CARICOM MASA); this Agreement confers third and fourth freedom route rights to airlines owned and operated by Caribbean nationals, while fifth freedoms are exchanged on a bilateral basis, and day tour regimes may also be negotiated.

4.57. There are two airports in Grenada: the Maurice Bishop International Airport and the Lauriston Airport (located on the island of Carriacou). Both airports are owned by the Government. The Grenada Airport Authority, a public entity, manages and operates the airports. Private companies, regardless of ownership or nationality, are allowed to provide ground-handling services such as passenger processing, cargo handling, catering, and ramp operations. Currently, only the Airport Authority provides ground-handling services through its wholly owned subsidiary company, Aviation

⁶⁹ The rate is 0.25% for their first year of licence and 0.5% for the second year.

Services of Grenada Ltd. Air fuelling is provided by Chevron West Indies Ltd. According to the authorities, a request by private companies to participate in airport operations must be submitted to the Airport Authority, which will review the proposal and produce an agreement with the services providers when the proposal is approved. Airport fees are regulated.

4.4.3.2 Maritime transport

4.58. Grenada does not have a merchant marine.

4.59. The legislative framework for maritime transport remained unchanged during the review period. The main law on merchant shipping is the Shipping Act. Pursuant to the Act, to be registered as Grenadian, a vessel must be substantially owned by Grenadian/CARICOM member state nationals (natural or legal persons). Non-incorporated companies may be authorized by the Minister, on condition that the company is established and has its principal place of business in Grenada, where the majority of the ownership of the company is vested in Grenadian citizens, and the company is managed by Grenadian citizens.

4.60. Cabotage is not permitted. Inter-island ferry services are provided by Osprey Lines Ltd, a domestic carrier.

4.61. There are six ports operational in the country, three of which are dedicated to yachting.⁷⁰ The Port of St George's is the major gateway of maritime transport in and out of Grenada, receiving calls of cruise ships and merchant ships. All non-yachting ports are owned by the Government. The Grenada Ports Authority, a public entity, is responsible for managing and operating the country's seaports, regulating navigation, and providing port services and pilotage services. Private sector companies (including foreign companies incorporated as local subsidiaries) may apply to the Grenada Ports Authority to provide services within privately owned terminals, but not in the main commercial seaports. Charges levied on carriers and passengers are determined by the Government by way of the Ports Authority Tariff.

4.4.4 Tourism

4.62. Having recovered from the adverse impact from the two hurricanes earlier this century, the tourism sector experienced a strong expansion during the review period until the COVID-19 pandemic hit the country. The authorities are of the view that much of this expansion was attributed to an increase in foreign direct investment. Tourism exports are Grenada's largest foreign exchange earner.

4.63. The tourism sector recorded a 36% increase in total visitor arrivals from 2014 to 2019. The COVID-19 pandemic caused a sharp decline in tourist arrivals, which declined further in 2021, standing at 14% of the pre-pandemic level. Usually, around 30% of the arriving visitors stay at least one night in the country. The United States and the United Kingdom are the largest markets for tourism exports; combined, these tourists accounted for more than half of the stay-over visitors each year (Table 4.4).

Table 4.4 Tourism statistics, 2014-21

	2014	2015	2016	2017	2018	2019	2020	2021
Total visitors	386,674	426,869	474,201	468,877	528,637	525,957	216,867	71,861
Stay-over visitors	125,224	132,547	135,369	146,374	160,975	162,902	43,815	42,099
United States	35,145	40,914	45,316	54,801	61,422	62,232	17,171	20,754
Canada	13,229	10,790	10,723	11,383	13,784	14,539	4,059	2,256
United Kingdom	23,285	24,681	24,108	22,501	22,753	22,520	6,846	6,094
Caribbean	21,790	22,364	23,121	25,269	27,000	27,718	5,305	2,697
Other countries	31,775	33,798	32,101	32,420	36,016	35,893	10,434	10,298
Excursionists	1,660	1,579	3,566	1,061	555	532	84	0
Cruise ship passengers	235,140	270,628	314,913	299,449	342,826	337,912	162,517	25,027
Yacht passengers	24,650	22,115	20,353	21,993	24,281	24,611	10,451	4,735
Cruise ship calls	156	193	257	291	246	254	99	37

⁷⁰ The dedicated yachting ports are St Davids, Prickly Bay, and La Phare Blue.

	2014	2015	2016	2017	2018	2019	2020	2021
Total visitor expenditure (XCD million)	362.25	392.52	372.40	390.58	568.34	572.45	158.04	171.42

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

4.64. During the pandemic, tourism receipts dropped due to the fall of arrivals; several tourism and auxiliary services businesses were closed. There is, however, no official estimate of revenue loss. To face these challenges, the Government rolled out several support measures to mitigate the impact on the sector. The measures included payroll support and unemployment support for individuals. Also, through the GDB, the Government injected an additional XCD 5 million to make credit available for small hoteliers and businesses.

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

4.66. The Ministry of Economic Development, Planning, Tourism, ICT, Creative Economy, Agriculture and Lands, Fisheries and Cooperatives is the policy maker for the tourism sector. The Grenada Tourism Authority (GTA), established in January 2014, is the national tourism organization responsible for tourism development. The GTA's functions include product development, quality assurance and licensing, research, planning, and marketing.⁷¹ The Grenada Hotel and Tourism Association, the Marine and Yachting Association of Grenada, the Grenada Water Taxi Association, and the National Taxi Association are sectoral bodies representing the private sector in the tourism industry. According to the authorities, emphasis is being placed on developing community tourism and niche tourism products such as diving, eco-tourism, and a "total spice experience".

4.67. In November 2021, the Ministry issued a National Sustainable Tourism Development Plan. In the Plan, the authorities have a vision to "create a regenerative tourism industry that empowers Grenadians while providing an authentic and unique experience for all".⁷² Therefore, being inclusive and sustainable are identified as the policy objectives for the tourism sector. In order to materialize the vision, the authorities designed an action plan containing a series of initiatives, and they estimate that USD 22.8 million of investment is needed to complete the action plan.

4.68. Foreign nationals may own land and purchase property in Grenada.⁷³ The authorities note that there are no restrictions on foreign capital participation in the tourism sector, including hotel accommodation, restaurant and culinary services, recreational facilities, and tourism operators. Foreign investments in the tourism sector, including tourism accommodation and tourism services, are eligible for the fiscal incentives provided by the Investment Promotion Act (Table 3.7). Most requirements are related to service qualification and financial prudence. These requirements are equally applied to foreign nationals and CARICOM nationals.

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

⁷¹ Grenada Tourism Authority, *About Grenada Tourism Authority*. Viewed at: <https://www.puregrenada.com/grenada-tourism-authority/>.

⁷² Government of Grenada (2021), National Sustainable Tourism Development Plan.

⁷³ Foreign nationals are required to apply for an Alien Landholding licence issued by the Minister for National Security.

Table A1. 1 Merchandise visible exports by SITC section, 2014-21

(USD million and %)

Description	2014	2015	2016	2017	2018	2019	2020	2021
	(USD million)							
Total exports	37.4	34.9	30.1	30.0	31.3	31.3	22.3	29.5
Domestic exports	33.3	33.0	28.0	27.8	28.8	29.1	20.3	27.2
Re-exports	4.1	1.9	2.1	2.2	2.5	2.2	2.0	2.2
	(% of total exports)							
0. Food and live animals	70.1	75.3	73.0	71.2	62.6	57.8	59.0	60.8
1. Beverages and tobacco	3.1	2.5	2.6	6.5	8.2	13.1	16.0	15.9
2. Crude materials, inedible, except fuels	0.1	0.1	0.1	0.4	1.6	1.0	0.7	0.3
3. Mineral fuels and related materials	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1
4. Animal and vegetable oils, fats and waxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Chemicals and related products	4.5	4.3	3.4	4.0	5.6	6.8	6.5	4.4
6. Manufactured goods	8.8	6.7	6.8	7.5	6.7	6.5	9.3	9.0
7. Machinery and transport equipment	10.1	7.2	9.1	8.7	13.3	12.7	7.4	7.5
8. Miscellaneous manufactured articles	3.3	3.6	4.9	1.7	2.0	2.1	1.1	2.0
9. Commodities and transactions not classified elsewhere in SITC	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Eastern Caribbean Central Bank (ECCB). Viewed at: <https://www.eccb-centralbank.org/statistics/trades/country-report>.

Table A1. 2 Merchandise visible imports by SITC section, 2014-21

(USD million and %)

Description	2014	2015	2016	2017	2018	2019	2020	2021
	(USD million)							
Total exports	339.6	348.9	350.5	420.3	466.9	474.6	393.0	449.8
	(% of total imports)							
0. Food and live animals	22.8	21.3	21.6	18.6	18.1	20.2	21.3	20.9
1. Beverages and tobacco	2.6	3.4	3.8	5.7	2.6	2.8	2.9	2.4
2. Crude materials, inedible, except fuels	2.0	2.2	2.5	2.6	2.5	2.2	2.6	3.3
3. Mineral fuels and related materials	25.9	17.8	16.1	13.2	16.7	16.4	14.3	15.2
4. Animal and vegetable oils, fats and waxes	0.5	0.5	0.5	0.4	0.4	0.4	0.5	0.5
5. Chemicals and related products	7.2	8.9	8.4	7.2	7.0	7.6	9.3	9.2
6. Manufactured goods	13.0	14.1	14.8	16.0	17.3	16.7	15.9	17.0
7. Machinery and transport equipment	16.0	17.4	18.4	21.3	20.4	22.1	22.1	19.3
8. Miscellaneous manufactured articles	9.9	14.5	13.8	15.0	14.9	11.4	11.2	12.2
9. Commodities and transactions not classified elsewhere in SITC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Eastern Caribbean Central Bank (ECCB), available at: <https://www.eccb-centralbank.org/statistics/trades/country-report>.