



Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

BARBADOS

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

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CONTENTS

SUMMARY	6
1 ECONOMIC ENVIRONMENT	11
1.1 Real economy	11
1.2 Monetary and exchange rate policy	13
1.3 Fiscal policy and debt sustainability	14
1.4 Structural reform.....	15
1.4.1 Fiscal consolidation and public sector enterprises.....	15
1.5 Balance of payments.....	16
1.6 Developments in trade	18
1.6.1 Composition of trade	18
1.6.2 Direction of trade.....	19
1.7 Outlook.....	21
2 TRADE AND INVESTMENT REGIME.....	22
2.1 General framework	22
2.2 Trade policy formulation and implementation.....	22
2.3 Trade agreements and arrangements	23
2.3.1 World Trade Organization.....	23
2.3.2 Regional and preferential agreements.....	26
2.3.2.1 CARICOM.....	26
2.3.2.2 CARIFORUM-EU Economic Partnership Agreement (EPA)	27
2.3.2.3 Bilateral agreements	30
2.3.2.3.1 CARICOM-Colombia	30
2.3.2.3.2 CARICOM-Costa Rica	31
2.3.2.3.3 CARICOM-Cuba	31
2.3.2.3.4 CARICOM-Dominican Republic Free Trade Agreement	31
2.3.2.4 Non-reciprocal agreements.....	32
2.3.2.4.1 CARICOM-Venezuela.....	32
2.3.2.4.2 Other non-reciprocal agreements.....	32
2.4 Investment regime	33
3 TRADE POLICIES AND PRACTICES BY MEASURE.....	37
3.1 Measures Directly Affecting Imports	37
3.1.1 Customs procedures and requirements	37
3.1.2 Customs valuation	38
3.1.3 Rules of origin	38
3.1.4 Tariffs	40
3.1.4.1 MFN applied tariffs	40
3.1.4.2 Bound tariffs	43
3.1.4.3 Tariff preferences.....	43
3.1.5 Other charges affecting imports.....	45

3.1.6	Import prohibitions, restrictions, and licensing	46
3.1.7	Anti-dumping, countervailing, and safeguard measures	50
3.1.8	Technical regulations and standards	50
3.1.9	Sanitary and phytosanitary measures	53
3.2	Measures Directly Affecting Exports.....	56
3.2.1	Export procedures and requirements	56
3.2.2	Export taxes, charges, and levies	56
3.2.3	Export prohibitions, restrictions, and licensing.....	56
3.2.4	Export support	57
3.2.5	Export finance, insurance and guarantees	61
3.2.6	Export promotion.....	63
3.3	Measures Affecting Production and Trade	63
3.3.1	Incentives	63
3.3.2	Competition policy and price controls.....	69
3.3.2.1	Competition policy	69
3.3.2.2	Price controls	74
3.3.3	State trading, state-owned enterprises, and privatization.....	74
3.3.4	Government procurement	75
3.3.5	Intellectual property rights.....	77
4	TRADE POLICIES BY SECTOR.....	84
4.1	Agriculture and fisheries	84
4.1.1	Overview	84
4.1.2	Policies in agriculture	85
4.1.3	Fisheries.....	89
4.2	Manufacturing.....	89
4.3	Services.....	91
4.3.1	Financial services.....	91
4.3.1.1	Banking.....	92
4.3.1.1.1	Onshore banking.....	92
4.3.1.1.2	Offshore banking.....	92
4.3.1.1.3	Legislative changes and policy development	93
4.3.1.2	Insurance	94
4.3.1.2.1	Onshore insurance.....	94
4.3.1.2.2	Offshore insurance	94
4.3.1.3	Credit Unions	95
4.3.1.4	Securities	95
4.3.2	Telecommunications.....	97
4.3.2.1	Market structure	97
4.3.2.2	Legal framework.....	97
4.3.3	Tourism.....	98

4.3.4 Transport	100
4.3.4.1 Air transport.....	100
4.3.4.2 Maritime transport	101
4.3.5 Other offshore services.....	102
REFERENCES	103
5 APPENDIX TABLES	104

CHARTS

Chart 1.1 Merchandise trade by product, 2007 and 2013	19
Chart 1.2 Merchandise trade by main origin and destination, 2007 and 2013	20
Chart 3.1 Frequency distribution of MFN tariff rates, 2014.....	41

TABLES

Table 1.1 Basic macroeconomic indicators, 2007-14.....	12
Table 1.2 Balance of payments, 2007-13.....	17
Table 2.1 Notifications to the WTO, 2008-14 (October).....	24
Table 2.2 Bilateral Investment Agreements signed by Barbados, August 2014	35
Table 3.1 Rules of origin applied by Barbados and other CARICOM countries.....	39
Table 3.2 Tariff structure, 2014.....	41
Table 3.3 Summary analysis of MFN tariff, 2014	42
Table 3.4 Summary analysis of preferential tariffs under the EPA with the EU, 2014	44
Table 3.5 VAT rates, 2014.....	46
Table 3.6 Prohibited and restricted imports under the Customs (List of Prohibited and Restricted Imports and Exports) Order, 2009	46
Table 3.7 Imports requiring a licence under the Miscellaneous Controls (General Open Import Licence) Regulations, 2014	47
Table 3.8 Companies that benefited from the Fiscal Incentives Programme during 2010–14.....	58
Table 3.9 Benefits under the Export Allowance Programme	59
Table 3.10 Main Competition Policy Cases Rulings by the FTC, 2008-14	70
Table 3.11 Overview of IPR protection, 2014.....	79
Table 4.1 Barbados sugar production, 2007-12	84
Table 4.2 Production of livestock, animal products and main crops, 2007-12	85
Table 4.3 Agricultural incentive schemes, 2014	86
Table 4.4 Commercial Bank Credit to the Agricultural Sector, 2007-12.....	88
Table 4.5 Barbados' financial system structure, 2008-13	91
Table 4.6 Tourist arrivals, 2007-13.....	99

APPENDIX TABLES

Table A1.1 Merchandise exports and re-exports by groups of products, 2007-13	104
Table A1.2 Merchandise imports by groups of products, 2007-13.....	106
Table A1.3 Merchandise exports and re-exports by trading partner, 2007-13	108
Table A1.4 Merchandise imports by trading partner, 2007-13	109

SUMMARY

1. Barbados was severely affected by the global economic crisis, which resulted in a sharp decline in tourism receipts on which it is highly dependent. GDP contracted sharply in 2009, and has been growing at very moderate rates since 2010. GDP is expected to contract by some 1% in 2014, before recovering slightly in 2015. Reflecting weak economic activity, inflation has been falling in recent years, from some 9.4% in 2011 to less than 2% in 2013 and 2014.

2. The Barbados dollar continues to be pegged to the U.S. dollar, at a rate of 2 to 1. Despite the apparent overvaluation of the currency, the authorities consider that the peg is a pillar for macroeconomic stability. Investment transfers and capital remittances are regulated by the Central Bank under the Exchange Control Act. Foreign or non-resident investors must register all funds brought into Barbados with the Central Bank. Foreign currency funds may generally be freely repatriated for current transactions. However, if substantial capital gains have been realized, repatriation must generally be phased over a period which can be of up to five years.

3. Barbados' fiscal position remains precarious. Since its last Trade Policy Review in 2008, Barbados has registered mounting fiscal deficits resulting in rising public debt. The deficits have reduced the Government's fiscal capacity to respond to exogenous shocks and crises. The fiscal deficit rose from 3.4% of GDP in 2007/08 to 12.7% of GDP in 2013/14, after briefly declining to 4.4% of GDP in 2011/12 due mainly to the increase in the VAT rate from 15% to 17.5%. Although expenditure has remained steady during the review period at around 33-35% of GDP, there has been a decline in revenue as a share of GDP, from 30% of GDP in 2008/09 to 24% of GDP in 2013/14. This decline can be attributed to a number of factors such as the slowdown in the economy brought about by the financial crisis, which resulted in lower collection of corporate and income tax, as well as significant prevalence of tax exemptions, concessions and ad-hoc waivers (estimated at over 5% of GDP) to help sectors weather the crisis. Although granting of these concessions has decreased recently, it did contribute to an erosion of the tax base. The mounting fiscal deficit led to an increase in the debt-to-GDP ratio over 126%.

4. The fiscal consolidation programme is expected to lead to a decline in the deficit this year and in the medium term, and to restore fiscal sustainability. However, fiscal reform falls short of addressing certain structural issues. Barbados needs to make further efforts to streamline the continuing large number of tariff and tax concessions to investors. Although the authorities consider that granting these benefits is necessary to attract investment due to stark regional competition, they have not undertaken a full cost-benefit analysis in this respect. The main issue remains enhancing competitiveness in the provision of goods and services, since Barbados already offers investors a stable business climate, good infrastructure and an educated workforce.

5. Barbados has been running persistent external current account deficits during the review period. In 2013, the deficit reached 11.6% of GDP, up from 9.6% in 2008. The deterioration of the deficit has reflected falling service exports (mainly tourism receipts) and an increasingly negative investment income balance. Barbados runs a considerable merchandise trade deficit, as imports of goods are double its exports. Barbados' main merchandise export products are fuels, foods and chemicals. Its main trading partners are the United States, the EU, and Trinidad and Tobago.

6. Barbados is a founding member of the Caribbean Community and Common Market (CARICOM), and participates in the CARICOM Single Market and Economy (CSME). Through CARICOM, Barbados has bilateral trade agreements with Colombia, Cuba, Costa Rica, the Dominican Republic and Venezuela. Barbados, as a more-developed country (MDC) within CARICOM must reciprocate tariff concessions to the first four of these countries. The agreement with Venezuela is non-reciprocal.

7. Barbados is an active player in the WTO, and a supporter of the multilateral trading system. During the period under review, Barbados has continued to actively advocate the particular vulnerability of small economies to price and supply fluctuations, higher fixed costs of production and marketing, and to natural disasters. Barbados sees the WTO as providing a multilateral rules-based framework for the conduct of all trade. Barbados deems of utmost importance its participation in the CARICOM, and in the bilateral trade agreements subscribed within its framework. Of particular economic significance is the CARIFORUM-EU Economic Partnership Agreement (EPA), signed in October 2008, and ratified by Barbados in July 2014. Barbados has

established a Unit to coordinate the implementation of the EPA and is in the process of making the legal adjustments required.

8. Barbados' investment regime is open, with few restrictions except those related to the capital controls applied by the Central Bank. Liberal market access and establishment conditions prevail and there are no specific foreign investment restrictions. The Government seeks to attract foreign investment by offering a favourable business environment and a number of incentive schemes. In general, foreign investors are granted national treatment; however, exchange control permission is required for a non-resident to hold shares in a company incorporated in Barbados, except for offshore companies. Moreover, Barbados has no overall law guaranteeing market access or national treatment to foreign investors. MFN and national treatment are guaranteed for CARICOM nationals and companies, and since 2009, for EU countries under the EPA, as well as under the different bilateral investment treaties signed by Barbados. Incorporation of MFN and national treatment as well as investment guarantees in an Investment Act, to be applied to all trading partners and which could be invoked in the courts, would enhance the stability and predictability of the investment regime.

9. Barbados has made considerable progress with respect to the adoption of trade-facilitation measures. Customs clearance can be carried out electronically and mechanisms for advanced ruling are in place, as is risk assessment, with merchandise channelled through four lanes according to risk; this includes a "blue" lane, for post-clearance assessment. Currently, only about 10% of imports are subject to physical inspection. The main exception to the use of the transaction value relates to imports of used vehicles, for which a valuation method based on the depreciation of the vehicle is used.

10. Barbados applies CARICOM's Common External Tariff (CET) with a number of exceptions. The general tariff ceiling is 20% for industrial goods and 40% for agricultural goods, but as an exception to the CET, Barbados applies a 60% tariff on certain manufactured goods. Reflecting this and some tariff peaks in agriculture which can be as high as 216%, Barbados' average applied tariff in 2014, at 15.9%, was above the CARICOM average. Barbados grants duty-free treatment to imports from CARICOM countries and preferences to countries with which CARICOM has preferential trade agreements, such as Colombia, Costa Rica, Cuba and the Dominican Republic. Under the EPA, Barbados has granted tariff preferences to imports from EU countries since 2011. In 2014, the average tariff applied on EU imports was almost 30% lower than the average MFN rate. Value added tax (VAT) is applied at a general rate of 17.5%; there is a reduced rate of 7.5% for accommodation in guest-houses, hotels, inns and others. A number of goods and services considered essential are zero-rated.

11. Barbados continues to maintain a dual-licensing regime that favours imports from other CARICOM partners. Accordingly, there are two schedules listing goods for which licences must be obtained: one for imports originating outside CARICOM countries, and another for goods originating within CARICOM. The first list is the more extensive. Licences are non-automatic for imports for which concerns relate to health and safety, public morals and security. Other licences are granted automatically. Import licences are valid for three months and may be extended by renewal upon expiry but are not transferable between importers. Barbados' domestic legislation with respect to contingency measures is outdated. There is no authority in charge of conducting investigations in the area.

12. Barbados' standards body is responsible for the drafting and implementation of standards and technical regulations, in addition to certification, conformity assessment and metrology activities. There are no sunset clauses for technical regulations, but standards are generally reviewed every five years. Technical regulations are usually standards that have been made compulsory by the Minister of Commerce. A standard may be declared compulsory for human, animal or plant health or safety reasons, to ensure quality or provide adequate information to the consumer, to protect the economy, to prevent fraud or deception, or to safeguard the public interest or national security. Procedures for the adoption of a technical regulation include the publication of a notice in the *Official Gazette* and in a daily newspaper, and must allow a period of at least 60 days from the publication of the notice for comments. As at November 2014, a total of 44 technical regulations were in force in Barbados.

13. Barbados is in the process of establishing a National Agricultural Health and Food Control Agency (NAHFCA), to be responsible for sanitary and phytosanitary (SPS) issues, including review

of the existing legislation to ensure coherence with international agreements and codes of practice. This is expected to help address current shortcomings, namely fragmented and/or outdated legislation, multiple jurisdictions as well as weaknesses in surveillance, monitoring and enforcement. Sanitary restrictions are in place for the importation of animals and animal products for which importers must obtain an import permit. Meat and meat products may be imported only from approved countries. Import permits are also required for plants and plant products, which must be accompanied by a phytosanitary certificate issued by the country of export. The importation of any planting material is highly scrutinized.

14. During the period under review, Barbados continued to implement a number of incentive programmes targeted solely or partly at the promotion of exports. Five of these programmes: the Fiscal Incentive Programme; the Export Allowance Scheme; the Research and Development Allowance Schemes; the International Business Incentives Programme; and the Societies with Restricted Liability Scheme have been notified to the WTO along with the internal steps to be undertaken to bring these subsidies into conformity with the SCM Agreement by 31 December 2015. Barbados also grants a large number of other tax and tariff concessions under a number of programmes. There are also a number of credit facilities available to businesses. For instance, the Enterprise Growth Fund Ltd. (EGFL), a joint public/private sector institution, provides loans and equity-financing to small- and medium-size Barbadian companies in the production sectors with funds provided mainly by the Government. To benefit, businesses must be incorporated in Barbados and meet certain employment, assets, and annual sales parameters. Loans provided by the EGFL have preferential conditions with relatively long repayment periods. Loans outstanding under some of the main programmes totalled approximately US\$45 million at end-2013. Additionally, the Central Bank, through the Industrial Credit Fund (ICF), provides medium- and long-term credit to production enterprises. Between 2009 and 2012, disbursements totalled US\$28.3 million. A further serious reform of these programmes within Barbados' process of fiscal consolidation aimed at gradually reducing its deficit and debt may be appropriate.

15. Since its last review, Barbados has continued efforts to encourage competitive markets through competition policy and consumer protection enforcement activities, as well as utilities regulation. Considering the small size of its economy and number of suppliers of certain products and services, enforcement of competition policy rules is crucial for Barbados to enhance competitiveness and consumer welfare and attract foreign investment. The competition authority has been granted ample investigative powers and a strong enforcement mandate. During 2008-14, 78 inquiries and investigations of anti-competitive conduct were conducted, of which some 13% resulted in decisions of breaches of competition policy legislation. The investigations conducted were related to telecommunications, distribution, shipping, financial services, air transport, cement and foodstuff, mining, and waste processing/treatment, among others. Under Barbados' competition policy law, mergers likely to result in the control of in excess of 40% of any market in Barbados must be approved by the competition authority. Pre-merger notification is mandatory in these cases, and approval depends on the extent to which the proposed transaction impacts competition in the domestic market. Between 2008 and 2014, five mergers were approved for companies in the telecommunications, shipping and petroleum industries.

16. Barbados maintains a generally liberal trade regime, with few barriers to entry. However, the State intervenes in the economy, mainly through the provision of incentives and credit as stated above, but also by controlling certain prices and maintaining a stake in a range of enterprises. In late 2014, price controls at both wholesale and retail levels were applied on diesel fuel, gasoline, kerosene, liquefied petroleum gas, chicken wings, chicken backs and necks, turkey wings and regular sugar. Additionally, prices of utilities are regulated by the competition regulator. The Barbados Agricultural Development and Marketing Corporation (BADMC) as the sole state-trading enterprise for poultry meats and onions. Although it does not have statutory state-trading rights, the Barbados National Oil Company is the sole importer of gasoline and fuel oil. Also, a number of commercial companies in Barbados remain partly or totally state-owned, and the State is involved in a number of commercial activities.

17. Government procurement rules were modified in 2011, the procurement method for contracts over US\$100,000 being open tendering. Government procurement below that threshold may take place through direct offers or negotiations or through examination of written quotations from interested suppliers, depending on the amount of tendering. Procurement is generally centralized and contracts are normally awarded to the "lowest evaluated tender", considering price, guarantee of supply, completion time, and transportation costs. Barbados' legislation does

not contemplate granting preferences to domestic or regional suppliers. There are no set-asides; however, the Government has implemented a programme to facilitate participation of small businesses in the procurement process as advancing them the money needed to participate in the process at favourable conditions. A new procurement law aimed at enhancing transparency and efficiency is currently being drafted. It would raise the tendering threshold and decentralize procurement; it also deals with procurement methods and the registration and pre-qualification of suppliers.

18. There were no major changes to Barbados' intellectual property rights (IPRs) legislation during the review period. However, Barbados is currently reviewing this legislation so as to enable it to join certain WIPO agreements, such as the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedures which will require amendments to Barbados' patents law, and the Hague Agreement Concerning the International Registration of Industrial Designs, which will require changes to Barbados' Industrial Designs Act. Barbados is also giving consideration to legal changes with respect to geographical indications.

19. Agriculture generally plays a small role in the economy, except the sugar industry, which provides the raw material for Barbados' main export product, rum. A National Agricultural Strategy is currently under development, the main emphasis being on food security and boosting production and productivity. Additionally, the authorities are considering expanding the scope of sugar-related activities to include the production of ethanol and electricity-generation. The main instrument of border protection is the tariff: Barbados' average applied tariff on agricultural products was 33.9% (WTO definition) in 2014. Apart from the state-trading activities of the BADMC, the dairy market is dominated by the activities of a single company. Under the WTO Agreement on Agriculture, Barbados has reserved the right to use the special safeguard mechanism for the 36 products for which it has a tariff quota regime. However, special safeguards are currently in force for only 24 products. The agricultural sector may benefit from import duty concessions under the Agricultural Incentives Programme and also enjoys a number of specific incentive schemes.

20. Despite the numerous incentives programmes at its disposal and strong tariff protection for certain products, the manufacturing sector contracted by 30% in volume terms between 2007 and 2012. The most affected industries were textiles and apparel, non-metallic mineral products, electronic components, with declines of over 50% in volume terms, while the decline was lower (some 20%) in food, beverages and tobacco. The decline in manufacturing may reflect the global economic crisis and weak domestic demand in Barbados, but also an erosion of competitiveness, due to high costs of production and a real currency appreciation.

21. Services are the backbone of Barbados' economy with tourism and related activities being, by a large margin, the main contributors to GDP. There are important spillover effects from tourism on construction, distribution services, electricity, agriculture and manufacturing. The tourism sector was considerably affected by the global crisis which led to a significant decline in the number of visitors, from nearly 1.2 million in 2007 to approximately 1.1 million in 2013. Total expenditure by stay-over tourists declined from US\$1.14 billion in 2008 to US\$713 million in 2013. The sector may benefit from numerous incentives, including those provided by the Tourism Development Act which was amended in 2014 to widen the scope of beneficiaries and benefits. Tourism activities may also benefit from income tax concessions and exemptions from import duties and VAT. In addition, investors are eligible for an investment tax credit to be offset against tax payable.

22. Financial services are open to foreign investment: all six commercial banks operating in Barbados are foreign-owned. The offshore financial sector is large, comprising 45 banks, 228 captive insurers, 12 holding companies and 21 management companies. In addition, there are nearly 4,000 international business companies licensed in Barbados. The financial sector was impacted by the collapse of the CL Financial Group, which resulted in a liquidity shortage for its Barbadian subsidiary, CLICO International life (CIL). The Central Bank intervened to provide liquidity support to CIL, and the Supreme Court of Barbados subsequently appointed a judicial manager to oversee its affairs and several restructuring proposals were advanced. However, as at October 2014, the matter was still unresolved. Partly as a response to the crisis, during the period under review Barbados improved its legal, regulatory and supervisory framework in line with the recommendations of the 2008 Financial System Assessment Programme (FSAP). The most fundamental change was the introduction of consolidated risk-based supervision. However, many of the FSAP's recommendations await implementation.

23. Barbados' telecommunications industry has been fully liberalized and there is competition in all market segments, although a single provider still dominates the fixed telephony market. Telecommunications rates and interconnection agreements are regulated by the competition authority. Grantley Adams International Airport is the only international airport in Barbados and serves as one of the main regional hubs. However, the airport does not meet the International Civil Aviation Organization's category 1 status, which limits its potential, particularly with respect to direct flights to the United States. A government-owned limited-liability company has responsibility for managing and maintaining the airport, but private companies are allowed to provide ground-handling services. While there is no national airline, the Government has a 49.04% share in the regional airline, LIAT. Barbados-registered airlines must be majority-owned by Barbadian or CARICOM nationals. A number of bilateral air services agreements have been subscribed or initialled and are administratively applied.

1 ECONOMIC ENVIRONMENT

1.1 Real economy

1.1. Barbados is a small and open economy located in the Caribbean. Barbados has a population of approximately 278,000 and a GDP per capita of around US\$13,600. The relatively small size and island location makes the country highly dependent on imports. Merchandise imports accounted for approximately 40% of GDP in 2013, while the share of merchandise exports was around 18% of GDP.

1.2. Barbados has a narrow economic base with the tourism sector and related activities responsible for over 50% of economic activity, and government and financial services accounting for most of the rest. Furthermore, Barbados has been running persistent fiscal deficits, which have resulted in mounting public debt. In 2013 public debt stood at nearly 126% of GDP.¹ The lack of diversification, high dependence on imports and a high level of debt leave Barbados extremely vulnerable to exogenous shocks.

1.3. As such, the global financial crisis in 2008 seriously affected Barbados. Real GDP contracted by an annual average of 0.7% between 2008 and 2013 (Table 1.1) and is projected to decline by a further 1.2% in 2014.² The authorities consider that the decline can be partly attributed to the dampening effect of public sector layoffs and to other fiscal consolidation measures (see below). They also noted that the economy had been performing slightly better than expected in 2014, with a real GDP decline of 0.1% in the first half of 2014 compared to the same period in 2013.

1.4. The financial crisis adversely impacted the tourism source markets, resulting in a significant decline in stay-over tourist arrivals. Additionally, per capita expenditure by tourists declined by an annual average of 5% between 2008 and 2011, before recovering somewhat in 2012 and 2013. As can be seen from Table 1.1, the crisis prompted a strong decline in receipts from exports of services, which lost a considerable share of GDP during the period (some six percentage points between 2008 and 2012). It also considerably impacted building activity and other gross capital formation, resulting in a 4-5 percentage points decline in its share of GDP. After declining dramatically in the aftermath of the crisis, imports of goods recovered somewhat in the following years; but, although their share of GDP has recovered, in value terms imports are still below pre-crisis levels. The financial crisis also resulted in the collapse of CL Financial, a regional financial holding company with subsidiaries in Barbados, and this has had an impact on Barbados' economy.³ The situation was further exacerbated by the high level of debt and the scant fiscal space to manoeuvre.

1.5. The global financial crisis had an adverse effect on the onshore and offshore financial sectors in Barbados: non-performing loans of local and foreign banks have been rising since 2008 and bank profitability has declined (section 4). However, it appears that the banks have adequate loan loss provisioning and are currently well capitalized.

1.6. Against this backdrop, the authorities realize the need for structural changes in order to restore growth and macroeconomic stability in the medium-term. The authorities are focusing on improving productivity and diversifying the economy, as well as achieving fiscal consolidation and debt sustainability.

1.7. Barbados' growth strategy focusses on increasing the country's market share in the activities in which it has established its international competitiveness, namely: tourism, international business and finance, agro-processing, and green energy. The authorities envisage a growth strategy driven by the private sector, with the Government providing appropriate fiscal incentives, as well as reducing the cost of doing business.

¹ The public debt figure includes National Insurance Scheme holdings.

² IMF (2014), *Barbados 2013 Article IV Consultation, IMF Country Report No. 14/52*, February 2014. Viewed at: <http://www.imf.org/external/pubs/ft/scr/2014/cr1452.pdf>.

³ The liquidity constraints faced by the Barbadian entities CLICO General Insurance Limited and CLICO International Life Insurance Limited, impacted policyholders of traditional insurance policies and holders of Executive Flexible Premium Annuity policies and through them had an effect on Barbados' economy.

Table 1.1 Basic macroeconomic indicators, 2007-14

	2007	2008	2009	2010	2011	2012 ^a	2013 ^b	2014 ^b
Real sector								
Nominal GDP at market prices (BDS\$ million)	9,027	9,083	9,185	8,867	8,738	8,450	8,568	8,631
Nominal GDP at basic prices (BDS\$ million)	7,810	7,850	7,907	7,757	7,794	7,327	..	..
Real GDP growth (constant 1974 prices, %)	1.7	0.3	-4.1	0.3	0.8	-0.2	-0.7	-1.2
GDP per capita at basic prices (US\$)	14,750	14,300	14,350	14,050	14,100	13,250	..	..
Unemployment rate (%)	7.4	8.1	10.0	10.8	11.2	11.6	11.7	11.7 ^c
Sectoral share (% of GDP at basic prices)								
Agriculture	1.5	1.6	1.6	1.5	1.4	1.4	..	..
Sugar	0.3	0.3	0.2	0.1	0.1	0.1	..	..
Non-sugar agriculture (including fishing)	1.2	1.3	1.4	1.4	1.3	1.3	..	..
Mining and quarrying	0.2	0.2	0.2	0.3	0.3	0.3	..	..
Manufacturing	7.1	7.2	6.8	6.7	6.1	6.7	..	..
Construction	6.3	6.9	5.8	4.8	4.6	5.1	..	..
Electricity, gas and water	2.0	2.1	2.4	2.7	2.8	3.1	..	..
Wholesale and retail trade	10.9	9.9	10.9	10.4	10.1	10.1	..	..
Hotels and restaurants	15.9	15.9	14.3	14.3	13.0	13.2	..	..
Transport, storage and communications	11.6	11.2	10.1	10.8	11.1	11.5	..	..
Finance and business services	29.7	29.7	30.8	30.8	31.6	30.5	..	..
Personal and other services (incl. education and health)	3.9	4.7	5.0	5.5	6.2	5.2	..	..
Government services	10.6	10.7	12.1	12.3	12.7	13.0	..	..
GDP components by expenditure (% of GDP at market prices)								
Consumption expenditure	85.9	88.8	87.1	89.4	96.3	96.4	..	..
Personal consumption	69.1	70.2	67.6	70.6	76.2	80.2	..	..
Government consumption	16.8	18.6	19.5	18.8	20.2	16.1	..	..
Gross capital formation	18.5	18.4	15.0	13.6	14.8	14.3	..	..
Building activity	9.3	10.0	8.5	7.1	7.0	7.4	..	..
Machinery/equipment	9.1	8.2	6.4	6.3	7.6	6.6	..	..
Change in stocks of finished goods	0.1	0.2	0.2	0.2	0.2	0.2	..	..
Exports of goods and services	45.3	46.0	41.5	46.3	39.3	42.5	..	..
Goods	11.7	10.8	8.3	9.7	10.9	13.4	..	..
Services	33.6	35.2	33.2	36.6	28.5	29.1	..	..
Imports of goods and services	49.1	53.6	44.5	50.5	53.7	54.3	..	..
Goods	35.7	38.1	29.7	34.0	40.7	41.7	..	..
Services	13.4	15.4	14.8	16.5	13.0	12.6	..	..
Statistical discrepancy	-0.5	0.3	0.9	1.2	3.2	1.2	..	..
Consumer price index (period average)	4.0	8.1	3.7	5.8	9.4	4.5	1.8	2.0
Exchange rate (national currency per US\$)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	..
Interest rates								
Treasury bill	4.9	4.8	3.4	3.4	3.4	3.6	3.2	3.2
Average deposit rate	4.8	4.1	2.7	2.7	2.7	2.5	2.5	2.5 ^d
Average loan rate	10.7	10.3	9.7	9.4	8.8	8.4	8.5	8.1 ^d
Central government operations (BDS\$ million)^e								
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total revenue		2,622	2,296	2,279	2,550	2,341	2,054	2,163
Current revenue		2,615	2,260	2,275	2,536	2,309	2,028	2,137
Tax revenue		2,484	2,152	2,168	2,346	2,194	1,953	2,061
Income and profits		893	801	690	706	608	441	486
Goods and services		1,079	977	1,157	1,298	1,237	1,099	1,115
Taxes on property		158	115	118	134	139	205	243
Taxes on international trade		220	178	191	196	198	198	208
Other (levies, stamp duties)		19	14	12	12	11	9	9
Non-tax revenue		131	108	107	191	115	75	75
Capital revenue and grants		7	35	4	14	32	27	27
Total expenditure		2,899	2,895	3,055	2,935	3,018	2,878	2,590

	2007	2008	2009	2010	2011	2012 ^a	2013 ^b	2014 ^b
Current expenditure		2,787	2,814	2,920	2,817	2,895	2,747	2,458
Wages, salaries and NIS contributions		833	866	860	867	870	786	691
Goods and services		421	414	378	400	392	355	345
Interest		396	437	507	527	560	631	651
Transfers		1,137	1,097	1,174	1,022	1,073	975	772
Capital expenditure and net lending		112	81	135	118	123	131	132
Overall balance		-278	-599	-776	-384	-677	-823	-427
Of which, primary balance		-268	143	-118	-193	224
Financing		776	384	677	823	427
Foreign financing		254	19	-25	168	-113
Domestic financing		522	366	702	656	539

.. Not available.

a Provisional.

b IMF projections.

c Central Bank estimates for January-June 2014.

d Average as of end April 2014.

e Fiscal year is from April to March.

Source: Ministry of Finance and Economic Affairs, *Economic and Social Reports 2010, 2011, and 2012*; Central Bank of Barbados online statistics, available at: <http://data.centralbank.org.bb/default.aspx>; and International Monetary Fund (IMF), *Barbados: Staff Report for 2013 Article IV Consultation*, available at: http://www.imf.org/external/pubs/cat/longres.aspx?sk=41335_0, a Barbados: Staff Report for the 2011 Article IV Consultation, available at: http://www.imf.org/external/pubs/cat/longres.aspx?sk=25655_0, and IMF online information, available at: <http://elibrary-data.imf.org/DataExplorer.aspx/>.

1.8. Recognizing the need for urgent action, the authorities announced ambitious fiscal consolidation measures during the second half of 2013 aimed at strengthening the fiscal position arresting the slide in reserves and bringing down the level of public debt to sustainable levels (see below). These measures are focused mainly on expenditure reduction and to a lesser extent on revenue generation.⁴

1.2 Monetary and exchange rate policy

1.9. The Central Bank of Barbados (CBB) is responsible for conducting monetary policy. The main objective of monetary policy is to maintain the exchange rate's fixed parity with the U.S. dollar, which involves ensuring there is a sufficient buffer of foreign exchange reserves to protect the peg. In addition, promoting monetary stability and a sound financial structure, developing money and capital markets, and maintaining credit and exchange conditions that foster development, are also monetary policy objectives.

1.10. The main instruments available to the Central Bank to implement monetary policy are the discount rate on short term liquidity loans to commercial banks, reserve requirements, and moral suasion. Currently, commercial banks must hold 2% of foreign deposits and 5% of domestic deposits in cash reserves, and 10% of deposits in government securities.

1.11. Monetary policy is carried out under the framework of a fixed exchange rate system with the U.S. dollar. The Barbados dollar is pegged to the U.S. dollar at BDS\$2 per US\$1.

1.12. Current account transactions are fully liberalized. However, certain capital account restrictions remain in place. Purchases of all securities abroad by residents require exchange control approval. Earnings on these securities must be repatriated to Barbados and surrendered to an authorized dealer. All credit operations, as well as direct investments, also require exchange control approval.

⁴ Among the revenue generation measures undertaken, Barbados introduced a Fiscal Consolidation Tax, levied on incomes beyond a certain threshold; a tax on commercial banks' assets; and a municipal waste tax. There was also a reduction in discretionary import duty, VAT and excise tax waivers (see below for more details).

1.13. The liquidation of proceeds of direct investments is permitted provided the original investment was registered with the CBB, all liabilities related to the investment have been discharged, and that evidence is submitted documenting the validity of the remittance. As a result of its participation in the CARICOM Single Market and Economy, Barbados has committed to liberalize the capital account *vis-à-vis* other CARICOM countries and the authorities confirm that the purchase and sale of equities have been liberalized.

1.14. During the period under review, changes to the monetary policy framework were put in place. These included: the introduction of a requirement for authorized foreign exchange dealers to surrender 5% of their gross foreign exchange purchases to the CBB; and the reduction in the CBB's selling rate on currency trades from BDS\$2.035 per U.S. dollar to BDS\$2.017 per U.S. dollar, thereby lowering the margin for trades between authorized dealers and the general public.

1.15. The 5% surrender requirement is intended to increase the supply of foreign exchange to the CBB. However, this could be seen as a backward step in the liberalization process as it is likely to increase the role of the Central Bank in foreign-exchange transactions and slow down the development of the interbank market.⁵ The authorities disagreed with this view. To their mind, CBB intervention in the foreign-exchange market is a measure of last resort; in this case it was required as, at the time of the change in policy, it was discovered through market research that the foreign-exchange market was not functioning as efficiently as it should. The introduction of new players and the increased treasury operations of banks had resulted in some unpredictability in foreign-exchange market activity. The changes were intended to introduce an incentive structure to encourage active trading in the foreign-exchange market.

1.16. Monetary policy implementation has not always been consistent with the fixed exchange rate framework. In 2013, a new interest rate policy was put in place, which made the 3-month Treasury-Bill rate the benchmark rate and directed the Central Bank to intervene in the auction market.⁶ Under this policy, the CBB bought Treasury bills issued in the first 11 months of 2013 and short-term interest rates fell by about 50 basis points. Although the purpose was to inject more liquidity into the economy, credit to the private sector, which had been contracting since 2011, continued to fall after the introduction of the measure. Also, the impact on liquidity was overshadowed by the decline in net foreign assets (reflecting increased indebtedness). Furthermore, monetization of the deficit has created uncertainty and confusion about the primary objective of monetary policy (maintaining the exchange rate peg).⁷

1.17. Inflation, as measured by the retail price index (RPI), has been on a downward trajectory in recent years. After peaking at over 9% in 2011, the RPI has decreased slightly over 2% in 2013. The decline has come about due to low commodity prices as well as weak demand in the economy.

1.3 Fiscal policy and debt sustainability

1.18. Barbados has been registering fiscal deficits persistently since the early 2000s. These deficits have resulted in rising public debt and have reduced the Government's ability to respond to exogenous shocks and crises due to lack of fiscal space.

1.19. During the period under review, the fiscal deficit rose from 3.4% of GDP in 2007/08 to 12.7% of GDP in 2013/14.⁸ However, the deficit declined to 4.4% of GDP in 2011/12, mainly on account of a temporary increase in tax revenue, before increasing again. The surge in tax revenue was due mainly to the increase in the VAT rate from 15% to 17.5% and to a higher compliance

⁵ IMF (2012), *Barbados 2011 Article IV Consultation, IMF Country Report No. 12/7*, January 2012. Viewed at: <http://www.imf.org/external/pubs/ft/scr/2012/cr1207.pdf>.

⁶ This policy replaced the previous minimum deposit rate policy. The authorities noted that the key focus of the new interest rate policy was to lend confidence to the overall policy stance by offering guidance on the interest rate considered most suitable given factors such as the banking system's domestic liquidity level, the spread between domestic and U.S. interest rates, and the Government's financing requirements. Under the policy, the CBB intervenes in the Treasury bond market from time to time to influence the average rates at which Treasury bills are sold. The CBB also stipulates a minimum savings rate designed to protect depositors from inflation. This rate is currently fixed at 2.5%. Banks are free to set all other interest rates.

⁷ IMF (2014), *Barbados 2013 Article IV Consultation, IMF Country Report No. 14/52*, February 2014. Viewed at: <http://www.imf.org/external/pubs/ft/scr/2014/cr1452.pdf>.

⁸ Information provided by the authorities.

rate in the payment of property taxes. Revenue subsequently declined, owing to a number of measures which were introduced such as: the adjustment in the income tax threshold from BDS\$24,000 to BDS\$35,000, a reduction in the effective personal income tax rate from 20% to 17.5%, and a decrease in the IBCs tax rate to 0.25% in 2013, from 1% in 2012. Expenditure remained steady during the review period, fluctuating between 33-35% of GDP. On the other hand, changes in revenue were starker, fluctuating between 30% of GDP in 2008/09 and 24% of GDP in 2013/14.

1.20. The secular decline in revenue can be attributed to a number of factors. The slowdown in the economy brought about by the financial crisis resulted in lower collection of corporate and income tax, and in the significant prevalence of tax exemptions (estimated to be over 5% of GDP) to help sectors weather the crisis. Furthermore, there was a systematic erosion of the tax base over a period of time fed by the award of tax concessions as well as of ad-hoc waivers, although these have decreased significantly in recent times. Additionally, the lack of a Central Revenue Authority until recently, has also hampered revenue collection.

1.21. During the period under review, the Government implemented a 19-month fiscal adjustment programme aimed at achieving a significant reduction in expenditure. However, as expenditure is dominated by items where rigidities exist, such as wages, interest payments on account of debt-servicing, and budgetary transfers to government entities, the authorities have found it difficult to reduce it in recent times. Barbados has the highest wage bill in the Caribbean coupled with rigidities in the labour market, which make redundancies and wage reductions difficult as they must be agreed with the private sector and unions.⁹ Consequently reducing the wage bill has proved difficult, although a public sector two-year wage freeze has been put in place. Labour market rigidities also increase the cost of doing business in Barbados resulting in a loss in competitiveness.

1.22. State-owned enterprises (SOEs) have cost the exchequer approximately 2.5% of GDP per year. Most SOEs operate at a loss; in addition, there seems to be a lack of oversight or accountability with respect to SOEs, as these have not submitted financial reports for many years, which, *inter alia*, makes budgeting for such entities difficult. The authorities have put in place the Barbados State Enterprises Oversight Committee to review the operations of SOEs in order to provide the Ministry of Finance with recommendations for improving the governance of these entities, especially with respect to financial reporting, as well as for addressing financing gaps and arrears and reducing the costs of operations. The Committee is also expected to provide the Ministry of Finance with recommendations on alternatives for restructuring the operations of some SOEs.

1.23. As a result of the need to finance fiscal deficits over a number of years, public debt (inclusive of NIS holdings) has risen from 82% of GDP in 2007 to over 126% of GDP in 2013.¹⁰

1.24. The authorities are cognizant of the urgent need for fiscal stability and consolidation as well as for reducing public debt to sustainable levels so as to reinvigorate growth. In this regard they have taken measures to restore fiscal stability, reduce the deficit, and embark on a medium-term consolidation plan and debt reduction (see below).

1.4 Structural reform

1.4.1 Fiscal consolidation and public sector enterprises

1.25. In 2010, the authorities developed a medium-term fiscal strategy (MTFS). The objective of the strategy was to reduce the fiscal deficit, balance the budget over the medium-term and reduce the debt-to-GDP ratio to 90.5% by 2014/15, while at the same time achieving moderate growth.

⁹ Labour issues in Barbados are traditionally discussed at a tri-partite level, where the Government, the private sector and unions participate. The wage freeze for public sector employees was agreed at the tri-partite level. The authorities stated that the tri-partite arrangement has been targeting the unemployment rate and that it has managed to stabilize it at around 10-11% for a number of years.

¹⁰ IMF (2012), *Barbados 2011 Article IV Consultation, IMF Country Report No. 12/7*, January 2012. Viewed at: <http://www.imf.org/external/pubs/ft/scr/2012/cr1207.pdf>, and IMF (2014), *Barbados 2013 Article IV Consultation, IMF Country Report No. 14/52*, February 2014. Viewed at: <http://www.imf.org/external/pubs/ft/scr/2014/cr1452.pdf>.

To achieve the above strategy goals, measures addressing both revenue and expenditure were proposed.

1.26. On the revenue front measures proposed included raising the VAT by 3 percentage points to 18%, and broadening the tax base by eliminating tax exemptions and making tax administration more efficient. Proposals on the expenditure side included reducing public sector wages, decreasing expenditure on goods and services, and increasing tariffs for public utilities.

1.27. As at October 2014, some of the above measures had already been implemented, including: raising the VAT to 17.5%; increasing the excise tax on gasoline by 50%; eliminating some tax-free allowances on travel and entertainment, as well as reducing ad-hoc tax waivers by 10%. Furthermore, fees and charges for some services were increased.¹¹

1.28. In August 2013, the authorities announced further consolidation measures, which are expected to improve the fiscal position by 6% of GDP by 2015/16. Revenue measures announced include a temporary high-income surtax (consolidation tax), the introduction of a lottery tax, the end of the car excise rollback, the introduction of a tax on bank assets, a tobacco excise tax, a “waste” tax on property, and the elimination of certain tax waivers.¹² In contrast, the VAT rate applied on tourism services was reduced, from 8.75% to 7.5%, to foster further development of the sector.¹³ These measures are expected to yield gains of 1.5% of GDP by 2015/16.

1.29. Expenditure measures include the layoff of 2,000 central government employees, as well as a wage freeze. Subsidies and transfers to PEs were also to be cut and 1,000 employees of these enterprises were to be made redundant. As of March 2014, 1,800 public employees were made redundant. The expenditure measures are expected to result in a reduction of the expenditure to GDP ratio of 5 percentage points by 2015/16.

1.30. These measures were also accompanied by institutional reform steps. With a view to improving the efficiency of tax administration, as well as the consolidation of tax administration services, the Barbados Revenue Authority was formally established in 2014.

1.31. The full implementation of the expenditure and revenue measures would put the debt-to-GDP ratio on a steep downward trajectory. It is projected that debt would amount to 85% of GDP (not including NIS holdings) in 2018/19.

1.32. As already mentioned, SOEs are a significant drain on the Government budget. A full reform of these would be needed to lower the structural deficit and provide the authorities with much needed fiscal space to spur growth. Suggestions to this end have been made, and have included, *inter alia*, the need for a stronger legislative framework which would cover reporting, audit and accounting provisions, and reform of the tariffs charged by the different SOEs in order to improve the targeting of services provided.

1.5 Balance of payments

1.33. Barbados has been running persistent current account deficits. During the period under review Barbados' current account deficit increased from US\$418 million in 2008 (9.6% of GDP) to US\$488 million in 2013 (11.6% of GDP), reflecting a widening of the gap between gross domestic investment and gross national savings (Table 1.2). The deterioration in the current account deficit was due both to a worsening of the trade and services balances. Between 2007 and 2012 both exports and imports declined. The fall in imports was brought about by the recession, which dampened demand.

¹¹ IMF (2012), *Barbados 2011 Article IV Consultation, IMF Country Report No. 12/7*, January 2012. Viewed at: <http://www.imf.org/external/pubs/ft/scr/2012/cr1207.pdf>.

¹² The municipal tax is applied at the rate of 0.3% on the improved site value, which includes the value of the land and the property.

¹³ The VAT rate on tourism services had been increased from 7.5% to 8.75% in 2010. The reversion to a 7.5% rate was effective September 2013, and the new rate was extended to services directly related to tourism.

Table 1.2 Balance of payments, 2007-13

(US\$ million)

	2007	2008	2009	2010	2011	2012	2013 ^a
Current account	-183	-418	-247	-258	-498	-426	-488
Exports	2,114	2,088	1,859	2,055	2,192	2,047	1,984
Exports of goods	479	488	379	431	948	827	759
Of which: re-exports	116	120	68	98	124	134	137
Imports	2,342	2,412	2,039	2,240	2,298	2,118	2,102
Imports of goods	1,526	1,710	1,294	1,507	1,728	1,584	1,567
Of which: oil	265	366	255	302	394	398	383
Services (net)	819	899	735	892	674	686	690
Credit	1,635	1,601	1,481	1,624	1,244	1,220	1,224
Of which: travel	1,194	1,194	1,068	1,035	963	907	912
Debit	816	702	746	733	570	534	534
Investment income (net)	-101	-121	-87	-112	-348	-325	-332
Credit	199	178	233	236	140	138	133
Debit	300	300	320	348	487	463	465
Of which: interest on public debt	76	83	80	74	74	74	74
Current transfers (net)	145	27	20	39	-45	-30	-39
Credit	256	121	94	111	149	149	142
Debit	111	94	73	72	194	178	181
Capital and financial accounts	319	400	251	132	122	173	128
Long-term	658	155	223	371	388	340	175
Public sector	-72	-61	204	153	45	14	98
Private sector	730	216	19	217	342	326	77
Of which: FDI flows	233	216	19	217	342	326	77
Short-term	-238	92	3	-115	-4	4	3
Public sector	0	0	0	0	0	0	0
Private sector	-238	92	3	-115	-4	4	3
Change in commercial banks assets	-101	154	25	-124	-261	-170	-50
Errors and omissions	41	-76	-28	99	370	269	195
Overall balance	177	-94	-23	-27	-6	17	-165
Reserve movements	-177	94	-64	27	6	-17	165
Memorandum items							
Current account (% of GDP)	-4.1	-9.2	-5.4	-5.8	-11.4	-10.1	-11.4
Exports of goods and services (annual growth rate)	11.5	2.1	-11.0	7.9	6.7	-6.6	-3.1
Imports of goods and services (annual growth rate)	7.4	8.9	-15.4	9.5	2.6	-7.8	-0.8
Net international reserves (US\$ million) ^b	774	680	744	718	712	729	563
In months of imports	4.0	3.4	4.4	3.8	3.7	4.1	3.2
Real effective exchange rate	-2.4	3.9	2.6	0.1	2.1	4.7	0.9

a IMF projection.

b Gross international reserves for the years 2007 to 2009.

Source: International Monetary Fund (IMF), Country Reports No.12/7 and 14/52.

1.34. The services surplus declined considerably during the review period. The decline was mainly on account of a reduction in the travel credit. Travel was hit due to the global financial crisis in 2008, which in turn had an adverse effect on tourist arrivals and spending. As such the travel surplus declined from US\$1.2 billion in 2008 to US\$900 million in 2013. The investment income balance worsened and net current transfers declined during the review period.

1.35. The capital and financial account surplus showed a marked decline during the review period. The change was brought about primarily by changes in commercial bank assets. These changes in banks assets were offset to a certain degree by FDI inflows and to a lesser extent by long-term public sector inflows. Consequently, the overall balance-of-payments moved from a deficit of US\$94 million in 2008 to a deficit of US\$165 million in 2013. As a result, foreign exchange

reserves declined from US\$680 million in 2008 (3.4 months of import cover) to US\$563 million in 2013 (3.2 months of import cover).

1.6 Developments in trade

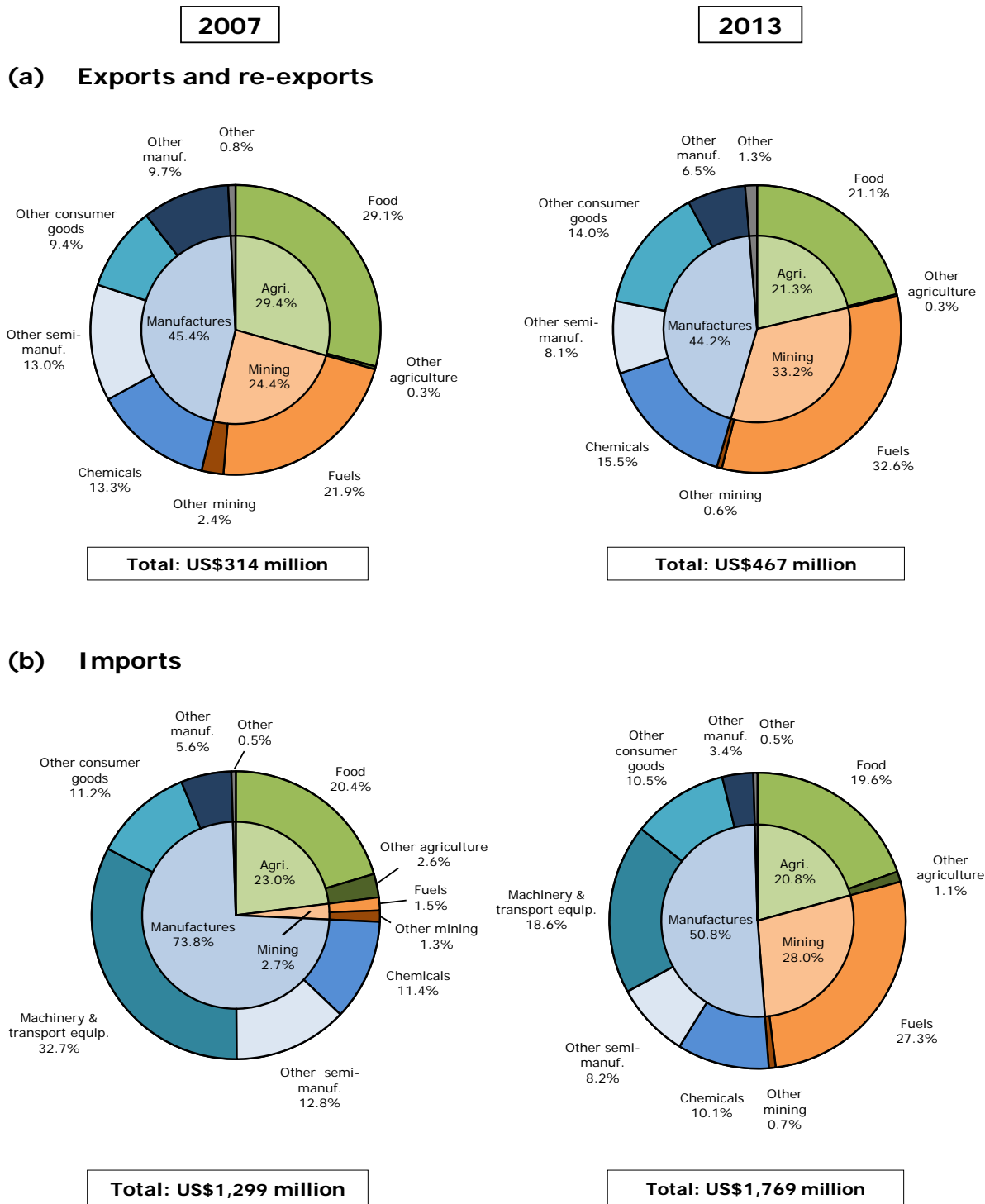
1.36. In 2012, the share of merchandise exports in GDP was over 13%, an increase from nearly 12% in 2007. The share of merchandise imports also increased, from nearly 36% of GDP to approximately 42% over the same period. However, this was due primarily to a sharper contraction of other GDP components, particularly investment, which lost share of GDP, and not to good performance of external trade. On the other hand, the share of exports of non-factor services declined from over 33% of GDP in 2007 to under 30% of GDP in 2012. The share of imports of non-factor services also declined. Consequently, the share of trade in goods and services declined from nearly 95% of GDP in 2007 to less than 85% of GDP in 2012.

1.6.1 Composition of trade

1.37. In 2013, Barbados' main merchandise exports were fuels, food and chemicals. During the period under review, the shares of fuels and chemicals rose, while that of food declined (Chart 1.1 and Table A1.1). The reason for the increase in the share of fuels was due to increasing global prices for oil, while the decline in food exports could be attributed to the collapse of sugar exports. In sharp contrast, the shares of manufactured goods, machinery and transport equipment and miscellaneous manufactured articles rose significantly.

1.38. The share in imports of fuels rose between 2007 and 2013, while the shares of manufactures (mainly machinery and transport equipment) declined significantly. Fuels and food are the largest import categories accounting for nearly 50% of total imports (Chart 1.1 and Table A1.2).

Chart 1.1 Merchandise trade by product, 2007 and 2013



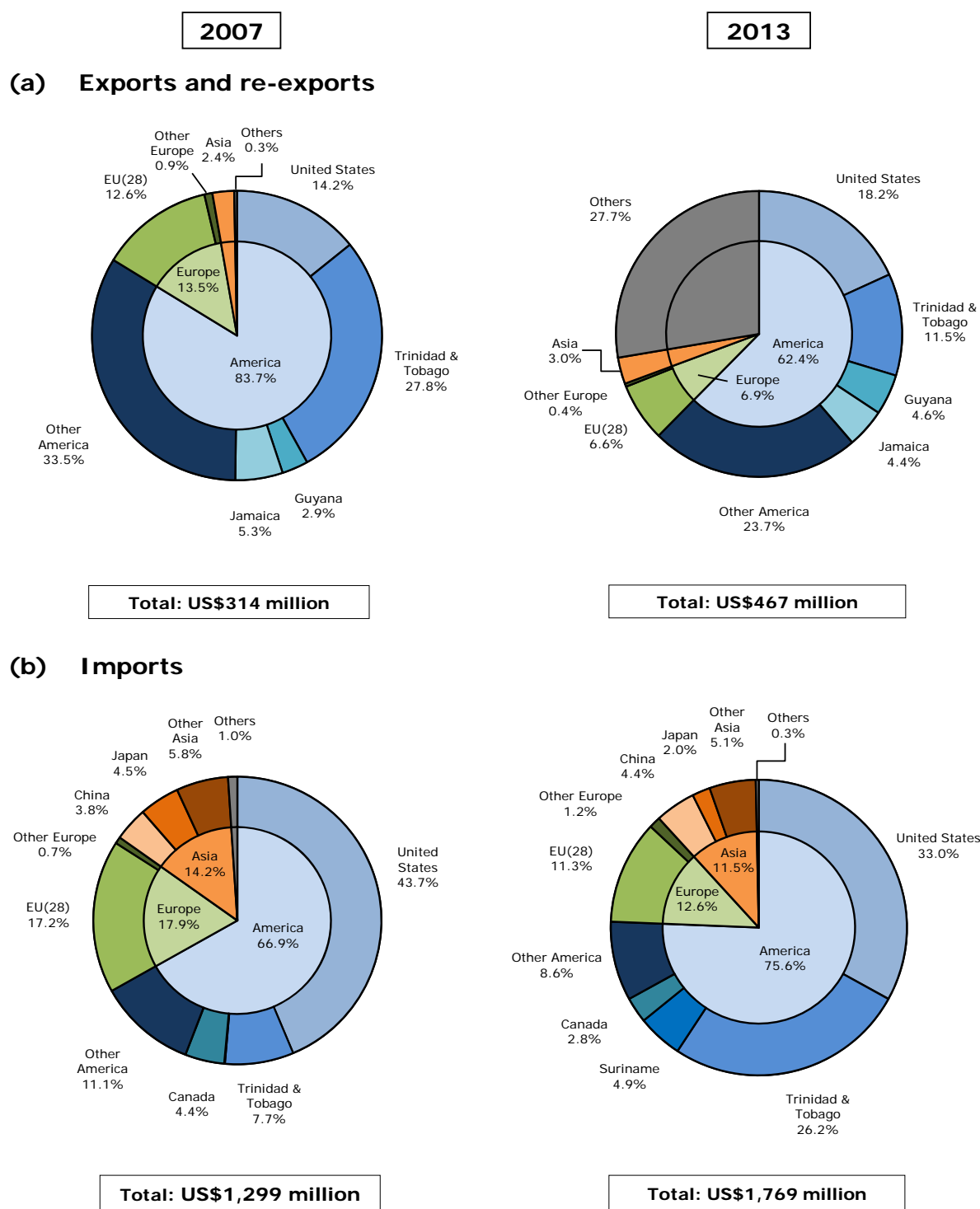
Source: UNSD, Comtrade database (SITC Rev.3).

1.6.2 Direction of trade

1.39. Barbados' main export destination in 2013 was the United States followed by Trinidad and Tobago and EU28 (Chart 1.2 and Table A1.3). During the review period, the share of the United States rose; on the other hand, the shares of the EU28 and Trinidad and Tobago showed a sharp decline.

1.40. The United States remains Barbados' largest import supplier accounting for over a third of total imports, followed by Trinidad and Tobago and the EU28. During the period under review, the import shares of the United States and the EU28 declined. In sharp contrast, the share of Trinidad and Tobago rose more than threefold (Chart 1.2 and Table A1.4).

Chart 1.2 Merchandise trade by main origin and destination, 2007 and 2013



Source: UNSD, Comtrade database (SITC Rev.3).

1.7 Outlook

1.41. Barbados' short term economic growth outlook is relatively negative. The IMF projects a contraction of GDP of 0.6% in 2014, and relatively slow growth of 0.5%, in 2015. Inflation is expected to remain subdued, at between 1.7-2% per year. Since Barbados continues to be highly dependent on tourism, its economic prospects continue to hinge on developments in the sector.

1.42. In the medium-run, the fiscal reform measures currently being implemented are expected to reduce the deficit, however, the decline in employment caused by the reform in the public sector and wage reductions could have a negative impact on domestic consumption. To achieve a lasting improvement in the fiscal balance, Barbados must increase its tax base, for which it needs to conduct a mainstream review of the number of incentives it grants. These are costly in terms of revenue, and do not seem to be yielding the results expected in terms of fostering growth. Barbados also needs to address the issue of competitiveness in order to be able to compete more effectively with countries of the region in the provision of goods and services, including tourism.

2 TRADE AND INVESTMENT REGIME

2.1 General framework

2.1. Barbados is a constitutional monarchy with a parliamentary system based on the Westminster model. The Head of State is the British Monarch represented in Barbados by the Governor-General. The Government of Barbados is formed by the political party which gains a simple majority in the general elections. Executive authority is vested in the Prime Minister and Cabinet, who must collectively respond to Parliament. The Prime Minister is appointed by the Governor-General among the members of the House of Assembly and chosen on the principle of being the most suitable person to command the support of the majority of the members elected. Other Ministers are appointed from either House of Parliament by the Governor-General as advised by the Prime Minister.

2.2. Barbados' Parliament is bicameral, composed of the Senate and the House of Assembly. The Senate has 21 members; they are appointed by the Governor-General, 12 on the advice of the Prime Minister, two on the advice of the Leader of the Opposition, and seven at the Governor-General's discretion.¹ The House of Assembly has 30 members, all elected by popular vote. Although both Houses debate all legislation, the House of Assembly has generally decisive power since it may ultimately override the Senate's rejection of bills, with the exception of those amending the Constitution. At the end of a legislature, both Houses of Parliament are dissolved by the Governor-General acting on the advice of the Prime Minister. According to the Constitution of Barbados, elections must take place no later than every five years after the first sitting of Parliament; however, they may be called at any time by the Prime Minister. The last elections took place in February 2013.

2.3. The Constitution (1966) is Barbados' supreme law. As a consequence, any law that is not consistent with the Constitution is void to the extent of its inconsistency. International agreements, including legislation and decisions emanating from the WTO and from CARICOM, cannot be invoked directly before national courts, but only to the extent that they have been incorporated in domestic legislation.

2.4. Requests for new legislation or for amendments of existing laws may stem from the Cabinet or from a Member of Parliament. The drafting of the corresponding bills is the responsibility of the office of the Attorney-General. Bills may be introduced in either the House of Assembly or the Senate. In practice, most bills usually begin in the House of Assembly. A Bill introduced in a House of Parliament must be passed at its third reading, with or without amendments, before moving onto the other House. Bills become law only after receiving the assent of the Governor-General.

2.5. Barbados' judicial system is based on English common law; there is no judicial review of legislative acts. The common law rules of conflict of laws apply. Magistrates' courts deal with civil and criminal cases. The Supreme Court of Judicature consists of the High Court and the Court of Appeal, and deals with the more serious criminal and civil cases and with issues related to interpretation of the Constitution. Judges are appointed by the Governor-General on the advice of the Prime Minister. The final Court of Appeal is the Caribbean Court of Justice (CCJ) in Port of Spain, Trinidad; the decisions of the CCJ are binding on all parties.

2.2 Trade policy formulation and implementation

2.6. Barbados' trade policy aims at promoting and facilitating the development of Barbados' international trade, particularly export trade, and to strategically position Barbados to operate in, and derive the maximum trade benefits from, new liberalized global trade.² Barbados considers trade agreements as vehicles to obtain increased market access for its goods and services, at the multilateral, regional and bilateral levels. This is complemented by export promotion strategies. Barbados deems of utmost importance its participation in CARICOM, in tandem with bilateral trade

¹ Constitution of Barbados. Viewed at:

http://www.parliament.go.th/parcy/sapa_db/cons_doc/constitutions/data/Barbados/Barbados.htm.

² Ministry of Foreign Affairs and Foreign Trade online information. Viewed at:

<http://www.foreign.gov.bb/pageselect.cfm?CFID=d0dfacff-a33f-40eb-b125-5bdd4edb6b2e&CFTOKEN=0 &page=7>.

agreements subscribed within the framework of CARICOM. Of particular economic significance among these is the CARIFORUM-EU Economic Partnership Agreement (EPA).

2.7. As a small island economy, Barbados values its participation in the WTO, where it is an active Member. Barbados sees the WTO as providing a multilateral rules-based framework for the conduct of all trade, including all trade agreements. This is evident from Barbados' approach to regional trade arrangements, including the CARICOM Single Market and Economy (CSME), which requires that all such arrangements be WTO-compatible.

2.8. During the period under review, Barbados continued to advocate actively in international fora, including the WTO, the particular vulnerability of small economies to price and supply fluctuations, higher fixed costs of production and marketing, and susceptibility to natural disasters.

2.9. The Ministry of Foreign Affairs and Foreign Trade advises the Government on all trade policy matters and has responsibility for negotiating trade agreements and coordinating their implementation, and for representing Barbados in the WTO. The Ministry's Foreign Trade Division formulates and oversees Barbados' foreign trade policy. These tasks are accomplished in consultation with other Ministries, and with inputs from the private sector and trade unions. No formal consultation bodies have been established to this end; consultations take place in an ad hoc fashion, as required.³ Some of the main private bodies that participate in the process include: the Barbados Manufacturers' Association, the Barbados Chamber of Commerce and Industry, the Congress of Trade Unions and Staff Associations of Barbados, the Barbados Hotel and Tourism Association, the Barbados Agricultural Society, the Barbados Private Sector Trade Team (BPSTT), the Barbados Coalition of Services Industries, and the Barbados International Business Association (BIBA).

2.3 Trade agreements and arrangements

2.3.1 World Trade Organization

2.10. Barbados is an original Member of the WTO.⁴ Barbados grants at least MFN treatment to all its trading partners. During the Uruguay Round, Barbados made specific commitments under the General Agreement on Trade in Services (GATS) in four of the 12 sectors, and 21 of the 160 subsectors of the services classification list contained in WTO document MTN.GNS/W/120 of 10 July 1991. In 1997, Barbados undertook specific commitments in the negotiations on basic telecommunications and ratified the Fourth Protocol to the GATS.⁵ Barbados did not, however, submit an offer in the financial services negotiations concluded in 1998. Barbados is not a party or observer in any WTO plurilateral agreements, or the ITA.

2.11. Barbados has never invoked the WTO's dispute settlement provisions as a complainant, nor have any complaints been lodged against Barbados. However, Barbados reserved its rights to participate as third-party in four cases: a dispute relating to U.S. provisions on foreign sales corporations; and three cases relating to EC export subsidies on sugar.⁶ All these cases were prior to the period under review.

2.12. Barbados has also continued to actively participate in the WTO in the context of the DDA negotiations. In the MC9 at Bali, speaking on its behalf and on behalf of the Group of Small, Vulnerable Economies (SVEs), Barbados highlighted the importance of the multilateral trading system, and in particular the WTO, for SVEs as they sought to ensure fair and equitable participation in world trade. Barbados stated that it is imperative that as the WTO moves forward, the concerns and needs of SVEs be adequately addressed, for example through enhanced support for the accession of SVEs and by ensuring that the economic growth and development possible with increased world trade are inclusive of SVEs like Barbados and the wider CARICOM region. Barbados also stressed the need for continued acknowledgement of S&D treatment in the WTO

³ In the context of the present review, the authorities indicated that the private sector and trade unions are providing substantial inputs in the bilateral negotiations CARICOM-Canada.

⁴ WTO document WT/LET/1/Rev.2, 22 May 1995.

⁵ WTO document GATS/SC/9/Suppl.1, 24 February 1998.

⁶ For more information on these cases see WTO online information. Viewed at: http://www.wto.org/english/thewto_e/countries_e/Barbados_e.htm, or in WTO documents series DS108, DS265, DS266, and DS283.

negotiations. Barbados also expressed its hope that the WTO would seek to ensure that work undertaken in the area of Dispute Settlement was enhanced and made more effective, particularly for SVEs. Barbados recognized the great importance of the regular work programme of the WTO and noted that the Committee on Trade and Development and the Dedicated Session on Small Economies remained vital bodies for SVEs.⁷

2.13. Since its last review, Barbados has submitted numerous notifications to the WTO but some are yet to be made (Table 2.1): the last notification under the Agreement on Agriculture was made in March 2004, and just one SPS measure had been notified. In the area of TBTs, a number of notifications were made between 2002 and 2005 but no new notifications have been made since early 2006. The authorities noted that the delay in notifications was not a reflection of their lack of commitment to the process, but was due to capacity constraints within Ministries.

Table 2.1 Notifications to the WTO, 2008-14 (October)

Legal basis	Periodicity	WTO documents	Comment
Agreement on Agriculture			
Articles 10 & 18.2	Annual	G/AG/N/BRB/18, 18 July 2009	Export subsidies.
Article 18.2	Annual	G/AG/N/BRB/19, 25 October 2011 G/AG/N/BRB/20, 8 November 2011	Domestic support measures.
Agreement on the Application of Sanitary and Phytosanitary Measures			
Article 7, Annex B	Ad hoc	G/SPS/N/BRB/2, 29 April 2009	Notification of legislation on all plants and plant products.
Agreement on Technical Barriers to Trade			
Article 2.9	Ad hoc	No new notification since 2006	
Agreement on Implementation of Article VI of the GATT 1994 (Anti-Dumping)			
Articles 16.4 and 16.5	Ad hoc	G/ADP/N/193/BRB, 11 January 2010	Notification that Barbados has not established an authority competent to initiate and conduct an investigation within the meaning of Articles 16.4 and 16.5 of the Agreement on Anti-Dumping Subsidies ("the Agreement") and thus has not, to-date, taken any countervailing actions within the meaning of Articles 16.4 and 16.5 of the Agreement and does not anticipate taking any countervailing actions for the foreseeable future.
Agreement on Implementation of Article VII of the GATT 1994 (Agreement on Customs Valuation)			
Decision of the Committee on Customs Valuation (12.5.95)	Once	No notification made	Responses to the checklist of issues.
Article 22.2 and Decision of the Committee on Customs Valuation	Once and, subsequently notification of changes	No notification made	Legislation.
Agreement on Import Licensing Procedures			
Article 7.3	Annual	G/LIC/N/3/BRB/5, 26 January 2010 G/LIC/N/3/BRB/6, 10 August 2012	Import licensing procedures; answers to annual questionnaire.

⁷ WTO document WT/MIN(13)/ST/100, 24 January 2014.

Legal basis	Periodicity	WTO documents	Comment
Agreement on Preshipment Inspection			
Article 5	Once		No laws or regulations notified.
Agreement on Subsidies and Countervailing Measures			
Article 25.1	Annual	G/SCM/N/253/BRB, G/SCM/N/260/BRB, 27 September 2013, and G/SCM/N/275/BRB, 9 September 2014 (latest)	New and Full Notification Pursuant to Article XVI: 1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures.
Article 25.11	Ad hoc	G/SCM/N/202/BRB, 14 January 2010 (latest)	Notification that Barbados has not established an authority competent to initiate and conduct an investigation within the meaning of Article 25.12 of the Agreement on Subsidies and Countervailing Measures ("the Agreement") and thus has not, to-date, taken any countervailing actions within the meaning of Article 25.11 of the Agreement and does not anticipate taking any countervailing actions for the foreseeable future.
Paragraph 1(a) of WT/L/691	Ad-hoc	G/SCM/N/243/BRB, 11 October 2011 and G/SCM/N/253/260/BRB, 27 September 2013. G/SCM/N/275/BRB, 9 September 2014	Request of Continuation of Extension under SCM Article 27.4 of the Transition Period for the Elimination of Export Subsidies Pursuant to the Procedures Concluded in the General Council Decision Contained in Document WT/L/691. Transparency Notification Concerning the Extensions Provided for in Article 27.4 of the Agreement on Subsidies and Countervailing Measures of the Transition Period For the Elimination of Export Subsidies, Granted Pursuant to the Procedures in the General Council Decision WT/L/691.
Agreement on Trade-Related Aspects of Intellectual Property Rights			
Article 63.2	Once, then changes	IP/N/1/BRB/3, 2 December 2011 IP/N/1/BRB/I/2, IP/N/1/BRB/D/1/Add.1, IP/N/1/BRB/D/2/Add.1, IP/N/1/BRB/P/3/Add.1, IP/N/1/BRB/T/1/Add.2, IP/N/1/BRB/T/2/Add.1, 14 December 2011	Amendments to legislation. New legislation amending previous Acts.
General Agreement on Trade in Services			
Article III,3	Ad hoc	S/C/N/552, 3 June 2010 S/C/N/553, 3 June 2010 S/C/N/554, 3 June 2010 S/C/N/555, 3 June 2010 S/C/N/556, 3 June 2010	Liberalization measures in telecommunications.
Article V.7(a)	Once only	S/C/N/469, 20 October 2008 S/C/N/469/Rev.1, 24 October 2008	Economic integration agreements.
General Agreement on Trade in Goods 1994			
Article XVII	Annual	None	No notification received since 1996.

Source: WTO Central Registry of Notifications.

2.3.2 Regional and preferential agreements

2.3.2.1 CARICOM

2.14. Barbados is a founding member of the Caribbean Community and Common Market (CARICOM), established through the Treaty of Chaguaramas in 1973. The Treaty of Chaguaramas was revised between 1989 and 2000 to allow for the creation of the CARICOM Single Market and Economy (CSME), intended as a single economic space with free movement of goods, services, capital and CARICOM nationals between Member States.⁸ To facilitate the consolidation of the CSME, ten Chapters were established; these form the legal basis for the establishment and operation of the CSME and were incorporated into the revised treaty.⁹

2.15. A total of 15 countries and territories participate in CARICOM: Antigua and Barbuda; the Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Haiti; Jamaica; Montserrat; St. Kitts and Nevis; St. Lucia; St. Vincent and the Grenadines; Suriname; and Trinidad and Tobago. The Bahamas is a full member of the Community but not of the CSME; Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands and the Turks and Caicos Islands, are associate members. Barbados, together with the Bahamas, Guyana, Jamaica, Suriname, and Trinidad and Tobago is one of the more developed countries (MDCs) of the Community.

2.16. CARICOM Member States have sought to implement a common external tariff (CET), through a phased process which started in 1991. However, as at end 2014 tariff schedules across countries still differed considerably, partly due to the exceptions allowed (lists A and C) and partly to mechanisms permitting the suspension of the application of the CET under certain circumstances.

2.17. The Conference of Heads of Government is CARICOM's highest decision-making body and final authority. At the second decision level, several ministerial councils deal with policy issues in different areas. The Council for Trade and Economic Development (COTED), composed of the trade ministers from all Member States participating in the CSME, is responsible for the promotion of trade and economic development in CARICOM. COTED must approve any change in tariffs by a CARICOM member. The Council for Foreign and Community Relations (COFCOR) is responsible for relations between CARICOM, international organizations, and third countries, while the Council for Finance and Planning (COFAP) is responsible for economic policy coordination and the monetary and financial integration of the member states.

2.18. Under the Revised Treaty of Chaguaramas, Member States may make use of safeguard measures in the event of serious balance-of-payments and external financial difficulties. The safeguard provisions allow for the adoption of restrictions on the rights to establishment, to provide services and to move capital, as well as permit the use of quantitative restrictions on imports. These restrictions must not discriminate among Member States, must seek to minimize damage to the commercial, economic or financial interest of any other Member State, must not exceed those necessary to deal with the circumstances, and must be applied for no longer than 18 months. Barbados has not resorted to the use of CARICOM's safeguard provisions during the period under review.

2.19. The Caribbean Court of Justice (CCJ), based in Trinidad and Tobago, has functioned as the Regional Judicial Court since April 2005. The CCJ, established to ensure a single unified interpretation of the Revised Treaty of Chaguaramas, has both original and appellate jurisdiction and all its decisions are final. The CCJ's original jurisdiction regards the interpretation and application of the Treaty Establishing the Caribbean Community, including the CARICOM Single Market and Economy. In its original jurisdiction, the Court has exclusive jurisdiction in contentious

⁸ With respect to the free movement of goods, the Revised Treaty of Chaguaramas prohibits imposing: export or import duties on other CARICOM members (but not customs service charges); quantitative restrictions on the importation of goods of CARICOM origin; and export subsidies or subsidies contingent upon the use of domestic over imported goods.

⁹ The Chapters are: I Principles; II Institutional Arrangements; III Establishment, Services and Capital; IV Policies for Sectorial Development; V Trade Policy; VI Transport Policy; VII Disadvantaged Countries, Regions and Sectors; VIII Competition Policy and Consumer Protection; IX Dispute Settlement and X General and Final Provisions.

proceedings on a number of issues¹⁰, and issues advisory opinions on the interpretation or application of the Treaty. With respect to the CCJ's original jurisdiction, all Member States are obligated by Treaty to recognize and give effect to the jurisdiction of the Court.

2.20. The CCJ is also an appellate jurisdiction that considers and determines appeals in both civil and criminal matters from common law courts of Member States. In the exercise of its appellate jurisdiction, the Court is a Superior Court of record in relation to national courts.¹¹ CARICOM States may choose to substitute the jurisdiction of the London-based Privy Council with that of the CCJ. This has occurred in the case of Barbados.

2.21. Trade-related cooperation has also deepened with the establishment of the CARICOM Regional Organization for Standards and Quality (CROSQ). Barbados has enacted the agreement establishing CROSQ into domestic law. CARICOM Members also decided in 2004 to establish a Community Competition Commission.

2.22. The Caribbean Agricultural Health and Food Safety Agency (CAHFSA) was launched on 12 March 2010 in Suriname, when the legal instrument establishing the CAHFSA entered into force upon signature by the CARICOM Heads of Government. The CAHFSA was established to coordinate SPS measures and strengthen the agricultural health and food safety systems and infrastructure related to agricultural trade in CARICOM. As at October 2014, the CAHFSA was in the process of becoming operational.

2.23. Since 1997, CARICOM has worked through the Caribbean Regional Negotiating Machinery (CRNM) to coordinate information and strategy in external trade negotiations, including in the WTO. In 2009, the CRNM was incorporated into the CARICOM Secretariat as a specialized department. Subsequently, it was renamed the Office of Trade Negotiations (OTN). The OTN works to develop a cohesive framework for the coordination and management of CARICOM's negotiating resources. It also assists Member States in preparing national positions, coordinates the formulation of unified strategies for the region, and undertakes and leads negotiations where appropriate.¹²

2.24. Barbados is a member of the Association of Caribbean States (ACS), a forum for economic and trade policy coordination at the regional level, comprising 25 Caribbean Basin countries.

2.3.2.2 CARIFORUM-EU Economic Partnership Agreement (EPA)

2.25. The Economic Partnership Agreement (EPA) between the EU and 15 Caribbean States in the CARIFORUM group, including Barbados, was signed in Bridgetown in October 2008. Its provisional application started on 29 December 2008. A ratification Bill was passed by the House of Assembly on 15 July 2014, was approved by the Senate on 22 July and was subsequently signed by the Governor-General. As of late October 2014, the legislation was in the process of being printed and gazetted to officially enter into force.

2.26. The EPA replaced the expired preferences under the ACP-EU Cotonou Agreement. The nature of the EPA, which is based on the principle of asymmetric reciprocity, is different from the Cotonou Agreement's which was unilateral. The asymmetry in the granting of preferences is reflected in market access for goods and services, the MFN provisions, trade defence measures, and development cooperation. The Agreement also covers trade in services, public procurement, intellectual property rights and environmental protection. The EPA encourages deeper integration among CARIFORUM States and introduces a regional preference principle by which any more

¹⁰ This includes: disputes between contracting parties to the Agreement Establishing the CCJ; disputes between any contracting parties to the Agreement and CARICOM; referrals from national courts or tribunals of contracting parties; and applications by national courts and the Eastern Caribbean Supreme Court concerning the interpretation and application of the Treaty of Chaguaramas.

¹¹ Appeals of decisions by a Court of Appeal may be presented where a final decision in civil proceedings involves a dispute with a value of not less than EC\$25,000 and for final decisions in proceedings that involve a question regarding the interpretation of the Constitution of the contracting party.

¹² Office of Trade Negotiations online information. Viewed at: http://www.crnmm.org/index.php?option=com_content&view=article&id=45&Itemid=69&0872a8d70c6252b77261d45b4779477d=207f7b7ec587.

favourable treatment or advantage offered by any CARIFORUM State to the EU must be granted to each CARIFORUM State.

2.27. The EPA has led to the establishment of five new joint CARIFORUM-EU institutions: (a) the Joint Council composed of the CARIFORUM Ministers, the EU Trade Commissioner and European High Representatives and tasked with providing political direction, and reviewing the main EPA implementation issues; the Council meets at least every two years; (b) the Trade and Development Committee (T&DC), composed of senior officials of both sides, and responsible for reviewing EPA implementation in detail; it meets at least once a year; (c) the Parliamentary Committee, composed of Caribbean MPs, and Members of the European Parliament (MEPs), and in charge of reviewing EPA implementation and advising the T&DC and the Joint Council; its meetings are convened ad hoc; (d) the Consultative Committee, composed of business and civil society representatives, and also tasked with reviewing EPA implementation and advising the T&DC and the Joint Council; and (e) the Special Committee on Customs Cooperation and Trade Facilitation, composed of customs and trade officials, and responsible for reviewing technical issues concerning customs and trade facilitation.

2.28. The EPA guarantees Barbados and other CARIFORUM countries MFN treatment in trade in goods with respect to preferences granted by the EU to other countries. More specifically, any concession granted by the EU to another trading partner through an FTA that may go beyond the CARIFORUM-EU EPA will immediately be extended to CARIFORUM States. The same applies with respect to the improvement or relaxation of rules of origin. CARIFORUM must provide MFN treatment to EU products only in cases of FTAs signed with major trading economies.¹³ In this respect, the EU and CARIFORUM States must enter into consultations where any signatory CARIFORUM State enters into an FTA with a major trading economy that offers wider concessions than the EPA.

2.29. With respect to market access, the EU committed to the immediate removal of all tariffs and quotas on CARIFORUM exports except for arms and ammunition as well as sugar and rice, which were initially granted quota-free but full-duty access. Products originating in CARIFORUM countries and exported to the EU except for arms and ammunition and other than rice and sugar, entered into a duty- and quota-free access (DFQF) regime as from 1 January 2008. In the case of rice, a DFQF regime has applied since 1 January 2010, as it was granted a transition period of two years ending on 31 December 2009. In 2008 and 2009, rice quotas were 187,000 tonnes and 250,000 tonnes, compared with the former quota of 125,000 tonnes. For sugar, a DFQF regime has applied since 1 October 2009, subject to a transitional automatic safeguard mechanism until 30 September 2015.¹⁴ Imports of sugar from CARIFORUM were subject to a minimum price (not lower than 90% of the EU reference price) between 1 October 2009 and 30 September 2012. The EPA also provides for a standstill of other duties and charges applied on imports, leading to a phase-out starting seven years after signature, with complete elimination within ten years.

2.30. CARIFORUM States committed to gradual reductions in their tariffs over a period of up to 25 years with a three-year moratorium. Certain sensitive products were excluded from the reductions. In accordance with the programme of liberalization set for CARIFORUM countries, it is estimated that some 61% of tariff lines would be duty-free over 10 years, 83% over 15 years, and 87% over 25 years.¹⁵ The main exclusions and lengthier implementation periods apply to sensitive products, including poultry and other meat; dairy products; certain fruits and vegetables; fishery products; sauces; ice cream; syrup; beverages; ethanol; rum; vegetable oils; paints and varnishes; perfumes; cosmetics; soaps; shoe polish; glass or metal polishes; candles; disinfectants; furniture and parts; and some apparel, such as cotton pullovers/jerseys/cardigans. Most agricultural products have been either excluded from liberalization or subject to long transition periods of 20 or 25 years.

¹³ Under the EPA, a major trading economy is defined as a country or group of countries with a share of world merchandise trade exceeding 1% or 1.5%, respectively.

¹⁴ Certain products with high sugar content were subject to a special surveillance mechanism from 1 January 2008 to 30 September 2015 to avoid trade circumvention: if imports of these products increase by 20% in volume during 12 consecutive months, the EU Commission may analyse trade patterns and, in case of circumvention, suspend preferential treatment for these products.

¹⁵ This is based on the original HS nomenclature (HS 2007); the shares could differ considering the current HS 2012 nomenclature.

2.31. A separate Protocol attached to EPA concerns rules of origin; it is based on the Cotonou Agreement's Protocol on rules of origin, with some major amendments. These include the relaxation of product-specific rules of origin for some fisheries products, for chosen processed agricultural products and the switch from double transformation to single transformation for fabrics of Chapter 60. The Protocol also includes specific provisions regarding sugar, rice, and high-sugar-content products in order to avoid possible circumvention of the provisions in force during the transition period and amended provisions on cumulation with neighbouring countries (adding Mexico to the list of such countries).

2.32. The EPA gives the parties the right to suspend the application of the preferential rate of duty for the product concerned for a period not exceeding six months, renewable, in cases of fraud or other irregularities. The parties may also make use of anti-dumping and countervailing measures in intra-party trade in accordance with WTO rules. The use of safeguards is allowed for a maximum of two years, with a possible extension for no more than two years. Under the EPA, the EU committed not to include products from CARIFORUM on any GATT Article XIX investigations for a period of five years. Safeguard measures must all be price-based and may include the suspension of the rate of tariff reductions, the application of MFN applied rates (at a maximum), and the introduction of tariff quotas. CARIFORUM countries are allowed to impose safeguards to protect infant industries for ten years after signing the EPA, based only on an increase in imported quantities (there are no price triggers).

2.33. Annex IV to the EPA contains commitments on services and investment. CARIFORUM countries took a negative-list approach with respect to their commitments on investment, while the EU used a positive listing approach to investment, listing all the sectors liberalized. The coverage of commitments on both services and investment by Barbados is wide. The commitments in investment are particularly wide-ranging, since Barbados liberalized fully all sectors with the exception of fisheries and onshore and offshore drilling of petroleum.¹⁶ In its schedule of services commitments, Barbados inscribed a horizontal limitation with respect to capital flows.¹⁷

2.34. The EPA's chapter on government procurement sets out some basic principles and minimum transparency rules that procuring entities should respect when tendering. These rules include: publishing a notice of intended procurement inviting eligible suppliers to submit a request for participation; selecting the suppliers to participate in the selective tendering procedure in a fair manner; and indicating the time-limit for submitting requests for participation. The rules apply to contracts over a US\$200,000 threshold tendered by central authorities. In practice, a substantial portion of Barbados' government procurement is not covered by these provisions. The chapter does not establish any preference for EU suppliers. The EPA also contains a competition policy chapter, which identifies the types of anti-competitive conduct that are prohibited, mainly restrictive agreements and abuse of a dominant position. The chapter does not cover mergers or state aid. The EPA has provisions on public enterprises and enterprises with special rights, including monopolies mandating that they be made subject to competition laws, to the extent that the application of these laws does not obstruct the execution of the special task assigned to them. With respect to IPR protection, the CARIFORUM States must ensure adequate and effective implementation of the international treaties dealing with intellectual property to which they are parties and of the TRIPS Agreement.

2.35. In September 2008, the Government decided to establish a unit to coordinate the implementation of the CARIFORUM-EU Economic Partnership Agreement in Barbados. The EPA Implementation Unit became operational in July 2009 and the Foreign Trade Division of the Ministry of Foreign Affairs and Foreign Trade retained the services of an EPA implementation consultant to advise the Ministry on EPA matters and to assist with the establishment of the Unit. To date, the Unit consists only of this consultant since engaging further resources has been limited due to Barbados' policy of reducing the number of public employees (section 1).

¹⁶ A fishing vessel must be either totally owned by Barbadians or the ownership must be deemed as having substantial economic connection with Barbados. Foreign fishing vessels are required to have a foreign fishing vessel licence, subject to the Fisheries Act and Regulations. As regards onshore and offshore drilling of petroleum, the State reserves the right to adopt or maintain measures concerning activities pertaining to these activities.

¹⁷ The limitation states that, for all modes of service supply, transfers and payments of currency are governed by the Exchange Control Act.

2.36. The EPA Unit mandate includes: liaising and interacting with public and private sector institutions to identify EPA-related needs and possible sources of development assistance; developing an information outreach programme about EPA-related benefits and opportunities; working with government ministries and other agencies in developing or strengthening Barbados' regulatory environment in order to facilitate the exploitation of EPA-related opportunities by the private sector; advising the private sector about market access opportunities in the EU and how to take advantage of those opportunities; and developing a set of indicators and benchmarks to facilitate the monitoring of EPA implementation in Barbados. In this respect, the authorities have indicated that the elaboration of indicators and benchmarks remains a work in progress. The EPA Implementation Unit has undertaken the preparation of a "Barbados' Roadmap for Implementation of the EPA" to highlight the obligations resulting from commitments under the EPA and the opportunities which should be exploited by Barbadian institutions and economic operators. The Unit has also developed an EPA implementation and monitoring matrix, and is intent on the organization of a project to evaluate market-access opportunities in certain EU countries for services from Barbados.

2.37. After the end of the three-year moratorium period, the phased reduction of tariffs by CARIFORUM countries began on 1 January 2011. This gradual tariff reduction process is scheduled to continue over the 25-year period to 2033. The authorities indicated that Barbados lowered tariffs both in 2011 and 2013 on an administrative basis. Up to October 2014 Barbados was still lacking the legal instrument to make the tariff cuts permanent and was therefore applying them administratively. The authorities noted that it is envisaged that the necessary legislation to apply the cuts will be introduced after certain areas and tasks of the Customs and Excise Department have been incorporated into the new Barbados Revenue Authority and the adoption of the HS2012 nomenclature has been completed. The applied tariff resulting from the implementation of the tariffs cuts is presented in Section 3.1.4.

2.38. In the context of the current review, the authorities noted that there are some challenges for the full implementation of the EPA, one being energizing and engaging the private sector to reap possible benefits from the Agreement. They considered that for this to be accomplished it was necessary for the business community in Barbados to build better connections with the corresponding communities in EU countries so as to establish a strategic relationship. The authorities also identified challenges with respect to domestic export capacity to respond to the new opportunities presented by the EPA. Other remaining challenges included the implementation of the changes necessary to give legal coverage to the EPA implementation process; many of the changes required to this end have already been accomplished administratively.

2.3.2.3 Bilateral agreements

2.39. CARICOM has bilateral trade agreements with Colombia, Cuba, Costa Rica, Dominican Republic, and Venezuela.

2.3.2.3.1 CARICOM-Colombia

2.40. The CARICOM-Colombia Agreement on Trade, Economic and Technical Cooperation, was signed in 1994 and amended by a Protocol signed in 1997. The agreement is administered by a CARICOM-Colombia Joint Council on Trade, Economic and Business Cooperation. Colombia initially granted unilateral preferential access to its market for four years to a select group of products originating in CARICOM. After the four-year period the preferential trade scheme became reciprocal for CARICOM MDCs.¹⁸

2.41. The agreement also provides for the phasing out of any non-tariff barriers and has its own rules of origin regime. The parties agreed to review their technical, industrial, commercial, and public health standards, as well as their sanitary and phytosanitary measures through the Joint Council. The use of safeguard measures is permitted under the agreement when imports from their counterpart in the agreement are in such quantities that they may damage local industries. Safeguards shall take the form of a suspension of preferential treatment and the reinstatement of the MFN treatment. Safeguard measures may also be used for balance-of-payments purposes. The

¹⁸ The agreement phased-in tariff reductions on a list of selected products. Annex II contains a list of products on which tariffs were eliminated in mid-1999, and Annex III a list of products for possible phased reduction of duties, but these have not been implemented.

measures may initially be for no longer than a year, with the possibility of renewal for a further year. The application of anti-dumping measures is permitted.

2.3.2.3.2 CARICOM-Costa Rica

2.42. The Free Trade Area Agreement with Costa Rica was signed in 2003 and ratified in 2006. A CARICOM-Costa Rica Joint Council was established to implement the agreement as well as "free trade coordinators" (Ministry of Foreign Trade in Costa Rica and CARICOM Secretariat) to monitor the implementation of the Agreement.

2.43. The Agreement is reciprocal with respect to CARICOM's MDCs, and provides for free trade or preferential access for a wide range of products, excluding sensitive goods. Tariffs on 95% of products have been phased-out and 3.9% of lines are excluded from any reduction. Duty continues to apply for CARICOM on meat, dairy products, fruit and vegetables, and a few manufactured goods, such as furniture, some paints, bottles, and candles. Imports of a number of agricultural products are subject to seasonal MFN duties but are duty-free for the rest of the year. The FTA contains anti-dumping and sanitary and phytosanitary provisions, and dispute settlement dispositions, and provides for a review of developments in relation to trade in services, investment, competition policy, and government procurement within two years of its entry into force. The Agreement excludes from preferential treatment goods produced in or shipped from export-processing zones from. A system of rules of origin was established for this Agreement.¹⁹

2.3.2.3.3 CARICOM-Cuba

2.44. The CARICOM-Cuba Trade and Economic Cooperation Agreement was signed in 2000 and entered into force for Barbados in 2006. The agreement provides for duty-free access of a list of goods agreed by both sides. The concessions on the CARICOM side are limited to MDCs, including Barbados.

2.45. The Agreement provides for duty-free treatment on specified goods. Cuba's list of concessions to CARICOM is included in Annex I, while Annex II includes CARICOM MDC's preferences to Cuba. Tariffs on a specialized list of products are to be eliminated by Cuba through four annual reductions (Annex III and IV). Preferential market access for certain agricultural products is dealt with on a seasonal and specific basis. In addition, the Agreement deals with taxation, trade promotion and facilitation, services, tourism, investment, intellectual property rights and other topics. Goods produced in free zones are exempted from preferences.

2.3.2.3.4 CARICOM-Dominican Republic Free Trade Agreement

2.46. The CARICOM-Dominican Republic Free Trade Agreement entered into force in 1999. The FTA allows for the mutual granting of tariff concessions, including duty-free access for a number of products, from 1 January 2004. The exchange of concessions is between CARICOM MDCs, including Barbados, and the Dominican Republic; CARICOM less-developed countries did not grant any concessions.

2.47. Barbados, as an MDC, is bound by the Agreement to provide duty-free access for all goods originating in the Dominican Republic other than those set out in Attachment II to the Protocol Implementing the Agreement. Barbados also agreed to the phased reduction of the rate of duty on goods in Attachment I; no duty reduction will take place on goods in Attachment V.²⁰ The phased duty reduction for goods in Attachment I was scheduled to start in 2000 and be completed by 1 January 2004 in the Dominican Republic and in the CARICOM MDCs; however, the schedule was subsequently reviewed. Barbados had already completed all the necessary phased reductions as required by the FTA by 2008. Attachment III to the Protocol contains the rules of origin for the

¹⁹ OAS online information. Viewed at: http://www.sice.oas.org/TPD/CAR_CRI/Negotiations/CRI_BRB_s.pdf.

²⁰ Goods in Attachment I include: coffee, sausages, bacon, pasta, biscuits, jams and marmalades, soups and broths, rum, perfumes, boxes, plastic sacks and bags, plastic tableware, crates and boxes of paper or paperboard, footwear with rubber soles, and mattresses. Goods in Attachment V to the Protocol are mostly agricultural products.

Agreement. In addition to trade in goods, the Agreement deals with services, investment and government procurement.²¹

2.48. A Joint Council was established under the Agreement, with representatives of both CARICOM and the Dominican Republic. The Joint Council meets once per year or at special sessions; it supervises the implementation and administration of the Agreement, and resolves disputes. The Council presides over specific committees on: trade in goods; technical barriers to trade; SPS measures; rules of origin; trade in services; investment; intellectual property rights; and anti-competitive business practices. The two parties have also established a CARICOM-Dominican Republic Business Forum to analyse trade and investment opportunities, exchange business information and organize business engagements with the aim of encouraging the private sectors of the two parties to participate in the FTA.

2.49. Under the Agreement, CARICOM and the Dominican Republic have set procedures for settling disputes emerging from trade under the FTA. The procedures involve initial informal consultations to arrive at a mutually satisfactory solution; if an agreement cannot be reached within 30 days (10 days for perishable goods), the case may be referred to the Joint Council. The Council may seek compromise among the parties or make a ruling.

2.3.2.4 Non-reciprocal agreements

2.3.2.4.1 CARICOM-Venezuela

2.50. The CARICOM-Venezuela Agreement on Trade and Investment, which was signed in October 1992, is a unilateral preferential agreement through which the Bolivarian Republic of Venezuela grants duty-free access or phased tariff reductions to a substantial number of CARICOM export products. The Agreement also seeks to promote investment and facilitate joint ventures between the two parties. The Agreement allows the signatories to apply measures to counter dumping and subsidies. Disputes may be resolved through the Joint Council, but its recommendations are not binding.

2.51. The Agreement is quite comprehensive in that most CARICOM exports to the Bolivarian Republic of Venezuela are granted either preferential or duty-free access.

2.3.2.4.2 Other non-reciprocal agreements

2.52. Barbados also benefits from the Caribbean Basin Initiative (CBI), and CARIBCAN, both of which are non-reciprocal and unilateral.

2.53. Under the CBI, in effect since 1984 as part of the Caribbean Basin Economic Recovery Act (CBERA), Barbados is eligible for duty-free access to the U.S. market subject to rules of origin. Preferences were expanded in 2000 by the United States-Caribbean Basin Trade Partnership Act (CBTPA), which, for a specified period, accorded the same preferential tariff and quota treatment granted to certain textile and apparel articles imported into the United States from NAFTA countries, subject to conditions. The CBTPA expires on 30 September 2020. In 2009, the United States requested, and was granted, an extension of the WTO waiver for CBERA (as amended) up to end-December 2014.²²

2.54. Exports originating in Barbados and other CARICOM countries are granted duty-free treatment by Canada under CARIBCAN, implemented in 1986. Eligible products exclude textiles, clothing, footwear, luggage and other leather goods, lubricating oils, and methanol. To qualify for duty-free access, 60% of the ex-factory price of eligible products must originate in a beneficiary country or in Canada. CARIBCAN was set to expire on 31 December 2011, but since negotiations between Canada and CARICOM towards an FTA were ongoing, an extension was requested by Canada for the waiver of its obligations under paragraph 1 of Article I of the GATT, allowing it to

²¹ CARICOM online information. Viewed at: <http://www.caricom.org/archives/agreement-caricom-domrep-protocol.htm>.

²² WTO document WT/L/753, 29 May 2009. United States-Caribbean Basin Economic Recovery Act, Renewal of Waiver, decision of 27 May 2009. The waiver allows the United States to provide duty-free treatment for eligible products of the Caribbean Basin countries without having to extend the same treatment to like products of any other WTO Member.

extend duty-free treatment to imports from Commonwealth Caribbean countries until 31 December 2013.²³

2.55. A reciprocal Canada-CARICOM Trade Agreement set to replace the unilateral preferences granted under CARIBCAN is currently being negotiating.²⁴ Negotiations started in 2009 and Canada and CARICOM have held seven rounds of negotiations to date (the last was in June 2014). Talks have covered market access in goods, trade defence and safeguards measures, rules of origin, trade facilitation, customs procedures, government procurement, technical barriers to trade, sanitary and phytosanitary measures, services, labour, and environment. Both parties agreed that with respect to market access, the chapter on financial services should go beyond Canada's and CARICOM's respective GATS commitments.²⁵

2.56. Barbados' products are eligible for the Generalized System of Preferences (GSP) schemes of Australia, Canada, the European Union, Japan, New Zealand, the Russia Federation, Switzerland, and the United States.

2.4 Investment regime

2.57. Barbados' investment regime, including foreign investment, is open with few restrictions, except those related to Barbados' capital controls. The Government's general stance is to seek to attract foreign investment by offering a favourable business environment and a number of investment incentives schemes. In general, foreign investors are granted national treatment.

2.58. The establishment of companies in Barbados is regulated by the Companies Act 1982. The Companies Regulations 1984 establish registration fees for companies formed under the Companies Act. Establishment procedures are relatively straightforward as Barbados seeks to attract foreign investment in different areas. Companies may choose to be established as: public companies or private companies, comprising sole traders, partnerships, companies or societies with restricted liability. The Franchise (Registration and Control) Act of 1991 provides for the licensing, registration and control of businesses wishing to operate a franchise in Barbados.

2.59. Barbados does not have specific legislation with respect to foreign investment. No specific legal references are made with respect to any foreign investment restrictions, except those made in the context of the CARIFORUM-EU EPA. Similarly, and despite liberal market access and establishment conditions in practice, there is no specific piece of legislation explicitly guaranteeing market access or national treatment to foreign investors, except for CARICOM nationals and companies, and, since 2009, the commitments made to the EU under the EPA. These guarantees as well as MFN and national treatment commitments are, however, specified in the different bilateral investment treaties signed by Barbados. In this respect, it would be desirable for Barbados to incorporate this treatment as well as investment guarantees in an Investment Act, which would apply to all trading partners and could be invoked in the courts. This would enhance the stability and predictability of the investment regime and would contribute to attracting new investors, including from countries with which Barbados has a bilateral investment agreement.

2.60. The responsibility for the formulation and implementation of investment policy in Barbados, including foreign investment, lies with the Ministry of Industry, International Business, Commerce, and Small Business Development. The economic development agency Invest Barbados, established in 2007, is responsible for attracting and sustaining international investment for Barbados; it is also in charge of helping to develop and manage the Barbados international business brand.²⁶ The Barbados Investment Development Corporation (BIDC) is responsible for analysing the impact of incentives under the Fiscal Incentives Act and other legislation and for allocating space in Barbados' ten industrial zones.²⁷ The BIDC and Invest Barbados also provide advisory services and

²³ WTO document G/C/W/657, 27 October 2011.

²⁴ Government of Canada online information. Viewed at: www.international.gc.ca/trade-agreements-accords.

²⁵ CARICOM online information. Viewed at: http://www.crn.org/index.php?option=com_content&view=article&id=51&Itemid=121.

²⁶ Invest Barbados online information. Viewed at: <http://www.investbarbados.org/>.

²⁷ The Barbados Investment and Development Corporation (BIDC) owns and operates ten industrial parks and provides approximately 1.6 million sq. ft. for the manufacturing and services sectors. Units are available in sizes from 1,500 sq. ft. to 40,000 sq. ft. See: BIDC online information. Viewed at: http://www.bidc.org/index.php?option=com_xmap&sitemap=1&Itemid=118.

other assistance to companies looking to establish businesses in Barbados. Barbados Tourism Investment Incorporated (BTI) also participates in policy formulation. The Corporate Affairs and Intellectual Property Office (CAIPO) is responsible for the registration of businesses.

2.61. Registration is mandatory for both domestic and external (foreign) companies and may be subject to certain requirements.²⁸ A BDS\$30 name reservation fee and an incorporation fee of BDS\$750 is payable on registration with the CAIPO. External companies pay an incorporation fee of BDS\$3,000.²⁹ Barbadian companies must have a registered office. Audits are required only if total assets exceed BDS\$2 million (US\$1 million). Otherwise, a statutory declaration stating that assets do not exceed that amount must be presented. The Companies Act does not set any minimum capital requirements.

2.62. In accordance with the Companies Act, all external companies – that is, companies originally established under the laws of another country – must also be registered in Barbados to do business there. There are different categories of companies that conduct "international" business and require specific licences. International business companies (IBCs) are the most widely used modality of incorporation for offshore operations in Barbados.

2.63. Barbados imposes corporation tax on all companies incorporated or registered in Barbados, and on foreign companies that conduct business or have an office or place of business in Barbados in accordance with the Income Tax Act. Resident companies are taxed on their world-wide income. Non-resident companies are taxed only on income derived from Barbados. The corporate tax rate is 25%, except where certain entities benefit from special incentives. In addition, under the Small Business Act, companies can qualify for a 15% corporate tax rate. Manufacturing companies also pay a tax rate of 15%. Branches pay an additional 10% corporation tax if profits have been remitted, or are deemed to have been remitted, unless profits are reinvested in Barbados other than for the replacement of fixed assets.

2.64. Barbados-resident companies must apply withholding tax at a rate of 15% on interest, royalties, management fees, and dividend payments from taxed profits to residents and non-residents alike, except if there are specific provisions under double taxation treaties.³⁰ The withholding tax rate is set at 20% for payments under settlements, and 25% for services and the earnings of entertainers. Preference dividends and dividends paid by a Barbados-resident company out of tax-exempt profits are subject to withholding tax at 25%.

2.65. An annual land tax is levied on all properties, with rates varying according to the category of property. Rates have been applied on a national treatment basis since 1 April 2008. A tax rebate of 0.5% is granted for lands used exclusively for agricultural purposes, with the relevant certification. Hotels are entitled to 50% rebate under specified conditions.

2.66. In general terms, Barbados allows 100% foreign ownership. Only a few general restrictions on foreign investment are in place. Water and postal services are Government monopolies. Tour operators and travel agents must be Barbados-owned (or owned by CARICOM nationals) as part of government policy to reserve some services for locals. Private investment in broadcasting, banking, international business and insurance is subject to prior government approval in the form of licences.

2.67. Investment transfers and capital remittances are regulated by the Central Bank under the Exchange Control Act. Exchange control permission is required for a non-resident to hold shares in a company incorporated in Barbados, except in the case of offshore companies. Foreign or

²⁸ Companies must register with the Corporate Affairs and Intellectual Property Office (CAIPO), the National Insurance Department, and the Barbados Revenue Authority. Importers must also register with the Computer Department of Customs to receive an import number before proceeding with the importation of any items. Manufacturers must register with the Approved Undertakings Division of Customs to benefit from concessions. Franchises must be registered with the Ministry of Finance; special conditions may be imposed on non-nationals.

²⁹ Invest Barbados (2014), Guide to Doing Business in Barbados. Viewed at: <http://www.investbarbados.org/docs/Doing%20Business%20in%20Barbados.pdf>.

³⁰ For example, under the treaties with the United States, Finland, Norway and Malta, a rate of 5% is applied on royalties, interest and dividends if the receiving company owns 10% or more of the capital of the paying company. See LowTax.Net, Barbados Double-Tax Treaties. Viewed at: <http://www.lowtax.net/lowtax/html/jbs2tax.html>.

non-resident investors must register with the Central Bank all funds brought into Barbados in order to facilitate repatriation of these funds. Foreign currency funds may generally be freely repatriated for current transactions. However, if substantial capital gains have been realized, repatriation must generally be phased over a period determined by the Central Bank, which can be of up to five years. Exemption from exchange control restrictions is provided for offshore business. Acquisition of real estate by foreigners requires permission from the Central Bank. Expropriation requires the authority of a written law and is subject to compensation.

2.68. Both domestic and foreign investors may benefit from a number of incentives administered by the Ministry of Finance, Economic Affairs and Energy and the Ministry of Tourism, in coordination with the BDC (Section 3.4.2).³¹

2.69. As per the Revised Treaty of Chaguaramas, Barbados has double taxation avoidance agreements with the other CARICOM countries (since July 1994). Barbados has subscribed agreements for the avoidance of double income tax taxation with the United Kingdom (2012)³², Canada (1980, first Protocol signed in 2011), United States (1984, second Protocol signed in 2004), Finland (1989, first Protocol signed in 2011), Norway (1990, first Protocol signed in 2011), Sweden (1991, first Protocol signed in 2011), Venezuela (1998), Cuba (1999), China (2000, first Protocol signed in 2010), Malta (2001, first Protocol signed in 2013), Mauritius (2004), Botswana (2005), Austria (2006), the Netherlands (2006, first Protocol signed in 2009), the Seychelles (2007), Mexico (2008), Ghana (2008), Luxembourg (2009), Panama (2010), Portugal (2010), Spain (2010), Czech Republic (2011), Iceland (2011), Bahrain (2012), Qatar (2012), San Marino (2012), and Singapore (2013).³³ A tax agreement with Switzerland, which pre-dates independence (1954), is an extension of a U.K. agreement. The main differences among the treaties relate to the rates of withholding tax on dividends, royalties, and interest. Tax information exchange agreements (TIEAs) were concluded in 2011 with Denmark, Greenland and the Faeroe Islands.³⁴

2.70. Bilateral investment promotion and protection treaties (BITs) with the United Kingdom, Venezuela, Germany, Switzerland, Italy, Canada, Cuba, China, and Mauritius were in place in August 2014. Barbados has also concluded investment treaties with Ghana and Belgium-Luxembourg (Table 2.2).

Table 2.2 Bilateral Investment Agreements signed by Barbados, August 2014

Country	Date of signature	Entry into force
United Kingdom	7 April 1993	April 1993
Venezuela	15 July 1994	31 October 1995
Germany	2 December 1994	11 May 2002
Switzerland	29 March 1995	26 June 1995
Italy	25 October 1995	21 July 1995
Cuba	19 February 1996	13 August 1998
Canada	29 May 1996	17 January 1997
China	20 July 1998	1 October 1999
Mauritius	28 September 2004	28 June 2005
Republic of Ghana	22 April 2008	Awaiting ratification
Belgium–Luxembourg Economic Union	29 May 2009	Awaiting ratification

Source: Invest Barbados.

³¹ Ministry of Finance, Economic Affairs and Energy online information. Viewed at: http://www.bdc.com/barbados_link.cfm?WebLink=27.

³² The agreement with the United Kingdom was signed on 26 April 2012, and has been in force since 19 December 2012, replacing the treaty that was signed on 26 March 1970.

³³ As at August 2014, the agreements with Ghana, Portugal, Qatar and San Marino had yet to come into effect. Invest Barbados online information. Viewed at: <http://www.investbarbados.org/dtas.php>.

³⁴ As at August 2014, only the agreements with Denmark and Greenland had come into effect.

2.71. With respect to treatment in the case of disputes related to an investment, foreign investors receive the same protection as national investors and can resort to the same procedures. The Barbados Arbitration Act (1976) and the Foreign Arbitral Awards Act (1980) contain provisions for arbitration of investment disputes. Barbados is a member of the International Center for the Settlement of Investment Disputes (ICSID), and of most of the conventions and model laws emanating from the work of the United Nations Commission on International Trade Law.³⁵ Barbados is also a member of the Multilateral Investment Guarantee Agency.

³⁵ UNCITRAL online information. Viewed at: <http://www.un.or.at/uncitral>.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures and requirements

3.1. The Customs Act (Cap. 66) of 1962, as amended, and the Customs Regulations of 1963, as amended, remain Barbados' main customs legislation. The Barbados Customs and Excise Department is responsible for customs procedures. As at October 2014, Customs was in the process of being integrated into the Barbados Revenue Authority. The proposed date of completion is April 2015. Barbados is a member of the World Customs Organization.

3.2. The use of a customs broker is not mandatory for customs clearance, but it is recommended by the authorities. Imports can be cleared by the importer or by a licensed broker. However, all importers must be registered as traders with the Customs Department. No registration fees are charged. Upon registration, importers have access to information and forms on the Customs Department website. All imports must be accompanied by an Import Declaration form (Barbados Customs Goods Declaration Form C63), as well as by a number of documents, as required: a commercial invoice; a carrier's bill-of-lading or airway bill; a declaration of value form (C60) for goods valued over BDS\$2,500; a certificate of origin for goods from CARICOM and from countries with which it has bilateral agreements; an import licence and a health and sanitary certificate is required. In cases where Customs requests goods to be physically examined, a packing list may be required.

3.3. Barbados migrated to the ASYCUDA++ system in 2005; as at October 2014, it was in the process of moving to ASYCUDA World. The authorities stated that the new system is due to be put in place in February 2015. Import documents may be sent electronically in advance and clearance can be carried out electronically. The authorities indicated that advanced ruling has been implemented administratively, but that there are no legal provisions for it as yet. The use of risk assessment methods will be consolidated with the implementation of ASYCUDA World. The authorities indicated in the context of the current review, that they are working towards the consolidation of a single window for import procedures; however, as at October 2014, this was not yet the case. The authorities noted that the establishment of the single window should follow the implementation of ASYCUDA World.

3.4. In the course of the current review, the authorities stated that imports clear customs within 48 hours; perishable goods clear customs the same day. There is a four-lane system for imports: a green lane, where imports may pass through rapidly without inspection; a yellow lane, where imports are subject to documentary inspection; a red lane where they are also subject to physical inspection; and a blue lane for goods subject to post-clearance inspection and verification. The authorities report that around 10% of imports are subject to documentary and physical inspection (red channel). Barbados has no PSI requirements.

3.5. Since 2008 Barbados has a Post Clearance Audit Unit (blue channel) for audits on companies and brokers identified by Customs. These companies are included in a list held by Customs: the list is compiled based on frequency of use and the importer's history with respect to compliance with customs regulations, and solvency. Up to now, Post Clearance Audit was limited in scope and conducted on an administrative basis. A Bill to amend the Customs Act to incorporate legislation on Post Clearance Audit (The Customs (Amendment) Act, 2013) was subject to its second reading in Parliament in October 2014. The draft legislation authorizes the Comptroller of Customs to order the inspection of documents, data and the examination of goods after these have been released; it also confers on Customs the power to enter and search premises where the goods may be found. This power would apply to both imports and exports.

3.6. Barbados' Customs laws and regulations allow for imported goods to be cleared pending payment of duties and/or other taxes if a bond or guarantee by a commercial bank or insurance company is executed. Duties and taxes must be paid within three months of Customs granting permission to clear the goods. The authorities have noted that this happens only occasionally.

3.7. Although there is no specific appeals system for Customs decisions, they along with those regarding the valuation of imports, may be subjected to an administrative review by Customs prior

request to the Comptroller of Customs by the interested party. Complaints may also be brought directly to the appropriate court, including the Administration Appeal Tribunal and the High Court. Decisions of the High Court may be appealed to the Court of Appeal. The authorities note that valuation continues to be the main source of disputes in the customs area: during the review period one case was before the High Court regarding the undervaluation of motor vehicles.

3.1.2 Customs valuation

3.8. As at end October 2014, Barbados had not submitted replies to the checklist of issues on the implementation and administration of the Customs Valuation Agreement (CVA).

3.9. Barbados' legislation governing customs valuation is contained in the Customs Act, Cap. 66. More precisely, the Second Schedule to the Act contains the rules for determining customs value, which follow the sequence laid out in the WTO rules on customs valuation. The use of minimum values is prohibited under Barbados' laws. In the course of the current review, the authorities reiterated that, in practice, the transaction value is used on average for the vast majority of imports. Although there are no official statistics reporting the different valuation methods used, the authorities estimate that the transaction value is used in roughly 90% of the cases. If the transaction value cannot be accepted, the customs value is determined in accordance with the methods set out in the CVA.

3.10. The main exception to the use of the transaction value relates to imports of used vehicles. In this case, a particular valuation method, based on the depreciation of the vehicle, is used.

3.11. To counter under-invoicing, the value of certain products is routinely verified on importation. These products include: used motor vehicles; motor vehicle parts; and marine and sea craft. In these cases, prior to the determination of value, Customs may resort to documentary checks, requests for additional information, and the physical examination of goods. The authorities main valuation concerns continue to involve used vehicles.

3.1.3 Rules of origin

3.12. Barbados does not have non-preferential rules of origin; it maintains preferential rules of origin for CARICOM-origin imports. In general, and in accordance with these rules, goods are deemed to have CARICOM origin if they have been: (a) completely produced within CARICOM; or (b) produced within CARICOM wholly or partly from materials imported from third countries, or from materials from undetermined origin, provided a substantial transformation has taken place within CARICOM. Substantial transformation may be achieved by change of tariff heading, or by complying with the requirements defined specifically for each tariff heading in Part A of the list in Schedule I of the CARICOM Treaty. Furthermore, under a "safeguard" mechanism, a manufacturer may use materials from outside the region when they are not available in a CARICOM State. The Council for Trade and Economic Development (COTED) must provide a waiver to authorize such imports. Additionally, a certificate of origin from the exporting country is required with verification taking place at the importing end. Barbados and other CARICOM Member States were expected to implement the rules of origin contained in the Amended Schedule I of the Revised Treaty of Chaguaramas, based on the HS 2012, as of 1 January 2014. In late 2014, this was still not the case. The authorities indicated that there was no definite date for the adoption of HS2012. Presently they apply rules based on the HS2007 nomenclature.

3.13. Rules of origin provisions are also contained in CARICOM's preferential schemes with third countries, as shown in Table 3.1. In most of these agreements, while goods must generally be shipped directly between parties, transit through third countries is permitted under certain conditions. There are also provisions regarding accumulation.

Table 3.1 Rules of origin applied by Barbados and other CARICOM countries

Agreement	Rules
CARICOM	<p>Wholly produced: A range of: meat products; fish; vegetables (frozen, preserved or dried); fruits (frozen, preserved or dried) and nuts; products of milling industry; oil seeds; vegetables materials; cocoa beans; sugar; molasses.</p> <p>Produced from regional materials: A range of: oils; animal products; sugar confectionery; vegetable, fruit and nut preparations; mineral waters; liqueurs and other spirituous beverages; vinegar; wood, wood products and carpentry work; wicker work; ceramic products; articles of cement; articles of plaster; steel products.</p> <p>Produced by chemical transformation: A range of chemical products included in HS Chapters 28-39</p> <p>Non-regional material content must not exceed 10% of the export price of the finished product: A range of plastics products</p> <p>Produced from materials not included in HS 43.03 and not being fur skins assembled in plates, crosses or similar forms: Articles of apparel, clothing, accessories and other articles of fur skin (HS 43.03)</p> <p>Value of extra-regional materials must not exceed 30% of the export price of the finished product: Dyed or printed fabrics.</p> <p>Value of extra-regional materials must not exceed 50% of the export price of the finished product: Paper products; a range of products included in HS Chapters 73-96: copper, nickel and aluminium and articles thereof; lead, tin and zinc and articles thereof; other base metals; miscellaneous articles of base metal; tools; machinery and mechanical appliances; boilers; electrical machinery and parts; railway or tramway locomotives and parts thereof; vehicles other than railway and tramway locomotives and parts thereof; aircraft and parts thereof; ships and boats and floating structures; optical, photographic, cinematographic, measuring, checking, medical or surgical instruments and apparatus and parts and accessories; clocks and watches; musical instruments; furniture; jewellery; arms and ammunition; toys; miscellaneous articles.</p>
CARICOM–Colombia	Rules of origin on imports into Barbados (as a CARICOM MDC) from Colombia only apply to a limited number of goods listed in the Agreement. Rules of origin on imports are set out in Article 9 of the Agreement and in Annex III to the Protocol Amending the Agreement, effective since June 1998. Substantial transformation is generally determined by a change in tariff classification. Accumulation among parties applies.
CARICOM–Cuba	Rules of origin on imports into Barbados (as a CARICOM MDC) from Cuba only apply to the specific goods listed in Annex II and IV to the Agreement. Rules of origin are set out in Annex VI to the Agreement. Goods must be wholly obtained or produced in the territories of the parties. Accumulation among parties applies. Otherwise, products which incorporate parts from third countries must undergo a change in tariff classification or the value of materials used from third countries must not exceed 50% of the f.o.b. price of the goods.
CARICOM–Dominican Republic	Rules of origin are set out in Appendix I to Annex I of the Agreement. Goods must be wholly obtained or produced in the territories of the parties. Accumulation among parties applies. Otherwise, products which incorporate parts from third countries (which account for over 7% of the transaction value) must in most cases undergo a change in tariff classification. For chemicals, plastics and some fertilisers, the criteria for substantial transformation is that a chemical reaction or purification must have taken place. Origin is determined in some specific cases by a regional value content as specified in an attachment to Appendix I. There are also some instances where rules of origin criteria have yet to be developed.
CARICOM–Costa Rica	<p>Rules of origin are spelled out in Chapter IV of the Agreement. Specific rules of origin are spelled out in Annex IV.03.</p> <p>A good is considered to be an originating good if the value of all non-originating materials used in the production of the good that do not undergo an applicable change in tariff classification set out in Annex IV.03 does not exceed 7% of the transaction value of the good adjusted on an f.o.b. basis.</p> <p>Except as specified in a product-specific rule of origin of Annex IV.03 the previous definition does not apply to a non-originating material used in the production of a good included in HS Chapters 1-24, unless the non-originating material is provided for in a different subheading from the good for which origin is being determined.</p> <p>A good provided in HS Chapters 50-63, that is a non-originating good because certain fibres or yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex IV.03, shall nonetheless be considered an originating good if the total weight of all such fibres or yarns in that material does not exceed 10% of the total weight of that material.</p> <p>Accumulation is permitted provided all non-originating materials used in the production of the good undergo an applicable tariff classification change.</p>

Source: Information provided by the authorities and OAS online information. Viewed at: http://www.sice.oas.org/agreements_e.asp.

3.14. There are also rules of origin provisions in the EPA with the European Union. These rules are spelled out in a separate Protocol attached to the EPA. This Protocol is based on the Cotonou Agreement's Protocol on rules of origin, with some major amendments. These include: specific provisions regarding sugar, rice, and high-sugar-content products in order to avoid possible circumvention of the provisions in force during the transition period; amended provisions on accumulation with neighbouring countries; and the addition of Mexico to the list of countries that can benefit from accumulation. The Agreement calls for the review and further simplification of the Protocol on the Rules of Origin within five years of implementation of the EPA.

3.1.4 Tariffs

3.1.4.1 MFN applied tariffs

3.15. Barbados applies the CARICOM CET with exceptions contained in Lists A and C. In accordance with the CET, there is a general tariff ceiling of 20% for non-exempt industrial goods and 40% for non-exempt agricultural goods. Goods in List A are often imported at rates lower than the CET, while rates for goods in List C may be modified at the national level and the goods may be imported at higher rates than the CET. Additionally, countries may request a suspension of the CET from CARICOM's COTED.¹ Barbados has scheduled a number of minimum duty rates in List C of the CET, which contains products for which MFN (extra-CARICOM) duties are higher than CET rates. Furthermore, in May 2001, Barbados applied to COTED to increase its applied tariffs on extra-CARICOM imports on a number of mainly manufactured products to 60%; these rates were still applied in 2014. In accordance with Barbados' 2014 MFN tariff, there were 214 tariff lines with applied rates of 60%, which related mainly to HS Sections 10, 11, 14, and 20.² Consequently, although Barbados' average applied tariff in 2014 was 15.9%, below the 16.2% reported for 2007 in its last review, it is higher than those applied by some other CARICOM countries.

3.16. Barbados' 2014 tariff schedule is based on the Harmonized Commodity Description and Coding System 2007. During this review, Barbados was in the process of migrating to HS 2012; as at late-2014, the process had not yet been completed. The tariff, as applied in 2014, comprised 6,507 tariff lines at the eleven-digit level (Tables 3.2 and 3.3).

3.17. Although the simple average MFN tariff in 2014 was 15.9%, lower than in 2007 when it was 16.2%, the difference is mostly explained by the change of HS nomenclature (from 2002 to 2007), which reduced the number of tariff lines by 5.6% (there are 383 fewer tariff lines in the 2014 tariff than in 2007). The average MFN tariff for agricultural products (WTO definition) was 33.9% in 2014, slightly higher than the 33.7% reported in the previous review, while for non-agricultural products, the average applied MFN tariff was 12.3%, below the 12.8% reported for 2007 in the previous review. Peak tariffs have remained in place compared to the situation in 2007: tariff rates continue to range from zero to 216% for agricultural products, and from zero to 145% for non-agricultural products. The highest rate for non-agricultural products continues to be applied on certain fish³; other manufactures such as certain textiles and clothing products are faced with tariffs of 117% or 60% (see above). Some 60% of lines face a tariff rate of 5% or lower (Chart 3.1). Import duties accounted for 2.3% of government revenue in 2013 and represented 5.9% of the value of imports. This is well below the 15.9% average applied rate, and reflects both trade with preferential partners and, especially, the wide scope of tariff concessions granted by Barbados.

¹ A suspension of the CET may be requested from CARICOM's COTED in the following cases: (i) when there is no production of the good in the region; (ii) when the production of the good in the region is insufficient to satisfy regional demand; (iii) when the quality of the domestically-produced good is below the standard approved in the region for that product.

² The main products in question were: wheat; wheat flour; margarine; lard; sugar confectionery; biscuits; bread; pastry and cakes; potato, tortilla and corn chips; cement; painters' fillings; glaziers' putty; aerosol insecticides; prepared additives for cements, mortars or concretes; non-degradable plastic bags; satchels; shopping and travelling bags and knapsacks; wrapping paper; cards; boxes; note books; labels; machine rolls, brochures, and calendars; a group of clothing products, including: suits, trousers, shirts, blouses, vests, bathrobes, dressing gowns and nightdresses; clay tiles, jewellery; doors and windows and their frames; barbed wire; solar water heaters; lead-acid, lead-acid accumulators; upholstered seats; wooden furniture; mattress supports; and brooms and brushes.

³ Yellowfin tuna, dolphin, flying fish, kingfish, swordfish, blue marlin, marlin, sailfish, and spearfish.

Table 3.2 Tariff structure, 2014

(%)

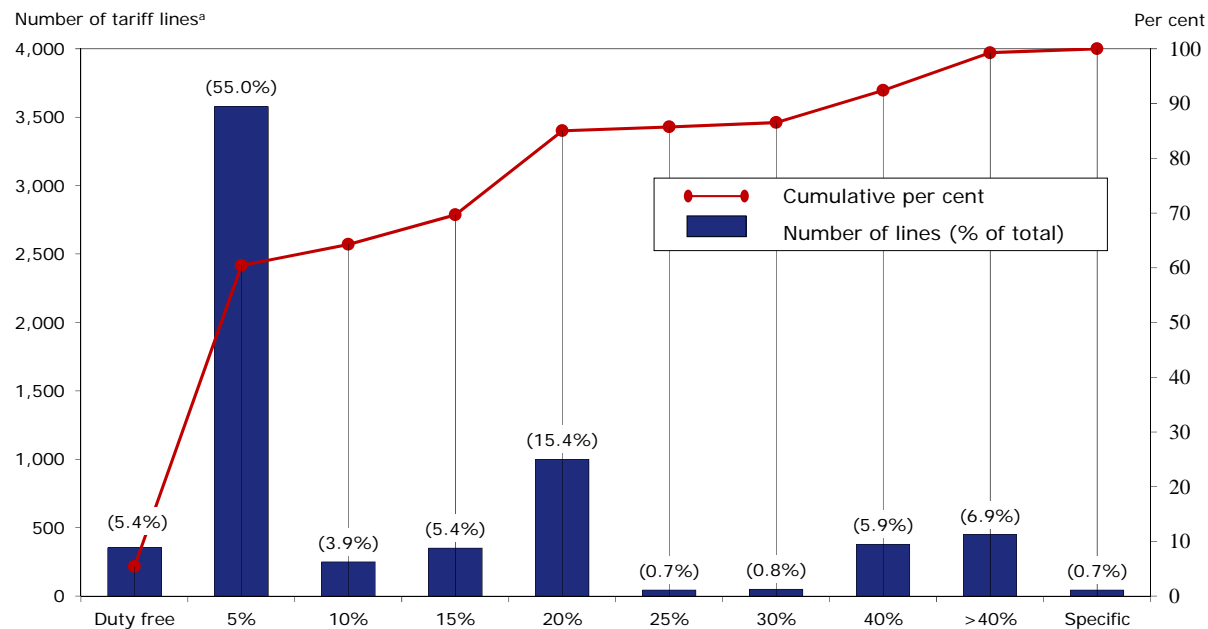
1.	Total number of tariff lines	6,507
2.	Non- <i>ad valorem</i> tariffs (% of all lines)	0.7
3.	Non- <i>ad valorem</i> tariffs with no AVEs (% of all lines)	0.7
4.	Tariff quotas (% of all lines)	0.0
5.	Duty-free lines (% of all lines)	5.4
6.	Average rate of dutiable tariff lines (%)	16.8
7.	Domestic tariff "peaks" (% of all lines) ^a	6.5
8.	International tariff "peaks" (% of all lines) ^b	29.7
9.	Bound tariff lines (% of all lines)	97.1
10.	Simple average tariff	15.9
11.	WTO agriculture	33.9
12.	WTO non-agriculture (incl. petroleum)	12.3
13.	Agriculture, hunting, forestry and fishing (ISIC 1)	31.9
14.	Mining and quarrying (ISIC 2)	7.8
15.	Manufacturing (ISIC 3)	14.8
16.	First stage of processing	26.1
17.	Semi-processed products	6.3
18.	Fully processed products	18.3
19.	Nuisance applied rates (% of tariff lines) ^c	0.0
20.	Overall standard deviation	24.8

a Domestic tariff peaks are defined as those exceeding three times the overall average applied rate.

b International tariff peaks are defined as those exceeding 15%.

c Tariffs greater than 0 but lower than 2%.

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

Chart 3.1 Frequency distribution of MFN tariff rates, 2014

a The total number of lines is 6,507, including 46 lines with specific duties.

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

3.18. In Barbados' tariff schedule, 99.3% of tariff rates are *ad valorem*; specific rates are applied on 46 lines, which correspond mostly to alcoholic beverages. *Ad valorem* equivalents of non-*ad valorem* rates were not provided by the authorities for this review, as they are not

calculated by them. Tariff escalation is negative between raw and semi-processed products, but positive between semi-processed and processed products (Table 3.3).

Table 3.3 Summary analysis of MFN tariff, 2014

Description	MFN				Final bound average ^a (%)
	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	
Total	6,507	15.9	0 - 216	1.6	82.3
HS 01-24	1,231	36.5	0 - 216	1.2	111.6
HS 25-97	5,276	11.2	0 - 117	1.2	76.5
By WTO category					
WTO agriculture	1,119	33.9	0 - 216	1.3	111.0
- Animals and products thereof	161	63.7	0 - 184	1.1	135.0
- Dairy products	24	46.3	0 - 141	1.3	115.4
- Fruit, vegetables and plants	347	37.4	0 - 216	1.1	107.9
- Coffee and tea	30	17.5	5 - 40	0.7	100.0
- Cereals and preparations	135	20.7	0 - 135	1.1	100.3
- Oil seeds, fats and oils and their products	95	21.2	0 - 158	1.3	133.9
- Sugars and confectionary	22	23.9	5 - 60	0.7	105.0
- Beverages, spirits and tobacco	146	45.5	5 - 141	0.9	102.2
- Cotton	6	5.0	5 - 5	0.0	100.0
- Other agricultural products n.e.s.	153	9.4	0 - 40	1.3	99.6
WTO non-agriculture (incl. petroleum)	5,388	12.3	0 - 145	1.3	76.2
- WTO non-agriculture (excl. petroleum)	5,361	12.3	0 - 145	1.3	75.8
- - Fish and fishery products	190	38.9	0 - 145	1.0	100.0
- - Minerals and metals	1,115	9.4	0 - 60	1.2	73.1
- - Chemicals and photographic supplies	1,019	7.7	0 - 60	0.9	70.6
- - Wood, pulp, paper and furniture	344	12.9	0 - 60	1.1	70.0
- - Textiles	649	8.1	0 - 60	0.9	70.0
- - Clothing	290	38.2	5 - 117	0.6	70.3
- - Leather, rubber, footwear and travel goods	182	11.2	0 - 60	0.9	73.1
- - Non-electric machinery	588	6.6	0 - 60	0.9	73.2
- - Electric machinery	266	10.6	0 - 60	0.8	76.6
- - Transport equipment	233	12.2	0 - 45	1.1	143.3
- - Non-agriculture articles n.e.s.	485	16.0	0 - 70	0.9	78.6
- Petroleum	27	7.6	5 - 25	0.7	151.5
By ISIC sector^b					
Agriculture and fisheries	448	31.9	0 - 216	1.2	104.5
Mining	107	7.8	0 - 50	1.4	73.5
Manufacturing	5,951	14.8	0 - 184	1.6	81.0
By HS section					
01 Live animals and products	352	43.4	0 - 184	1.2	120.6
02 Vegetable products	423	30.1	0 - 216	1.3	105.5
03 Fats and oils	53	33.6	5 - 158	0.9	158.0
04 Prepared food etc.	403	37.6	0 - 184	1.3	107.9
05 Minerals	188	8.3	0 - 60	1.2	85.9
06 Chemical and products	947	7.1	0 - 60	0.9	72.2
07 Plastics and rubber	247	9.5	0 - 60	0.8	72.7
08 Hides and skins	85	14.8	5 - 60	1.1	73.6
09 Wood and articles	132	10.8	0 - 20	0.5	70.0
10 Pulp, paper etc.	183	11.0	0 - 60	1.3	70.0
11 Textile and articles	924	17.0	0 - 117	1.1	70.9
12 Footwear, headgear	60	16.1	0 - 20	0.4	70.0
13 Articles of stone	186	10.7	0 - 60	0.8	71.2
14 Precious stones, etc.	62	29.9	0 - 60	0.8	105.9
15 Base metals and products	712	7.9	0 - 60	0.9	70.3
16 Machinery	871	8.1	0 - 60	0.9	75.4
17 Transport equipment	244	12.0	0 - 45	1.1	140.0

Description	MFN			Coefficient of variation (CV)	Final bound average ^a (%)
	No. of lines	Average (%)	Range (%)		
18 Precision equipment	229	13.5	0 - 60	1.1	78.4
19 Arms and ammunition	24	40.2	0 - 70	0.7	116.0
20 Miscellaneous manufactures	174	19.7	0 - 60	0.8	70.3
21 Works of art, etc.	8	20.0	20 - 20	0.0	70.0
By stage of processing					
First stage of processing	875	26.1	0 - 216	1.3	94.8
Semi-processed products	1,853	6.3	0 - 60	0.9	71.6
Fully-processed products	3,779	18.2	0 - 184	1.4	85.1

- a Bound rates are provided in HS2002 classification and applied rates in HS2007; therefore there may be a difference between the number of lines included in the calculation, and the bound averages are provided for information purpose only.
- b ISIC (Rev.2) classification, excluding electricity (1 line).

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

3.1.4.2 Bound tariffs

3.19. Barbados bound all its tariffs in the Uruguay Round, with the exception of fish and fish products, so some 97.1% of lines are bound. Bindings are mostly at ceiling rates. Most agricultural products (WTO definition) are bound at final rates of at least 100%, with other duties and charges bound at 70%; some 40 items have been bound at rates ranging between 110% and 233%, with other duties and charges bound at rates of over 170%. In the case of non-agricultural products, tariffs have been generally bound at rates of at least 70%, with other duties and charges bound at 200%; certain items were bound at higher rates, including petroleum products, soap and detergents, fireworks, film, tyres, precious stones, and motor vehicles. Tariffs on motor vehicles were bound at 247%, with other duties and charges bound at 346%. Given the high level of Barbados' bindings, there is a huge gap between bound and applied rates, with the average bound rate (87%) being more than five times higher than the average applied rate. A narrowing of the gap would certainly contribute to enhance the predictability of Barbados' trade regime.

3.1.4.3 Tariff preferences

3.20. Barbados grants duty-free treatment to imports from CARICOM countries. As a MDC in CARICOM, Barbados is expected to grant tariff preferences to countries with which CARICOM has preferential trade agreements, such as Colombia, Cuba and the Dominican Republic. However, no information was made available for the review regarding the scope of these preferences.

3.21. Under the EPA with the European Union described in Chapter 2, Barbados began granting tariff preferences to imports from EU countries in 2011. The corresponding tariff cuts are implemented administratively. Tariff preferences granted by Barbados to imports from the EU will account for 86.9% of tariff lines when fully implemented.

3.22. Table 3.4 presents the situation of the tariff applied under the EPA with the EU in 2014. As can be seen, the average tariff rate was 11.3%, almost 30% lower than the average MFN rate (15.9%). The reduction is higher for non-agricultural goods (WTO definition), reaching almost 40% (7.4% compared with 12.3%), and lower for agricultural products (less than 10%), partly on account of the number of exclusions from cuts in this category of goods. Cuts are substantial in sectors such as: minerals and metals; chemicals and photographic supplies; wood, pulp, paper and furniture; textiles; leather, rubber, footwear and travel goods; non-electric machinery; and electric machinery. The smallest cuts are in dairy products, sugar, beverages and fisheries.

Table 3.4 Summary analysis of preferential tariffs under the EPA with the EU, 2014

Description	No. of lines	Average (%)	Range (%)
Total	6,507	11.3	0 - 216
HS 01-24	1,231	33.6	0 - 216
HS 25-97	5,276	6.3	0 - 117
By WTO category			
WTO agriculture	1,119	30.8	0 - 216
- Animals and products thereof	161	60.4	0 - 184
- Dairy products	24	45.7	0 - 141
- Fruit, vegetables and plants	347	33.9	0 - 216
- Coffee and tea	30	14.8	0 - 40
- Cereals and preparations	135	18.8	0 - 135
- Oil seeds, fats and oils and their products	95	17.3	0 - 158
- Sugars and confectionary	22	22.5	0 - 60
- Beverages, spirits and tobacco	146	43.5	0 - 141
- Cotton	6	0.0	0 - 0
- Other agricultural products n.e.s.	153	5.6	0 - 40
WTO non-agriculture (including petroleum)	5,388	7.4	0 - 145
- WTO non-agriculture (excluding petroleum)	5,361	7.4	0 - 145
- - Fish and fishery products	190	36.9	0 - 145
- - Minerals and metals	1,115	4.4	0 - 60
- - Chemicals and photographic supplies	1,019	3.3	0 - 43
- - Wood, pulp, paper and furniture	344	7.9	0 - 60
- - Textiles	649	3.5	0 - 43
- - Clothing	290	30.1	0 - 117
- - Leather, rubber, footwear and travel goods	182	6.1	0 - 43
- - Non-electric machinery	588	2.2	0 - 60
- - Electric machinery	266	6.1	0 - 48
- - Transport equipment	233	9.6	0 - 40
- - Non-agriculture articles n.e.s.	485	9.5	0 - 70
- Petroleum	27	5.7	0 - 25
By ISIC sector ^a			
Agriculture and fisheries	448	27.9	0 - 216
Mining	107	2.1	0 - 32
Manufacturing	5,951	10.2	0 - 184
By HS section			
01 Live animals and products	352	40.8	0 - 184
02 Vegetable products	423	26.4	0 - 216
03 Fats and oils	53	27.9	0 - 158
04 Prepared food etc.	403	35.8	0 - 184
05 Minerals	188	3.2	0 - 50
06 Chemicals and products	947	2.8	0 - 43
07 Plastics and rubber	247	5.5	0 - 43
08 Hides and skins	85	9.2	0 - 43
09 Wood and articles	132	5.4	0 - 20
10 Pulp, paper etc.	183	6.0	0 - 60
11 Textile and articles	924	11.3	0 - 117
12 Footwear, headgear	60	12.1	0 - 18
13 Articles of stone	186	7.1	0 - 50
14 Precious stones, etc.	62	16.6	0 - 60
15 Base metals and products	712	3.2	0 - 60
16 Machinery	871	3.2	0 - 60
17 Transport equipment	244	9.3	0 - 40

Description	No. of lines	Average (%)	Range (%)
18 Precision equipment	229	5.7	0 - 32
19 Arms and ammunition	24	40.2	0 - 70
20 Miscellaneous manufactures	174	14.9	0 - 60
21 Works of art, etc.	8	15.0	15 - 15
By stage of processing			
First stage of processing	875	22.0	0 - 216
Semi-processed products	1,853	1.4	0 - 60
Fully-processed products	3,779	13.8	0 - 184

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

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

3.1.5 Other charges affecting imports

3.23. Barbados applies a Value Added Tax Barbados (VAT) on the supply of goods and services by a taxable person (registrant) in Barbados and on the importation of goods. The registration requirement is imposed on any person who provides taxable supplies in Barbados, other than a person whose turnover is less than BDS\$80,000 annually. The Barbados VAT & Excise Department facilitates taxpayers' online registration and filing of via its website; registration must take place within 21 days of first providing supplies.⁴

3.24. VAT is applied at three different rates, in accordance with the Value Added Tax Act (Amendment) of 2011, which increased the general rate. The standard rate is 17.5% (up from 15% reported in the previous review) and is applicable to most taxable supplies. There is a reduced rate of 7.5% applied to accommodation in guest houses, hotels, inns and others. Supplies listed in the First Schedule to the VAT Act are zero-rated. They include: prescribed medical devices; crude oil; service charges payable to hotels, guest houses and restaurants; the supply of international cruise services; and certain basic food items such as frozen meat, fish, potatoes, onions, citrus fruits and rice. The supply of some services is VAT-exempted: they include financial, public postal, transportation, medical, water and sewage services, as well as residential property sales, and betting and gaming. They are fully listed in the Second Schedule to the VAT Act. VAT charged on inputs used to provide these supplies cannot be recovered. VAT paid by a registrant is recoverable as input tax only if it relates to goods and services acquired solely for the purposes of making taxable supplies.⁵ Input tax is recovered by offsetting it against output tax (tax charged on supplies made) in the VAT return for each VAT period. If input tax exceeds output tax in a period, the excess is refunded. The VAT Act provides that registrants may offset unpaid VAT refunds owed for a previous period against output tax due for the current period.

3.25. VAT is charged at a rate of 0% on supplies of exported goods. To qualify as zero-rated supplies, exports must be supported by evidence that confirms that the goods have left Barbados (Table 3.5).

3.26. In 2010, Barbados eliminated an environmental levy applied at a general rate of 1.5%, with exceptions, on the c.i.f. value of imported goods.⁶ This tax was not applied to domestically-produced goods, and hence was considered discriminatory.⁷

⁴ More information may be found at: <https://evetas.customs.gov.bb>.

⁵ In accordance with the VAT Act, if part or all of the input tax for the period is related to the making of both taxable and exempt supplies, then an apportionment calculation must be applied. The amount of recoverable input tax is calculated based on the ratio of the value of taxable supplies made during the period to the value of total supplies made during the same period.

⁶ The tax was regulated by the Environmental Levy Act, CAP.70 of the Laws of Barbados.

⁷ The elimination of the environmental levy was announced in the 2010 Budget Speech. Viewed at: <https://www.investbarbados.org/docs/BUDGET%202010.pdf>.

Table 3.5 VAT rates, 2014

	Rate applied	Applied to
Standard rate	17.5%	Most goods and services.
Concessional rate	7.5%	Holiday or vacation accommodation.
Zero rate ^a	0%	Exported goods and services; international freight transport services; supplies to international commercial ships and aircraft; livestock, poultry, bees, and fish used to produce food; prescribed goods for exclusive use by the fisheries enterprise in commercial fisheries; items under the Drugs Service Act; prescribed medical devices; crude oil; components of package tours except international travel; sugar cane sold by farmers to the Barbados Agricultural Management Company Ltd.; international cruises; electricity; telecommunications services; accounting services; legal services; rental of office space and the supply of tickets to the international business community and to the diplomatic community; service charge payable to hotels; and others.
Exempt supplies ^b	n.a.	Financial services; various property-related services; bus and taxi passenger transportation; water and sewage services by the Barbados Water Authority; various medical and educational services; supplies between trade unions; gaming and betting services; and others.
Waivers	n.a.	Imports of building materials and equipment and supplies for the refurbishment of various tourism establishments under the Special Development Areas Act (see Chapter 4).

n.a. Not applicable.

a For full list of zero-rated supplies, see First Schedule of the VAT Act.

b For full list of exempt supplies, see the Second Schedule of the VAT Act, section 10.

Source: Barbados Customs and Excise Department. Viewed at: <http://evats.customs.gov.bb>.

3.1.6 Import prohibitions, restrictions, and licensing

3.27. Barbados continues to maintain a licensing regime that favours imports from other CARICOM partners. The licensing regime is governed by the Miscellaneous Controls Act Cap. 329 of the Laws of Barbados, and managed by the Ministry of Industry, International Business, Commerce, and Small Business Development.⁸ The list of prohibited and restricted items is included in the First Schedule to the Customs (List of Prohibited and Restricted Imports and Exports) Order, 2009 (Table 3.6). The list of items subject to licensing requirements is included in the Miscellaneous Controls (General Open Import Licence) Regulations, 2014 (Statutory Instrument 2014 No. 8).

Table 3.6 Prohibited and restricted imports under the Customs (List of Prohibited and Restricted Imports and Exports) Order, 2009

Prohibited imports
Counterfeit coins
Food, unfit for human consumption
Indecent or obscene articles
Infected cattle
Prepared opium
Fictitious stamps
Toy guns
Fresh fruits and vegetables grown in or conveyed from Florida (U.S.) except if accompanied by a phytosanitary certificate
Ozone-depleting substances (HS Ex 29.03)
Goods the importation of which is banned by any other law of Barbados

⁸ The Miscellaneous Controls Act Cap. 329. Viewed at: <http://www.commerce.gov.bb/Legislation/Documents/CAP329.PDF>.

Restricted imports
Arms and ammunition
Cannabis sativa
Spirits and wines not bottled or in containers of less than 9 gallons
Tobacco, cigars, cigarettes and cigarillos, unless in whole and complete packages
Tobacco extracts and essences
Goods bearing the Royal Arms of Great Britain
Goods imported as ship's or aircraft's stores except for the consumption of passengers and crew
Ozone-depleting substances (HS Ex 29.03)
Refrigerant blends (HS Ex 38.24)
Goods the importation of which is restricted by any other law of Barbados

Source: Customs (List of Prohibited and Restricted Imports and Exports) Order, 2009.

3.28. Under the Miscellaneous Controls (General Open Import Licence) Regulations, 2014, there are two schedules listing goods for which licences must be obtained: the First Schedule applies to imports originating outside CARICOM countries, and the Third Schedule applies to goods originating within CARICOM (Table 3.7). Legislative approval is required in order to remove products from, or to add products to, these schedules; the list has been reduced several times during the period under review: no new products have been added and several products have been removed, including: a number of oils (olive oil, palm and colza oils, among others); pasta; biscuits; nuts; doors and frames; paper; bars and rods; accumulators; powdered laundry detergent; dishwashing liquids: liquid bleaches. The authorities stated that the different application of automatic licensing to CARICOM and non-CARICOM countries reflects different monitoring requirements. Licences are non-automatic for imports where concerns relate to health and safety; public morals and security, namely: fireworks; chemshield; mace; handcuffs (of plastic or metal); ratchet and spring-loaded knives; and jet skis and wave runners (Table 3.7). For other products subject to licensing, licences are automatic.

Table 3.7 Imports requiring a licence under the Miscellaneous Controls (General Open Import Licence) Regulations, 2014

Tariff heading No.	Description of goods	1st schedule (non-CARICOM imports) or 3rd schedule (CARICOM imports)
01.05	Live poultry	1st
02.01	Meat of bovine animals, fresh or chilled	1st
02.02	Meat of bovine animals, frozen	1st
02.03	Meat of swine, fresh, chilled or frozen	1st
02.04	Meat of sheep or goats, fresh, chilled or frozen	1st
Ex.02.07	Meat of poultry of Heading No. 01.05 fresh, chilled or frozen	1st
0210.101	Ham	1st
0210.102	Bacon	1st
03.02	Fish, fresh or chilled, excluding fish fillets and other fish meat of heading No. 03.04	1st
03.03	Fish frozen, excluding fish fillets and other fish meat of heading No. 03.04	1st
0303.75	Dog fish and other sharks	3rd
0303.793	Flying fish	3rd
0303.799	Other fish frozen	3rd
03.04	Fish fillets and other fish meat, fresh, chilled or frozen	1st; 3rd
04.01	Milk and cream, not concentrated or containing added sugar or other sweetening matter	1st; 3rd
04.02	Milk and cream concentrated or containing added sugar or other sweetening matter	1st; 3rd
Ex. 04.07	Birds' eggs in shell, fresh, excluding hatching eggs	1st
0702.00	Tomatoes, fresh or chilled	1st; 3rd
0703.101	Onions, fresh or chilled	1st
0703.102	Shallots (echallots) fresh or chilled	1st
07.04	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled	1st
0704.901	Cabbages fresh or chilled	3rd
07.05	Lettuce and chicory, fresh or chilled	1st
07.06	Carrots and turnips, beetroots, salsify, celeriac, radishes and similar edible roots, fresh or chilled	1st
07.07	Cucumbers and gherkins, fresh or chilled	1st

Tariff heading No.	Description of goods	1 st schedule (non-CARICOM imports) or 3rd schedule (CARICOM imports)
0707.001	Cucumbers fresh or chilled	3rd
07.08	Leguminous vegetables, shelled or unshelled, fresh or chilled	1st
07.09	Other vegetables, fresh or chilled	1st
0709.903	Pumpkins fresh or chilled	3rd
07.10	Vegetables, uncooked or cooked, frozen	1st
0714.20	Sweet potatoes	1st
Ex. 08.07	Melons (including watermelons) and paw paws (papayas) fresh	1st; 3rd
1501.101	Lard	1st
15.07	Soyabean oil and its fractions, whether or not refined but not chemically modified	1st; 3rd
16.01	Sausages and similar products of meat, meat offal or blood, food preparations based on these products	1st
16.02	Other prepared or preserved meats, meat offal or blood (excluding corned beef)	1st
Ex. 17.01	Beet sugar and cane sugar in solid form	1st
20.07	Jams, jellies, marmalades, fruit puree and fruit paste	1st
Ex.20.09	Orange juice, grapefruit juice, pineapple juice and apple juice	1st
2009.11	Orange juice frozen	3rd
2103.201	Tomato ketchup	1 st ; 3rd
2105.001	Ice cream	1st; 3rd
22.02	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured and other non-alcoholic beverages	1st
2202.101	Aerated beverages	3rd
2202.109	Other flavoured water	3rd
2202.909	Other beverages	3rd
22.03	Beer made from malt	1st
2203.001	Beer	3rd
2203.002	Stout	3rd
Ex.22.06	Shandy	1st
Ex.36.04	Fireworks ^a	1st; 3rd
Ex.38.23	"Chemshield" (the defence method of our times) ^a	1st; 3rd
Ex.38.23	"Mace" and similar products ^a	1st; 3rd
Ex.39.26	Handcuffs of plastic ^a	1st; 3rd
Ex.61.09	T-shirts	1st; 3rd
Ex.73.26	Handcuffs of iron or steel ^a	1st; 3rd
Ex.82.11	Ratchet knives, spring-loaded knives including flick knives ^a	1st; 3rd
87.02	Public transport type passenger motor vehicles	1st
87.03	Motor cars and other vehicles principally designed for the transport of persons (other than those of heading No. 87.02), including stationwagons and racing cars	1st
Ex.89.01	Hovercraft	1st; 3rd
Ex.89.03	Yachts and other vessels for pleasure or sports	1st
9803.99	Jet skis; wave runners and similar vessels ^a	3rd
9403.201	Other metal furniture used in schools, churches and laboratories	1st; 3rd
Ex.95.04	Coin-operated amusement machines	1st; 3rd
Ex.95.04	Equipment and accessories for gambling or parlour games (excluding gaming machines) for example blackjack tables, table counters, hand counters, roulette wheels, dice, dice boxes, croupier's rakes etc.	1st; 3rd

a Non-automatic licensing.

Source: Miscellaneous Controls (General Open Import Licence) Regulations, 2014, CAP. 329 of the Laws of Barbados.

3.29. Barbados has provided replies to the WTO questionnaire on import licensing procedures.⁹ The authorities note that the import licensing system is applied for monitoring, security, health, and environmental purposes as well as protection of public morals, and that there are no quantitative restrictions. Licences are considered on a case-by-case basis. They have noted that the objective of the licensing system is in no way to restrict the quantity or value of imports and that the import licensing scheme is a statutory requirement maintained under the Miscellaneous Controls Act Chapter 329 of the Laws of Barbados.

3.30. Import authorization for applications must be granted in advance of importation. Licences are processed within three to five working days, but can be granted within a shorter time-limit. Applications for goods which arrive owing to inadvertency may be facilitated depending on the particular circumstance. A licence can be granted immediately on request depending on the

⁹ WTO document G/LIC/N/3/BRB/5, 26 January 2010.

circumstance and or the type of good. There are no periodic limits with regard to the time of year during which an import licence application may be submitted for authorization or a good may be imported. The authorities have stated that the legislation does not generally leave the designation of products subject to automatic licensing to administrative discretion. Non-automatic licences are subjected to administrative discretion.

3.31. In some cases, and depending on the type of imported good, the consideration of import licence applications is effected by a number of administrative bodies. Applications for meat and meat products must be reviewed by the Veterinary Services of the Ministry of Agriculture, Food, Fisheries and Water Resource Management before issuance by the Ministry of Industry, International Business, Commerce, and Small Business Development. In addition, applications for motorized vessels for pleasure or sports are considered by a Committee, which makes recommendations to the Minister responsible for Commerce. The Committee is comprised of representatives of the Maritime Affairs Division of the Ministry of Tourism and International Transport, the Customs and Excise Department of the Ministry of Finance and Economic Affairs, and the Department of Commerce and Consumer Affairs of the Ministry of Industry, International Business, Commerce and Small Business Development.

3.32. The authorities have stated that an application for an import licence is normally granted if it meets ordinary criteria. In the event of refusal to issue a licence the applicant will be informed of the reasons for the refusal. Applicants have the right to appeal to the Director of the Department of Commerce and Consumer Affairs, the Permanent Secretary, or the Minister. Applicants are also entitled to request the Barbados Chamber of Commerce and Industry and or the Barbados Manufacturers Association to mediate on their behalf; they may also seek redress in Civil Court. No licences have been refused since 2009.

3.33. There are no other conditions attached to the issuance of an import licence, which is valid for a period of up to three months, and can be extended under the same procedure by renewal upon expiry of that period by issuance of a new licence. There are no penalties for the non-utilization of an import licence or a portion of it. Import licences are not transferable between importers. There are no administrative charges levied and no additional documentary requirements.

3.34. Under the Miscellaneous Controls (Importation and Exportation of Goods) (Prohibition) (Radioactive Materials) Regulations, 2004 (LRO 2005 C12) a licence is required to import radioactive chemical elements and radioactive isotopes (including the fissile or fertile chemical elements and isotopes) and their compounds, as well as mixtures and residues containing these products. Import licences are also imposed under SPS-related legislation (see below).

3.35. In accordance with commerce regulations, import licence application forms must be completed in quadruplicate. Any person, firm or institution may apply for an import licence under the Miscellaneous Controls Act Cap 329. The applications must contain the following information: personal or business name, address, the country from which the goods are sourced and the country from where they are being consigned, the expected date and time of arrival, the relevant HS tariff heading, the description of the good(s), the quantity to be imported and the c.i.f. value in Barbados dollars. No other document is required, apart from the commercial invoice. For the importation of goods from CARICOM countries, a certificate of origin is also required. There is no licensing fee or administrative charge, nor is there any deposit or advanced payment associated with the issuance of the import licence. Licences are not required as a condition to obtain foreign exchange for goods to be imported.

3.36. Some special requirements apply for the importation of certain products. The importation of dairy products and meat and meat products requires a veterinary officer stamp from the Veterinary Services; this stamp must be affixed to the import licence verifying that the source is an approved one. For the importation of fireworks, handcuffs, chemshield, mace and similar products, a letter from the Defence and Security Division of the Prime Minister's Office granting approval to import must be provided. The importation of used or reconditioned vehicles by dealers is also subject to specific rules. To be granted a licence, vehicles must be right-hand drive, not more than four years old, with less than 50,000 km and structurally and mechanically sound and

in generally good condition.¹⁰ Additionally, a guarantee for at least six months or 6,000 km must accompany each imported vehicle. The vehicle must also be accompanied by a certificate of roadworthiness from an authorized agent in the country of origin and must be fitted with new tyres. The requirements for individuals to import a used or reconditioned vehicle also include the presentation of a letter of application seeking permission to import the vehicle on their own behalf.

3.37. The importation of jet skis or wave runners is restricted and subject to licensing. Licences are only granted for replacements. A letter of application and a certificate of registration or a permit for operating the jet-ski or wave runner must be provided.

3.1.7 Anti-dumping, countervailing, and safeguard measures

3.38. There have been no changes to Barbados' legislation on anti-dumping (AD) and countervailing (CV) duties since it was notified to the WTO in 1995.¹¹ The Customs Duties (Dumping and Subsidies) Act, of 1 March 1959 (CAP 67) continues to be the only law with respect to AD and CV. The Act defines dumping and subsidy, and provides for the application of duties. However, since it pre-dates the Uruguay Round, it does not fully allow the implementation of the Anti-dumping and Subsidies and Countervailing Measures Agreements. Also, although the Act allows the Ministry in charge of trade to apply duties, there is no competent authority to initiate and conduct an investigation, and thus no AD or CV measures have been applied. As notified to the WTO, Barbados does not have any national safeguards legislation.¹²

3.39. The Revised CARICOM Treaty provides the basis for adopting AD measures but only against imports from other CARICOM Member States. A model CARICOM AD and CV measures law is being considered and is anticipated to be completed by 2015.

3.40. Barbados reserved the right to invoke the agricultural special safeguards mechanism in the Uruguay Round. In 2002 it invoked these measures for a number of products, but the provisions have not been invoked since.

3.1.8 Technical regulations and standards

3.41. The development of technical regulations and standards in Barbados is the responsibility of the Barbados National Standards Institution (BNSI). The BNSI is a joint undertaking between the Government of Barbados and the private sector, established *de jure* in 1973 under the Companies Act, incorporated by private law as a non-profit organization and recognized by the Government. Its General Council is responsible for making policy decisions and comprises representatives from government ministries as well as NGOs and national trade, industrial and professional associations. The General Council is chaired by the Minister of Industry, International Business, Commerce, and Small Business Development who is also President of the BNSI. The BNSI oversees product standards development, metrology, conformity assessment and certification activities in Barbados.

3.42. The BNSI was admitted to full membership in ISO in 1999, after having been a correspondent member for 26 years. The BNSI is also a member of the Pan-American Standards Commission (COPANT), the CARICOM Regional Organisation for Standards and Quality (CROSQ) and the Interamerican Metrology System (SIM). It is also a member of the IEC Affiliate Country Programme, and a correspondent member of the International Organization of Legal Metrology (OIML). The BNSI is the National Contact Point for Codex Alimentarius matters, as well as the Standards Enquiry Point for Barbados.

3.43. Apart from the BNSI, there are two other organizations in Barbados charged by law with standards-related issues in specific fields. The Technical, Vocational, and Educational Training Institute (TVET) prepares guidelines for training institutions considering the skills that are necessary for various professions, and provides competence-based certification (National Vocational Qualifications (NVQs) and Caribbean Vocational Qualifications (CVQs). The BNSI participates in the approval of these standards: its Director chairs the TVET Standards Approval

¹⁰ Exceptions to the four-year and 50,000 km maximum criteria are imports from returning nationals provided that they have owned the vehicle for at least four years prior to its importation. Also, the importation of antique/vintage vehicles is allowed.

¹¹ WTO document G/ADP/N/1/BRB/1, 30 October 1995.

¹² WTO document G/SG/N/1/BRB/1, 26 October 2004.

Committee. The Fair Trade Commission (FTC) develops and looks at standards for public utilities. The BNSI does not participate in the FTC's standards development process.

3.44. The Government of Barbados notified to the WTO that the BNSI is its enquiry point for all TBT-related matters.¹³ It also notified to the WTO in 1997, its acceptance of the Code of Good Practice for the preparation, adoption, and application of standards and the implementation and administration of the TBT Agreement under Article 15.2.¹⁴ The Ministry of Foreign Affairs and Foreign Trade is the notifying authority. Barbados has not notified any mutual recognition agreements with third countries.

3.45. The primary functions of the BNSI include: the drafting and implementation of standards and technical regulations in all sectors of the economy; the promotion of standardization, quality assurance and simplification in industry and commerce; the certification of products, commodities and processes; and conformity assessment and metrology activities.

3.46. The main legislation with respect to standards and technical regulations and regarding the main activities of the BNSI includes: the Standards Act 2006; the Weights and Measures Act, 1977 (Cap 331) and its Regulations (1985); the Control of Standards Regulations (1982); and the Barbados National Standards Institution (Certification Marks) Regulations. The latter two regulations remain in force until replaced by new regulations made under the Standards Act. The authorities indicated that they are applied when they do not contradict the provisions of the Standards Act 2006.

3.47. There are no sunset clauses for technical regulations, but there is a review process for standards. The authorities indicated that standards are generally reviewed every five years, although in some cases the review is carried out more frequently.

3.48. The authorities have noted that the BNSI has, since its inception, been amenable to the incorporation of regional standards. The harmonization of regional standards by CARICOM Members is an important step towards the implementation of the CSME. The CARICOM Regional Organisation for Standards and Quality (CROSQ), operational since 2003, is the body charged with harmonizing regional standards. The CROSQ's mandate is to establish and harmonize standards and technical regulations within CARICOM, and to promote the mutual recognition of conformity assessment procedures covering goods and services produced or provided in CARICOM as well as the accreditation and certification system based on internationally accepted criteria. CARICOM regional standards and technical regulations are drafted by special CROSQ committees, and forwarded for adoption to the CROSQ Council, which comprises the executive heads of the respective national standards bodies. Standards and technical regulations adopted by the CROSQ are then recommended to COTED for approval. Once approved, national implementation requires that the different CARICOM governments adopt the necessary legal and administrative arrangements to give effect to the COTED decision.¹⁵

3.49. Barbados National Standards are prepared by the BNSI, and may include the adoption of standards established by the CROSQ and by any other standards body recognized by the BNSI. In general terms, the development of a standard may take place at the request of an interested party (any stakeholder, including a member of the BNSI or a Government agency or statutory corporation), or may be self-initiated by the BNSI. The request must be presented in writing; the same procedure applies to request the revision of an existing standard. Barbados must adopt all standards formulated at CARICOM level, while in the case of other international standards, adoption depends on their nature. Once formulated, the title of the national standard must be published in the Official Gazette, and in a daily newspaper. The BNSI is obliged to give due consideration to any resulting representations from the public. The list of Barbados' National Standards is published in the Standards Catalogue.

3.50. The authorities noted that the BNSI maintains an annual standards development agenda. The areas currently considered for the BNSI's future endeavours include the development of standards for tourism, services, construction, energy and food. The authorities indicated that this

¹³ WTO document G/TBT/ENQ/30, 22 June 2007.

¹⁴ WTO documents G/TBT/CS/N/77, 2 September 1997, and G/TBT/2/Add.48, 24 September 1999, respectively.

¹⁵ CROSQ online information. Viewed at: <http://www.crosq.org>.

is aligned with Barbados' economic priorities. The harmonization of regional standards is also a near-term goal.

3.51. The procedures to adopt technical regulations are contained in the Standards Act (Part V). In accordance with the Act, the Minister of Commerce has the faculty, in certain defined circumstances, to declare a BNSI standard compulsory, that is, to turn it into a technical regulation. A standard may be declared compulsory for human health or safety reasons; to protect plant and animal health and life; to ensure quality; to protect the economy of Barbados; to prevent fraud or deception; to provide adequate information to the consumer; to safeguard the public interest; and to safeguard the national security of Barbados. The Act specifies the procedures to be followed for the adoption of the technical regulation. These include the publication of a notice in the *Official Gazette* and in a daily newspaper published in Barbados, and the granting of a period of at least 60 days from the publication of the notice for comments. The notice must also specify the intended date of effect for the technical regulation. The notice does not contain the full text of the proposed regulation. The title of the regulation, but not the full text, is published in a daily newspaper (either the *Barbados Advocate* or *Nation*). A list of the titles of the technical regulations is also published in the *Standards Catalogue*.

3.52. As at November 2014, a total of 44 technical regulations were in force in Barbados. They relate to health, public safety, food, labelling and environmental protection. There are 151 BNSI Specifications and 21 BNSI Codes of Practice. This information was previously available online at the BNSI website, but as at October 2014, the website had been under maintenance for several months.

3.53. No notifications have been made to the TBT Committee since the last review. The last notification made by Barbados dates from 2006. In the context of the current review, the authorities indicated that no new technical regulations have been adopted since then. A total of nine draft technical regulations have been notified to the WTO Secretariat since 2002, mostly related to food.¹⁶ No technical regulations were notified to the WTO as urgent measures. No technical regulations from trading partners have to date been recognized as equivalent.

3.54. The Department of Commerce and Consumer Affairs of the Ministry of Industry, International Business, Commerce and Small Business Development is responsible for enforcing technical regulations and verifying compliance with them. Under the Standards Act 2006, the BNSI is responsible for conformity assessment procedures for products, commodities, processes, services, and quality systems in Barbados. The BNSI also has responsibility for: publishing certification marks; maintaining testing laboratories; and granting licences to use a standard mark. The fees charged for conformity assessments are applied equally to imported and domestically-produced products. Inspections may be carried out either at the border (for imported goods) or within Barbados by Trading Standards Officers. In general terms, guides and recommendations issued by international standards-setting bodies are used for national conformity assessment procedures. However, no mutual recognition agreements for conformity assessment have been signed with specific foreign bodies. The authorities have noted that despite this, in most cases, third-party assessments are used and third-party certifications from all other jurisdictions are recognized. However, the Barbados authorities may still check for conformity in cases where they believe it is necessary.

3.55. Certification is based upon type-testing. The BNSI has the authority to certify products and processes and to issue certification marks for which a Barbados National Standard exists. As with conformity assessment, the BNSI in practice resorts mostly to third party certification. Marks from reputable institutions are generally accepted; in other cases, verification may take place. The firm interested in having a mark accepted must submit the mark and relevant details to the BNSI for

¹⁶ The technical regulations notified to the TBT Committee were the following: (i) requirements for brewery products to be sold in Barbados and CARICOM; (ii) requirements for grade of certain types of rice, and general conditions for sampling and methodologies for assessing various factors in determining the quality of rice; (iii) grading criteria and grades, weight clarification, labelling requirements, and sampling protocols and test methods for pre-packaged eggs; (iv) requirements for performance, sampling, packaging, and labelling of safety matches; (v) requirements for the purchase of match splinters from suppliers; (vi) general requirements, packaging, labelling, methods of sampling, and analysis for rum; (vii) labelling requirements for pre-packaged meat and poultry parts/cuts, and fish and fishery products for consumer consumption; (viii) requirements for carbonated beverages including additives and methods of test; and (ix) labelling requirements (see WTO document series G/TBT/N/BRB).

assessment. If the applicant wishes to obtain a BNSI mark, the procedures for product certification require the submission by the interested party of an application and a non-refundable application fee of BDS\$50 to the BNSI. The BNSI then conducts a preliminary inspection of the manufacturing facility to assess the testing facilities and the quality assurance procedures for the manufacturing process. Also, testing samples are taken to ascertain conformity to a standard's specifications. A report of the preliminary inspection is then issued and a testing and inspection schedule is prepared. The costs of testing and inspection are borne by the applicant. Once these procedures are completed, a licence to use the BNSI mark can be issued. Licences are valid for one year and must be renewed annually; there is a BDS\$100 annual licence fee. An application along with a BDS\$20 application fee must be submitted in order to renew the mark.

3.56. There are currently no laboratory-accrediting organizations in Barbados. National laboratories must seek accreditation from overseas-based organizations.

3.1.9 Sanitary and phytosanitary measures

3.57. As at October 2014, the main institutions in the area of sanitary and phytosanitary (SPS) measures in Barbados were the Plant Protection Section and Veterinary Services within the Ministry of Agriculture and Rural Development, and the BNSI within the Ministry of Industry, International Business, Commerce, and Small Business Development. However, the authorities were in the process of establishing a National Agricultural Health and Food Control Agency (NAHFCA), under the Ministry of Agriculture. To this end, an Agricultural Health and Food Control Programme (AHFCP) is being implemented by the Ministry of Agriculture, with the collaboration of the Inter-American Development Bank (IADB). When established, the NAHFCA would be responsible for the management and coordination of SPS issues and would be in charge of reviewing the existing legislation to ensure coherence with international agreements, standards and codes of practice. The NAHFCA would also be charged with upgrading the existing laboratory facilities and reviewing their staffing and infrastructural requirements.¹⁷

3.58. The authorities consider that the implementation of the NAHFCA has become necessary to ensure that Barbados' animal and plant health and food safety systems comply with international standards. They consider that the current system consists of fragmented and/or outdated legislation, multiple jurisdictions as well as weaknesses in surveillance, monitoring and enforcement. For the NAHFCA to be effective, it is necessary to develop a national agricultural health and food control system that covers all domestically-produced, processed and marketed food as well as imported food and inputs. The control system must be capable of facilitating traceability, risk analysis, surveillance, laboratory services, and of issuing regulations.¹⁸

3.59. The Plant Protection Section, which is the National Plant Protection Organization (NPPO) of Barbados, encompasses Entomology, Plant Pathology, Pesticide Control Board, and the Plant Quarantine Unit. Its functions are to protect, and where possible, enhance the agricultural crop resources of the island through the provision of research, developmental, regulatory and extension services in the area of pest and disease management as well as to assist in the implementation of the National Strategic Plan of Barbados 2006-25. The Plan emphasizes certain priority crops: cotton, sugar, hot pepper, herbs and spices, sweet potatoes, yams and onions. The mandate of Plant Protection is the phytosanitary security and conservation of Barbados' agricultural plant biodiversity through the identification of plant pests and diseases and the provision of environmentally sound control practices. The authorities have noted that this mandate must be fulfilled whilst satisfying domestic, regional (CARICOM), hemispheric (EU-CARIFORUM EPA) and international (WTO/SPS) standards. Plant Protection is also involved in ensuring food security, and in guaranteeing that good agricultural practices and food safety (HACCP policy) policies are adhered to.¹⁹ Plant Protection has set as its goals: the preparation of a country pest list, conducting pest risk analyses and surveillance for economically important pests and diseases; promoting integrated pest management; ensuring availability of safe and quality pesticides for

¹⁷ Ministry of Agriculture, Barbados, Barbados Agricultural Health and Food Control Programme. Viewed at: http://www.agriculture.gov.bb/agri/index.php?option=com_content&view=article&id=112&Itemid=78.

¹⁸ Ministry of Agriculture, Barbados, Barbados Agricultural Health and Food Control Programme. Viewed at: http://www.agriculture.gov.bb/agri/index.php?option=com_content&view=article&id=112&Itemid=78.

¹⁹ Barbados Ministry of Agriculture online information. Viewed at: http://www.agriculture.gov.bb/agri/index.php?option=com_content&view=article&id=226%3Aabout-plant-quarantine&catid=50&Itemid=88.

protecting crop production from the ravages of pests and diseases; and testing bio-pesticides and other chemicals generally regarded as safe (GRAS).

3.60. There is a Pesticides Control Board charged with the enactment of legislation and regulations for the adequate management of pesticides in Barbados, as well as with the regulation of the importation, management and use of pesticides in Barbados through registration, licensing, establishment of licensing conditions, and policy formulation.²⁰

3.61. Barbados' main SPS-related legislation comprises the Animals (Diseases and Importation) Act, Cap. 253, the Animals (Diseases and Importation Control) Regulations, 1961, and the Plant Protection Act (No. 53, 2007).²¹ A Plant Quarantine Manual has been prepared with assistance from the FAO. The Plant Protection Act was notified to the WTO in 2009 as an emergency measure, on the grounds that the legislation was urgently needed to address the problems posed to Barbados' agricultural sector by the destruction of crops by pests such as the pink mealy bug, as well as increases in the number of rare pest species, like the giant African snail.²²

3.62. The authority charged with meeting notification requirements under the SPS Agreement is the Foreign Trade Division within the Ministry of Foreign Affairs and Foreign Trade. Apart from notifying the Plant Protection Act, Barbados made no other notification of SPS measures to the WTO during the period under review. In fact, it has only made two notifications since 2001, when it notified another emergency measure relating to a ban on imports from Uruguay of certain livestock products due to foot and mouth disease. The authorities have stated that they consider all SPS measures in force to be based on international standards, guidelines or recommendations. The review of SPS measures does not take place automatically, but it may be requested in writing by domestic importers or producers to the Chief Agricultural Officer, stating the reasons for the request. Foreign suppliers may not request the review of an SPS measure, but may send questions with respect to the measure, through their notification point, to the Barbados SPS enquiry point.

3.63. Barbados is a member of the Codex Alimentarius, the World Organisation for Animal Health (OIE) and the International Plant Protection Convention (IPPC). Barbados has bilateral agreements with Trinidad and Tobago, St. Lucia, St. Vincent and the Grenadines, Dominica, and Guyana to certify fruit and vegetables, plantations and farms, as well as methods for fruit and vegetables to be packaged, labelled and transported. Barbados has no other agreements with any other countries on SPS measures.

3.64. The Animals (Diseases and Importation) Act sets the terms and conditions for the importation of animal products, which are defined to include: meat and poultry and their products and by-products; dairy products and any other products of animal origin. The Act entitles the Minister responsible for Agriculture to pass regulations for the control and treatment of diseased or suspected animals and for the prevention and spread of disease. It also entitles the Minister, for the purpose of preventing the introduction or spread of any disease into the island, to pass regulations prohibiting, restricting, controlling or regulating the importation of animals or poultry. Under the Act, the importation of birds, reptiles or insects requires a licence granted by the Senior Veterinary Officer; non-compliance with this requirement is considered an offence. All animals, birds, reptiles and insects imported into Barbados are required to be placed in a quarantine depot; the time and conditions are specified in the import licence.

3.65. An amendment to the Animals (Disease and Importation) Act passed by Parliament in late July 2014, grants power to the Minister to make Regulations to the Act and, on the advice of the Senior Veterinary Officer amend any Schedule to those Regulations. It also makes the Regulations

²⁰ Barbados Ministry of Agriculture online information. Viewed at: http://www.agriculture.gov.bb/agri/index.php?option=com_content&view=article&id=231%3Aabout-pesticides-control-board&catid=50&Itemid=88.

²¹ Subsidiary legislation to the Animals (Diseases and Importation) Act include the (Anthrax) Regulations, 1951; the (Epizootic Abortion) Regulations, 1951; the (Rabies) Regulations, 1951; the (Swine Fever) Regulations, 1951; the (Foot and Mouth Disease) Regulations, 1952; the (Diseases and Importation Control) Regulations, 1961; the Diseases of Poultry Regulations, 1949; the Infectious Keratitis Regulations, 1958; the Equine Encephalomyelitis Regulations, 1962; the Bovine Tuberculosis (Eradication) Regulations, 1968; the Bovine Brucellosis or contagious Abortion (Eradication) Regulations, 1968; the Animals (Diseases and Importation) (Amblyomma Variegatum, Heartwater and Dermatophilosis) (Prevention and Control) Regulations, 1994; and the Animals (Diseases and Importation) (Slaughter Fees) Regulations, 1999.

²² WTO document G/SPS/N/BRB/2, 29 April 2009.

subject to negative resolution.²³ The authorities indicated that this means that regulations made under the Act automatically become law unless there is an objection from the House of Assembly. They also noted that until new regulations come into force, these regulations currently in place are the Animals (Disease and Importation Control) Regulations, 1961, with their 1994 and 2001 amendments. The new Act allows for regulations that empower the Senior Veterinary Officer to amend the certification requirements for the importation of animals and animal products and to amend the list of countries from which animals and animal products can be imported.

3.66. Importers of animals must obtain an import permit which is issued per importation at the cost of BDS\$25 and is valid for six months. Commercial importers of animal products must obtain an Annual Import Permit, which is issued by the Veterinary Services Department of the Ministry of Agriculture at a cost of BDS\$500; the permit is valid for 12 months and is renewable. Importers must apply in writing for permission to import each individual shipment before placing orders.

3.67. Some live animals (dogs and cats) can only be imported directly into Barbados from countries listed in the Third Schedule of the Regulations (Ireland, United Kingdom, Anguilla, Antigua and Barbuda, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines). Under the Animals (Diseases and Importation Control) Regulations 1961, Cap. 253, dogs and cats cannot be imported directly into Barbados from countries other than those listed in the Sixth Schedule.

3.68. Restrictions apply to the importation of meat and meat products, which may be imported only from approved countries listed in the Fifth and Sixth Schedule of the Regulations. These are: the United Kingdom, Ireland, Australia, Argentina, Canada, Denmark, New Zealand, Norway, Sweden, the Netherlands, the United States, Antigua and Barbuda, Dominica, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Trinidad and Tobago for poultry meat, and Australia, Canada, Chile, New Zealand, the United States, Uruguay, Antigua and Barbuda, Belize, Dominica, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Trinidad and Tobago for pork, sheep and goat meat. For a new country to be added to this list, various procedures need to be followed, including completing a questionnaire and a visit by Barbados officials to the exporting country. To remove countries from the list, Barbados follows the advice of the OIE. Import shipments must come directly from the country of origin to Barbados, unless approval for trans-shipment is granted. Trans-shipments are allowed only through countries where no outbreak of foot and mouth disease or other specified OIE listed diseases has taken place in the previous 12 months. The importer must notify the authorities of incoming shipments, and provide Customs with the original health certificate of origin stamped as approved by the Animal Health Quarantine Officer.

3.69. In accordance with the Plant Protection Act (2007), import permits are required for plants, plant products, and other regulated articles. Import permits are granted for one shipment within a specified period. Applications for import permits must be made to the National Plant Protection Organization and a fee is charged. Imports of plant products must be accompanied by an original phytosanitary certificate issued by the country of export dated not more than 30 days before the entry of the import. Under the Plant Protection Act, the Minister in Charge of Agriculture has the authority to prohibit the importation of plants, plant products or other regulated articles. The authorities note that no such prohibitions are in place but that particular conditions can be attached to the importation of any crop after a pest-risk analysis is carried out. The importation of any planting material is accorded a high degree of scrutiny.

3.70. Barbados applies a ban on the importation of genetically-modified plants and seeds. There are no regulations for the labelling of Genetically-Modified Organisms (GMOs). The authorities expect to implement such legislation as a harmonized law adopted by all CARICOM countries. Barbados has no regulations on the import of animals fed on hormones, or their products.

3.71. Testing and inspection activities are undertaken by the Veterinary Services Laboratory, Government Analytical Services, the BNSI, and the Public Health Laboratory of the Ministry of Health. Random testing is employed. Pest-risk analysis for plants and plant products is gathered by the BNSI from the work of a number of foreign agencies and universities, including the

²³ The Act may be viewed at:

[http://barbadosparliament.com/htmlarea/uploaded/File/Bills/2014/Animals%20\(Diseases%20and%20Importation\)%20Amendment\)%20Bill,%202014%20\(1\).pdf](http://barbadosparliament.com/htmlarea/uploaded/File/Bills/2014/Animals%20(Diseases%20and%20Importation)%20Amendment)%20Bill,%202014%20(1).pdf)

Caribbean Pest Diagnostic Network, CABI (a non-profit organization based in the United Kingdom), the Natural History Museum (United Kingdom) and the University of Florida. The length of time taken to complete a risk analysis varies with the complexity of the case and the availability of personnel, but is usually not less than 9-12 months. The NPPO prepares a report based on the findings of the agency performing the risk analysis.

3.72. At the CARICOM level, the Caribbean Health and Food Safety Agency (CAHFSA) was launched on 12 March 2010 in Suriname, when the legal instrument Establishing the Caribbean Agricultural Health and Food Safety Agency entered into force upon signature by the CARICOM Heads of Government. The CAHFSA was established to coordinate SPS measures and strengthen the agricultural health and food safety systems and infrastructure related to agricultural trade in CARICOM. As at October 2014, the CAHFSA was in the process of becoming operational.

3.2 Measures Directly Affecting Exports

3.2.1 Export procedures and requirements

3.73. Required export documents generally consist of: a customs declaration form, a commercial invoice, a certificate of origin for preferential exports, a central bank form, a bill of lading, a shipping instruction form, and an export declaration form. The Central Bank Exchange Control Form must be verified by the Entry Processing Office of the port at which the goods are being shipped. Like for imports, Customs uses a four-lane system: green, yellow and red lanes, plus a blue lane for verification. For exports classified under the green lane, documentation processing is carried out online. For exports designated as belonging in the yellow or red lanes, all relevant documents must be presented at the Entry Processing Office of the port at which the goods are being shipped. Yellow lane procedures require document inspection only, while red lane procedures require document and physical inspection. Exported goods may also be subject to physical examination when there is a VAT refund.

3.74. The registration of exporters carrying out exports on an MFN basis is not required, but exporters wishing to benefit from trade preferences must complete this step. The Certification Service at the Barbados Investment and Development Corporation (BIDC) delivers certificates of origin that allow exporters to benefit from preferences under CARICOM, CBI, CARIBCAN, and for exports to Colombia, Cuba, Dominican Republic, and Venezuela under CARICOM trade arrangements. The Customs and Excise Department provides certification under the EU-CARIFORUM EPA.

3.75. Special conditions apply for the exportation of goods benefiting from regimes such as ex-warehouse, transshipment, drawbacks and temporary admission. In these cases, a bond must be deposited with the Customs and Excise Department, which may also examine the goods to be exported to verify quantities, descriptions, and values.

3.76. The exportation of live animals requires a sanitary certificate from the Veterinary Office of the Ministry of Agriculture. The Veterinary Office also issues Veterinary Export Health Certificates for the exportation of fresh and processed foods of animal origin, if required by the recipient country. Prior to this, the exporter must obtain a certificate of wholesomeness from the Ministry of Health. This certificate is verified by Customs at the moment of exportation.

3.2.2 Export taxes, charges, and levies

3.77. Barbados applies no taxes, charges or levies on exports, other than a levy on cotton exports of BDS\$0.17 per pound. The proceeds of this levy are directed to the Barbados Cotton Growers Association (Chapter 4.1).

3.2.3 Export prohibitions, restrictions, and licensing

3.78. Barbados applies restrictions on the exportation of certain products, which are included in the List of Prohibited and Restricted Exports, of the Customs Act, as amended by the Customs (List of Prohibited and Restricted Imports and Exports) Order, 2009 (S.I. 2009 No. 127) and the Customs (List of Prohibited and Restricted Imports and Exports) (Amendment) Order, 2010, (S.I. 2010 No. 114). Goods listed in part I of the Second Schedule of the Act are prohibited

exports. They include substances or chemicals listed under HS heading Ex 29.03, namely halons, and other ozone-depleting substances. Goods listed in part II of the Second Schedule are restricted exports, they included other ozone-depleting substances under HS heading Ex 29.03, as well as substances or chemicals under tariff heading Ex 38.24, mainly refrigerant blends capable of depleting the ozone layer.

3.79. Goods listed in the Third Schedule of the Customs Act, 1962 could, in principle, be subject to export licences.²⁴ However, as reported in the previous review, the exportation of most of these products is not restricted and the number of products subject to export restrictions is in practice more limited, mostly for public morals and safety reasons.²⁵

3.80. Other products requiring an export licence include: black coral, live sheep and goats, and tortoiseshell (Statutory Instrument 2004 No. 2); and radioactive chemical elements (S.I. 2004 No. 158). These restrictions are generally maintained for the implementation of international agreements/conventions. Export licences are obtained from the Director of Commerce in the Ministry of Industry, International Business, Commerce and Small Business Development.²⁶ These licences are not automatic and apply irrespective of destination.

3.2.4 Export support

3.81. During the period under review, Barbados continued to implement a number of incentives programmes targeted solely or partly at the promotion of exports. Some of these programmes have been notified to the WTO. Accordingly, Barbados has requested the extension provided for under Article 27.4 of the SCM and the provisions of document G/SCM/39 for five programmes: the Fiscal Incentive Programme; the Export Allowance Scheme; the Research and Development Allowance Schemes; the International Business Incentives Programme; and the Societies With Restricted Liability Scheme.²⁷ In accordance with the decision of the WTO General Council, Barbados must dismantle these export subsidies by 31 December 2015. Barbados has been periodically notifying the WTO with respect to the benefits granted under these programmes.²⁸

3.82. Like most other CARICOM countries, Barbados has been implementing a Fiscal Incentive Programme since 1974. The programme aims at promoting the production of selected products required for domestic use and in demand extra-regionally, as well as enhancing the use of local value added and fostering production for export. The incentives under the programme are granted under the Fiscal Incentives Act of 1974 (Cap. 71A), they are approved by Cabinet, and monitored by the Barbados Investment and Development Corporation (BIDC). Approved enterprises are granted an 11 to 15-year corporation tax, VAT and customs duties holiday. Relief from customs duties is granted to all imports of plant, equipment, machinery, spare parts, raw materials and components thereof required by the approved enterprise in the manufacture of an approved product, where such articles are not available in CARICOM.

3.83. The Fiscal Incentives Act provides benefits to companies registered in Barbados that satisfy specific criteria and are granted approved enterprise status, producing an approved product.²⁹ A list of approved enterprises is contained in the Fiscal Incentives (Declaration of Approved

²⁴ The goods listed include live bovines, baby chicks, pork, poultry parts, certain fish, cheese, butter, eggs, tortoiseshell, black coral, sugar cane plants, various vegetables, rice, flour, peanuts, pasta, portland cement, crude and other than crude petroleum oils, soap, sewing machines, certain furniture, and coin-operated betting machines.

²⁵ The following items are restricted for public morals and safety reasons, and hence its exportation requires a licence: fireworks (HS Ex.36.04); chemshield (Ex.38.23); "mace" and similar products (Ex.38.23); handcuffs of plastic (Ex.39.26); handcuffs of iron or steel (Ex.73.26); ratchet knives, spring loaded knives; flick knives (Ex.82.11); and jet skis/wave runners (Ex.89.03, S.I).

²⁶ Barbados Customs & Excise Department online information. Viewed at: <http://customs.gov.bb/General/Trade1.php>.

²⁷ WTO document G/SCM/N/71/BRB, 1 March 2002.

²⁸ The most recent notifications as at November 2014 were contained in WTO documents G/SCM/N/243/BRB, 11 October 2011, G/SCM/N/253/260/BRB, 27 September 2013, and G/SCM/N/275/BRB, 9 September 2014.

²⁹ To be listed as an approved enterprise and thus benefit from the programme, the enterprise must prove that it: (a) is or will be adequately financed; (b) has adequate trained personnel in its employ or is able to obtain the services of such personnel; (c) has access to the necessary technical information; (d) is able to obtain adequate raw materials; and (e) possesses, or will possess, the necessary factory. WTO document G/SCM/N/211/BRB, 7 July 2010.

Enterprises) Orders. The Schedule to the Act includes (Section 2) a list of products excluded from the definition of approved products, which are generally goods produced and sold traditionally in the CARICOM region.³⁰

3.84. The duration of the tax holiday period under the Fiscal Incentives Act depends on the group in which the enterprise is classified. Five groups are determined as a direct function of the local value added generated (four first groups) or the amount invested (capital-intensive industries). They are: (a) Group I enterprises are those with local value added of 50% and over of ex-factory sales of the product; they are granted a tax holiday of up to 15 years; (b) Group II enterprises are those which generate domestic valued added accounting for between 25-50% of total value, and are granted a tax holiday of up to 13 years; (c) Group III enterprises are those with local value added of between 10% and 25% of the total, and are granted a holiday period of up to 11 years; (d) enclave industries, are those that produce only for export outside CARICOM, and may also enjoy a tax holiday up to 15 years; (e) highly capital-intensive industries, are defined as those in which there is investment of not less than US\$25 million, and are eligible for a tax holiday of up to 15 years irrespective of their local value added. Under the Fiscal Incentives Act Cap 71, both Barbadian and foreign-owned companies may qualify for benefits.

3.85. Revenue forgone under the Fiscal Incentive Programme amounted to BDS\$18.0 million in 2010-2011 (1 April-31 March) (10 companies benefited) (Table 3.8); and BDS\$13.6 million in 2009/10 (six companies); the figures for 2008/09 and 2007/08 were BDS\$21.3 million (eight companies), and BDS\$18.0 million (13 companies, respectively).³¹ No notification has been made to the WTO of revenue forgone under this Programme for 2011/12 or for 2012/2013.³² The benefits were granted to an additional company in 2012, but for a period of just three years.

3.86. As can be seen from Table 3.8, the benefits granted to four companies under the Fiscal Incentives Act go beyond the 31 December 2015 deadline established by the WTO's General Council. In this respect, the Barbados' authorities are currently in the process of negotiating with the beneficiaries to comply with the required deadline (see below).

Table 3.8 Companies that benefited from the Fiscal Incentives Programme during 2010–14

Company	Approved product	Expiry date	Tax holiday
Crown Packaging (Barbados) Ltd.	Metal cans, caps, seals for cans and bottles	29/07/2015	7 Years
ABM Woodcraft Ltd	Wooden cabinets and wooden structures	01/07/2017	15 Years
Arawak Cement Company	Cement and clinker	31/12/2016	10 Years
TT Electronics	High wattage/custom assemblies and metal film resistors	30/04/2017	15 Years
A-One Specialty Shade Products Ltd.	Blinds and market umbrellas	31/01/2017	15 Years
Caribbean Lighting Inc.	Light emitting diode lamps	31/12/2015	3 years
Caribbean Homes Ltd.	Pre-engineered concrete structures	29/11/2014	15 Years
Meridian Caribbean Ltd.	Unplasticized polyvinyl chloride products	31/03/2014	15 Years

³⁰ The products excluded from the definition of approved products are: aerated waters; automobile mufflers (not produced as part of an integrated automobile exhaust system); bakery products; beer; brushes and mops; cardboard boxes; cigarettes; clocks; coir products, mats and matting; concrete blocks; concrete pipes (non-asbestos); concrete tiles; copra; corrugated cardboard containers; drinking straws; edible oils and fats from copra; handicraft items; hats and caps; hollow ware (aluminium); mattresses; nails; paper bags; phonograph records; plastic film; popcorn; printing; rum; shirts and knitted underwear; stationery (other than continuous business forms); syrups; tissue paper products; tubular furniture (aluminium); twine; umbrellas; and window frames (aluminium).

³¹ WTO documents G/SCM/N/243/BRB, 11 October 2012; G/SCM/N/220/BRB, G/SCM/N/226/BRB, 18 October 2011; G/SCM/N/211/BRB/Add.1, 9 August 2010; and G/SCM/N/186/BRB, G/SCM/N/192/BRB, 14 August 2009.

³² WTO documents G/SCM/N/253/BRB, G/SCM/N/260/BRB, 27 September 2013, and G/SCM/N/275/BRB, 9 September 2014.

Company	Approved product	Expiry date	Tax holiday
Preconco	Pre-engineered concrete structures	30/11/2013	5 Years
Rotoplastics Barbados Ltd	Water tanks, septic tanks, plant pots, insulated food boxes and beverage coolers, ropes, garbage bins, grease traps and a full range of water resource products, filters, pentax pumps, pressure tanks and regulators	31/01/2013	6 Years
Creative Paving Solutions Inc.	Concrete blocks and tiles, brick pavers, retaining wall systems	30/11/2013	6 Years

Source: WTO document G/SCM/N/243/BRB, 11 October 2012 and information provided by the authorities.

3.87. The Export Allowance Programme grants tax advantages to enterprises that export to a non-CARICOM country and do not obtain benefits under the Fiscal Incentives Act. The benefits granted consist of a rebate of income or corporation tax on the export profits of the business. These rebates have their legal foundation in section 14A and the First Schedule of the Income Tax Act and are administered by the Commissioner of Inland Revenue. The rebate granted is based on the ratio of export profits/total profits; the reduction ranges from 35% to 93% of the tax payable on profits at the standard corporate tax rate (Table 3.9). Additionally, an allowance is granted against the tax payable on taxable income. Businesses entitled to this allowance may also claim a 40% investment tax allowance instead of the general initial 20% allowance. Companies that manufacture and refine sugar or manufacture products from clay or limestone for the domestic and export markets are also entitled to a 40% investment allowance.

Table 3.9 Benefits under the Export Allowance Programme

Export profits as % of total profits	Rebate of income tax as % of income tax on export profits
Up to 20	35
21 to 40	45
41 to 60	64
61 to 80	79
Over 80	93

Source: Information provided by the authorities.

3.88. Revenue forgone under the Export Allowance Programme in 2012 amounted to BDS\$432,000 (US\$216,000), and 12 companies benefited; accumulated revenue forgone between 2007/08 and 2010/11 was BDS\$2.9 million (US\$1.45 million); between eight and 15 companies benefited.³³ Revenue forgone in 2013 reached BDS\$467,292 and 11 companies benefited.³⁴

3.89. The Research and Development Allowance Programme makes allowances to businesses that export to a country outside the CARICOM and that engage in market R&D for the purpose of promoting export sales. The aim of this allowance is to encourage and promote the development of export sales and assist exporters to penetrate new and existing markets. Businesses are entitled to deduct from taxable income an amount equal to 150% of the actual expenditure incurred on promoting the development of export sales. The authorities have indicated that benefits are conferred not specifically based on the export performance of the business itself, but on activities conducted to expand the market penetration of a product into overseas markets outside of the CARICOM. The authorization for the provision of this allowance is granted by the Income Tax Act Cap 73, Section 12D and Part I of the Schedule of the Income Tax Act. Benefits are administered by the Revenue Commissioner.

3.90. Revenue forgone under Research and Development Allowance Programme in 2012 amounted to some BDS\$115,000; and five companies benefited; accumulated revenue forgone between 2007/08 and 2010/11 was BDS\$5.1 million; between four and eight companies were

³³ WTO documents G/SCM/N/253/BRB, G/SCM/N/260/BRB, 26 September 2013; G/SCM/N/243/BRB, 11 October 2012; G/SCM/N/220/BRB, G/SCM/N/226/BRB, 18 October 2011; G/SCM/N/211/BRB/Add.1, 9 August 2010; G/SCM/N/186/BRB/Add.1, G/SCM/N/192/BRB/Add.1, 15 September 2009; and G/SCM/N/186/BRB, G/SCM/N/192/BRB, 14 August 2009.

³⁴ WTO document G/SCM/N/275/BRB, 8 September 2014.

beneficiaries.³⁵ In 2013, outlays reached BDS\$3.64 million and five companies were beneficiaries.³⁶

3.91. Under the International Business Incentives (IBI) Programme, tax rebates are granted to international or "offshore" companies registered as international business companies (IBCs). IBCs must sell all their production abroad. The benefits are provided under the authority of the International Business Companies (IBC) Act Cap 71. The IBC Act specifies that one of the key objectives is to provide tax reduction, exemptions and benefits for companies engaged in the act of international manufacturing defined as "the business of making, processing, preparing or packaging, within Barbados, any product which is exclusively for export". The IBI Programme is administered by the International Business Division of the Ministry of Industry, International Business, Commerce and Small Business Development.

3.92. The IBC Act allows for exemptions from withholding tax and tax on income on a sliding scale. IBCs are subject to a 0.25-2.5% corporate tax rate on net profits instead of the statutory 25% rate. Tax paid to a foreign country may be credited against tax payable in Barbados provided that this does not reduce the tax payable in Barbados to less than 1% of profits or gains in any income year. There are no withholding taxes on dividends, royalties, management fees, interest payments, and other fees paid by IBCs to non-residents of Barbados or to another IBC. IBCs are exempt from exchange control restrictions, and may import free of customs duty, VAT and other like duties, all equipment, machinery, raw materials, goods, fixtures, appliances, apparatus, tools and spare parts and articles necessary to carry on their international business. The IBC Act makes provision for a guaranteed period of concessions of 15 years. The IBI Programme also provides incentives for Societies with Restricted Liability (SRLs), which must sell their production abroad.

3.93. Subsidies under the IBI Programme, including revenue forgone and income tax credit, were negligible in 2012. They totalled BDS\$7.5 million in 2010/11, and three companies benefited; the accumulated benefits between 2007/08 and 2009/10 were BDS\$8.1 million.³⁷ As notified by Barbados to the WTO, benefits in 2013 totalled BDS\$226,000.³⁸

3.94. The SRLs Programme provides similar incentives as those granted to IBCs. The Programme has its legal base on the Societies with Restricted Liability SLR Act of 1995, which created a hybrid entity with the features of a company as well as a partnership to provide offshore services. Beneficiaries receive exemptions from withholding tax and tax on income is assessed on a sliding scale. The Act also makes provision for duty-free concession to licensed SRLs for the importation of plant, machinery, equipment, fixtures, appliances, apparatus, tools and spare parts and such raw materials, goods, components and articles necessary for the company to conduct business. There is a guaranteed concessions period of 30 years. The Programme is administered by the International Business Division of the Ministry of Industry, International Business, Commerce, and Small Business Development and the Commissioner of Inland Revenue.

3.95. Subsidies under the SRL Programme, including revenue forgone and income tax credit, totalled BDS\$12.5 million in 2012, and three companies benefited; the accumulated benefits between 2007/08 and 2009/10 were BDS\$35.9 million. In 2013, three companies continued to benefit from the SRL and outlays totalled BDS\$12.8 million.³⁹

3.96. Barbados has notified to the WTO an "Action Plan to Bring Subsidies Notified in Accordance with Article 27.4 of the SCM Agreement".⁴⁰ The action plan specifies steps to be taken for the dismantlement of the export subsidy content of the different subsidy programmes notified. With respect to the Fiscal Incentive Programme, the action to be taken would focus on the removal of

³⁵ WTO documents G/SCM/N/253/BRB, G/SCM/N/260/BRB, 26 September 2013; G/SCM/N/243/BRB, 11 October 2012; G/SCM/N/220/BRB, G/SCM/N/226/BRB, 18 October 2011; G/SCM/N/211/BRB/Add.1, 9 August 2010; G/SCM/N/186/BRB/Add.1, G/SCM/N/192/BRB/Add.1, 15 September 2009; and G/SCM/N/186/BRB, G/SCM/N/192/BRB, 14 August 2009.

³⁶ WTO document G/SCM/N/275/BRB, 9 September 2014.

³⁷ WTO documents G/SCM/N/253/BRB, G/SCM/N/260/BRB, 26 September 2013; G/SCM/N/243/BRB, 11 October 2012; G/SCM/N/220/BRB, G/SCM/N/226/BRB, 18 October 2011; G/SCM/N/211/BRB/Add.1, 9 August 2010; G/SCM/N/186/BRB/Add.1, G/SCM/N/192/BRB/Add.1, 15 September 2009; and G/SCM/N/186/BRB, G/SCM/N/192/BRB, 14 August 2009.

³⁸ WTO document G/SCM/N/275/BRB, 9 September 2014.

³⁹ WTO document G/SCM/N/275/BRB, 9 September 2014.

⁴⁰ WTO document G/SCM/N/211/BRB, 7 July 2010.

the export component under the Fiscal Incentives Act and that consequently all provisions related to enclave industries would be removed. Regarding the Research and Development Allowance, Barbados has stated that the action to be taken would involve the removal of the export component under the Income Tax Act. To this end, Section 12D (1) of the Income Tax Act would be amended to remove the application of any provisions relating to exporting outlined in Part 1 of the Second Schedule to the Act. Section 12 D (2) of the Income Tax Act would be deleted. With respect to the Export Allowance, Barbados stated that, in order to bring this allowance in line with WTO rules, it would remove Section 14A (2) (b) and (c) of the Income Tax Act; Section 14A 1 (1) which makes provision for an enclave enterprise to be entitled to an allowance calculated in accordance with section 14A in the manner specified in the First Schedule, would also be deleted. With respect to the IBC and Societies with Restricted Liability Programmes, the Government of Barbados was undertaking national consultations in an effort to derive policies which address with the WTO inconsistent aspects of the IBC and Societies with Restricted Liability Acts.

3.97. Barbados informed the WTO that the internal steps required to be undertaken to bring the notified subsidies into conformity with the SCM Agreement would be as follows: (a) finalization of the preparation of a policy paper for discussion with the stakeholders; (b) submission of the policy paper to the Cabinet for approval; (c) issuance of instructions to the Chief Parliamentary Council to amend the legislation; (d) submission of Bills to Cabinet for approval; (e) submission to Parliament for debate and approval. The authorities indicated that processes would be completed in time for Barbados to honour its obligation to make these programmes WTO-compatible by December 2015. In September 2013, Barbados informed WTO Members that a position paper, detailing proposed recommendations on how to bring the offending programmes into line with the obligations of the SCM Agreement, had been circulated among the private and public sector stakeholders that would be affected by the removal of the prohibited programmes and that the Ministry responsible for the coordination of the efforts towards the elimination of the prohibited subsidies had received their comments on the position paper. These comments and all proposed recommendations had been forwarded to the Office of the Solicitor General, with a view to determining any legal implications for the proposed recommendations. That Ministry had also engaged with the Office of the Solicitor General to develop the most legally-appropriate way to formulate the proposed revisions.⁴¹ With respect to the Fiscal Incentives Act, as at late 2014 the Government had engaged in consultations with companies that have been granted benefits beyond 31 December 2015 to agree on some form of compensation.

3.98. In 2005 Barbados put in place an Export Promotion and Marketing Fund, under the Export Promotion and Marketing Fund Act, 2005-20. The Fund provides financial support in the form of grants to public and private sector entities that export or promote the sale of Barbadian goods and services in overseas markets. No information on grants approved by the Fund was made available for the review.

3.99. Tax and duty concessions are also granted in support of exports of services under the Hotel Aids Act and other legislation in favour of the tourism industry (Section 4.3.3). There are no foreign trade zones or free ports in Barbados.

3.100. Barbados notified to the WTO Committee on Agriculture in 2009 the export subsidies provided to agricultural products during financial years 2002/2003, 2003/2004, 2004/2005, 2005/2006 and 2006/2007; they applied to fruit and vegetables, and chicken.⁴² No other notification has been made since then.

3.2.5 Export finance, insurance and guarantees

3.101. Barbados' exports may benefit in principle from three export finance/insurance/guarantee programmes administered by the Central Bank: the Export Rediscount Facility (ERF); the Export Credit Insurance Scheme; and the Export Finance Guarantee Scheme. In practice, these programmes have a limited use and most exports are financed directly through commercial banks.

3.102. The ERF, provided under the authority of the Central Bank Act since 1978, allows exporters to discount their export bills with commercial banks, which in turn rediscount them with the Central Bank. The authorities note that there has been no activity under the ERF since 1992. They

⁴¹ WTO document G/SCM/N/253/BRB, G/SCM/N/260/BRB, 26 September 2013.

⁴² WTO document G/AG/N/BRB/18, 13 July 2009.

indicated that the Central Bank sponsored this facility to assist in the promotion of non-traditional exports from Barbados since it allows exporters to obtain export finance at minimum cost. All commercial banks operating in Barbados which maintain a reserve account with the Central Bank of Barbados are eligible to participate. Exporters who possess bills receivable for the exportation of non-traditional goods, wholly or partially manufactured in Barbados, are eligible to participate in the Facility. The Central Bank reserves the right to impose discount limits for individual exporters. Only bills with credit periods not in excess of 180 days are considered for rediscount.⁴³

3.103. The Export Credit Insurance Scheme, established in 1978 to promote and facilitate the growth of Barbados' manufactured exports and administered under Section 41 of the Central Bank Act, provides insurance cover directly to exporters against non-payment by overseas buyers. The Scheme is available to any person or organization partly or wholly producing, processing or manufacturing goods in Barbados for export. The cost of the insurance (premium rates) varies according to the level of coverage and the duration, as well the level of individual buyer and country risks. Premium rates are normally in the range of 50 cents to BDS\$1.00 per BDS\$100 of the gross invoice value of the goods. The premium rates are higher for those countries to which higher risks of doing business are attached.⁴⁴ A credit limit must be specified in each policy. Ordinarily the Central Bank pays claims after a waiting period of four months from the due date of payment. However, in some cases (e.g. insolvency, diversion of voyage, transfer delay) the Central Bank will pay claims one month after the ascertainment of loss.⁴⁵

3.104. Four types of policies are available: the Global Shipments Policy, the Specific Shipments Policy, the Contracts Policy and the Services Policy. The Global Shipments Policy protects the exporter from the date of shipment and in most cases covers comprehensive risks (i.e. commercial and political risks). Coverage is up to 90% for political risk and 80% for commercial risk. The policy is issued for a period of one year and applies to all shipments of goods from Barbados (except those shipments specifically excluded in Schedule A to the policy) made by the exporter to any country (except those countries specifically excluded in the Country Limitation Schedule attached to the policy) during that period. The Specific Shipments Policy covers single transactions and protects the exporter from the date of contract until the date of payment. It covers goods which are made specifically for the original buyer. These policies are available on request. The Services Policy covers such services as technical and professional contract services, royalty payments, patent fees, aircraft and drydock repairs.

3.105. The Export Finance Guarantee Scheme, created in 1978 to enable exporters to obtain finance facilities from their bankers for the production of goods for export and also administered by the Central Bank, provides pre-shipment and post-shipment export finance guarantee cover to commercial banks for loans made to exporters to finance export orders and receivables. Premiums average 1-1.5% per year on the outstanding balance.⁴⁶ Risks covered include: (i) failure of the exporter to repay the guaranteed debt due to insolvency; and (ii) non-payment by the exporter of the guaranteed debt due to protracted default. The percentage of loss guaranteed by the Central Bank in respect of pre-shipment coverage is 75%, but coverage can increase up to 90% of loss where a commercial bank is requested to provide export loans in circumstances which carry higher than normal risks. Coverage in the case of post-shipment is 90%. All goods partly or wholly produced, processed or manufactured in Barbados are eligible for export finance guarantee facilities. Foreign-owned companies in Barbados which are engaged in processing or manufacturing goods for export are eligible to participate in the Export Finance Guarantee Scheme, subject to exchange control regulations and except if their parent companies have been declined coverage by an export credit organization in their country. Export Credit Insurance is a prerequisite for

⁴³ Central Bank of Barbados online information. Viewed at: http://www.centralbank.org.bb/WEBCBB.nsf/webpage/3DA4317E82B2CE59042572EC000D0141?OpenDocument#export_rediscount.

⁴⁴ Central Bank of Barbados online information. Viewed at: [http://www.centralbank.org.bb/WEBCBB.nsf/web_documents/1957F99B03E3717D042572FF005D76AF/\\$File/ExportCreditInsurance2012.pdf](http://www.centralbank.org.bb/WEBCBB.nsf/web_documents/1957F99B03E3717D042572FF005D76AF/$File/ExportCreditInsurance2012.pdf).

⁴⁵ Central Bank of Barbados online information. Viewed at: [http://www.centralbank.org.bb/WEBCBB.nsf/web_documents/1957F99B03E3717D042572FF005D76AF/\\$File/ExportCreditInsurance2012.pdf](http://www.centralbank.org.bb/WEBCBB.nsf/web_documents/1957F99B03E3717D042572FF005D76AF/$File/ExportCreditInsurance2012.pdf).

⁴⁶ Commercial banks are required to pay premiums on the amount of the loan facility negotiated at the rate of 1% or 1.5% per annum depending on the amount of the loan facility negotiated and/or the percentage of loss guaranteed. The higher premium rate (1.5% per annum) is applicable to loan facilities in excess of BDS\$250,000 or facilities in respect of which more than 75% of any loan loss is guaranteed.

obtaining export credit guarantee facilities.⁴⁷ As with the Export Credit Insurance Scheme, the actual use of this programme is very limited. No information on the guarantees provided by the CBB over 2008-13 was made available for this review.

3.2.6 Export promotion

3.106. Export promotion is under the purview of the Export Development Division of the BIDC, which is the economic development agency of the Government of Barbados. A number of special programmes for exporters of goods and services from Barbados are coordinated by this Division, including the Business Development Officers Scheme, available to both potential and actual exporters, and through which officers provide advice and information relating to export market development and trade regulations for specific product groups, and also liaise between the exporter and other BIDC divisions from which additional services may be available. The Market Development Programme uses in-country market representatives in Canada, the United Kingdom and the United States to help introduce Barbadian products into new export markets by providing advice to manufacturers on strategies involving niche marketing, branding, certification and the attainment of quality standards. A special Market Development Programme for Barbadian craft is implemented from New York. The BIDC also organizes trade missions to assist Barbados' companies in marketing their products into foreign markets. Typically, a BIDC officer participates in the mission, providing on-the-spot facilitation; companies may apply for financial assistance to be reimbursed for a portion of their mission-related expenses. The BIDC also provides trade information for exporters.⁴⁸

3.107. Invest Barbados (IB) is responsible for attracting, winning and sustaining international investment for Barbados. The corporation is also responsible for helping to develop and manage the Barbados international business brand.⁴⁹

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.108. The Government of Barbados manages a number of incentives schemes, particularly tax incentives, which are available to companies in various sectors, from agri-food and manufacturing to tourism and financial services. As described in section 3.2.4, some of these schemes are aimed mainly at exporting industries, while others are targeted mainly at domestic companies supplying the domestic or regional markets. As noted above, Barbados is in the process of eliminating the export subsidy component of its different incentives programmes and has committed to do so by 31 December 2015.

3.109. As described above, the Fiscal Incentives Act of 1974, as amended, provides tax incentives to "approved" enterprises, or to manufacturers of an "approved product", as determined by the Government on a case-by-case basis for up to 15 years depending on the type of enterprise and the value added. As at 1 July 2014, only seven approved enterprises were benefiting from the Fiscal Incentives Act; the last approval was granted in 2002 for a period of 15 years, and in principle, expires in 2017. However, as noted above, Barbados has committed in the WTO to dismantle the benefits by 31 December 2015 and is currently negotiating with the beneficiary companies that have been granted concessions beyond that date. Between 1975 and 2002, some 230 enterprises received approved status and over 100 products were under Approved Products Orders. Industries that already supply more than 90% of the domestic market for any given product cannot be granted "approved" status.⁵⁰

3.110. Barbados applies a zero-rated VAT for goods imported by beneficiaries of the Fiscal Incentives Act, as well as for businesses registered under the International Business Companies

⁴⁷ Central Bank of Barbados online information. Viewed at: [http://www.centralbank.org.bb/WEBCBB.nsf/web_documents/C8D0C2E3D88E1F86042572FF005E5575/\\$File/ExportFinanceGuaranteeScheme2012.pdf](http://www.centralbank.org.bb/WEBCBB.nsf/web_documents/C8D0C2E3D88E1F86042572FF005E5575/$File/ExportFinanceGuaranteeScheme2012.pdf).

⁴⁸ Barbados Investment and Development Corporation (BIDC) online information. Viewed at: http://www.bidc.org/index.php?option=com_content&view=article&id=84&Itemid=142.

⁴⁹ Invest Barbados online information. Viewed at: http://www.investbarbados.org/about_ib.php#vision.

⁵⁰ See also WTO document G/SCM/N/71/BRB, 1 March 2002.

Act, and the Exempt Insurance Act. VAT is also zero-rated for goods imported for the purposes of a tourism product or a tourism project approved under the Tourism Development Act.⁵¹

3.111. Manufacturing businesses may qualify for an investment allowance of 20% on plant machinery which is new or imported into Barbados for the first time. Businesses entitled to the export allowance may claim a 40% investment allowance instead of the usual initial allowance of 20%.⁵²

3.112. Small- and medium-size enterprises (SMEs) with business considered of significant socioeconomic benefit to Barbados can access the incentives granted under the Small Business Development Act of 1999, as amended. Beneficiaries are small businesses active in any economic area. Benefits include: an exemption from withholding tax on dividends and interest earned on investment by small businesses; exemption from import duty on plant and equipment imported for use in the business; exemption from withholding tax on dividends and interest earned on investment in an approved small business or in any fund approved for investment in small businesses; exemption from stamp duty; and a deduction of corporation tax of an amount equal to 20% of actual expenditure in respect of the use of technology, market research, and any other activity that is, in the opinion of the Commissioner of Inland Revenue, directly related to the development of the business. Approved small businesses may also receive technical assistance to start, continue or expand operations. Activities under the programme have remained limited in recent years.

3.113. The authorities indicated that new legislation with respect to the promotion of SMEs is in the pipeline. A holistic approach is to be adopted engaging the Government, academia and the private sector. To this end, it is expected that the new model legislation (tailored after legislation from other countries) will encourage the provision of training by the University of the West Indies, so as to promote the development of SMEs, enhance their competitiveness, and improve their standing as subjects of credit by enhancing their financial awareness and soundness. This is expected to result in an increase of SME credibility and creditworthiness with financial institutions, and facilitate access to credit. The authorities believe that the adoption of model legislation will also permit easier measurement of SMEs contribution to GDP and will facilitate policy formulation.

3.114. Approved small- or medium-size businesses may also apply for loan guarantee cover. The Tourism and Manufacturing Guarantee Facility was established in February 2009 through a widening of the range of entities eligible for credit guarantees under the previous Small Business Guarantee Scheme to include medium-sized companies in the tourism and manufacturing sectors. Companies with capital of up to BDS\$2 million (formerly BDS\$1 million) and with gross revenue of up to BDS\$4 million (formerly BDS\$2 million) are eligible to access the facility.⁵³ Under the programme, the Central Bank may guarantee credits of up to BDS\$150,000 for short-term use and BDS\$300,000 for medium-term use. The guarantee does not apply to past-due debts. The scheme is designed to offer protection to commercial banks and other credit institutions approved by the Central Bank against insolvency and other possible losses in respect of the credit granted to small enterprises. Commercial banks and approved credit institutions may apply to the Central Bank to provide credit facilities to eligible borrowers. Eligible small businesses must demonstrate a need for financial assistance and must make an equity contribution of at least 20% of the loan facility being sought. Short-term facilities are guaranteed for a maximum of three years and medium-term facilities for a maximum of seven years. At end 2012, there were 25 guarantees outstanding for a total of BDS\$1.3 million.⁵⁴

⁵¹ For the purpose of the Act, a tourism project includes: hotel and restaurant construction, conversion, furnishing, and renovation; the provision of tourist recreational facilities and tourism-related services; the construction, alteration or renovation of an attraction; the restoration, preservation, and conservation of natural sites; the establishment, restoration, preservation, and conservation of monuments, museums, and other historical structures and sites; and the construction and furnishing of villas and timeshare properties. Tourism Development Act. Viewed at:

http://www.barbadosbusiness.gov.bb/miib/Legislation/documents/tourism_development_bill_2002.pdf.

⁵² BIDC online information. Viewed at:

http://www.bidc.org/index.php?option=com_docman&task=doc_download&gid=39&Itemid=141.

⁵³ Beneficiaries must also be incorporated under the Companies Act and be majority Barbadian-owned.

⁵⁴ Central Bank of Barbados (2013), Annual Report 2012. Viewed at:

[http://www.centralbank.org.bb/WEBCBB.nsf/vwPublications/D735CFB2BDC3C6FD04257C06006B6644/\\$FILE/Central_Bank_Annual_Report2012.pdf](http://www.centralbank.org.bb/WEBCBB.nsf/vwPublications/D735CFB2BDC3C6FD04257C06006B6644/$FILE/Central_Bank_Annual_Report2012.pdf).

3.115. The Central Bank of Barbados also offers a guarantee for technical assistance loans up to a limit of BDS\$50,000 per borrower (within the overall cost of BDS\$300,000 for medium-term facilities), provided these loans are for the purpose of market or product research, marketing, product costing, promotion, production/plant layout, accounting and/or information systems, staff training, management/entrepreneurial training, business reorganization/restructuring or any other relevant areas of technical assistance. The Central Bank indemnifies the credit institutions up to 80% of any eventual loss, except in the case of a start-up where the guarantee is up to 90% of the loan provided there is an equity contribution of at least 10% by the borrower and the business has not been in operation for more than 18 months. The rate of interest on loans guaranteed under the scheme is determined by the credit institution. A technical assistance grant of up to BDS\$5,000 and not exceeding 50% of the cost of the project may additionally be made available to persons who qualify.

3.116. The Barbados Investment Fund (BIF) is a close-ended equity fund established in July 1992 with a capital of US\$3 million by the Central Bank of Barbados and administered by the Caribbean Financial Services Corporation (CFSC).⁵⁵ Effective September 2010, the CFSC took full control and management of the BIF, which was previously a joint undertaking with the CBB. In 2010, (latest available figures), the capitalization of the fund was US\$10.45 million.⁵⁶ The BIF provides equity financing for small and medium-sized businesses operating in Barbados, including funds for capital cost components, i.e. equipment and real estate, as well as working capital. Companies must be engaged in manufacturing, agri-industry, tourism and several other services subsectors, or any other area that can make a contribution to foreign exchange earnings and employment. Requests for financing through the BIF must be directed to the CFSC. The CFSC's Investments Department, through the BIF, then makes loan, bond or equity and quasi equity investments in Barbadian-owned private sector enterprises. The CFSC makes shares of investee companies available to the securities market and divests its holdings where appropriate. Equity investments may be comprised of common or preferred stock and/or any combination of the two. Borrowers are required to provide up to 40% of the equity. Only a maximum of BDS\$1.5 million of the BIF's funds is committed to a single company.⁵⁷ The maximum individual loan or bond investment that the CFSC can make is limited to 15% of its capital. If the loan or bond requirements exceed the CFSC's maximum limit, the CFSC can make arrangements to co-finance the transaction with other financial institutions. Interest rates are market-drive, similar to those of other financial institutions in the region. The main aid components are the availability of credit and its duration: the CFSC allows terms of up to 15 years with repayment periods, including grace or moratorium periods that can be arranged as circumstances warrant. The BIF will not normally acquire controlling interest in any investee's company.

3.117. Since 2011 the CFSC also runs an Accounts Receivable Factoring Programme which aims to provide SMEs in Barbados with working capital support through the factoring of invoices, to facilitate steady cash flows for their daily operations. The programme allows SMEs to receive accelerated payment of their invoices and provides the necessary working capital: SMEs sell their outstanding invoices at a discount to the CFSC, which assumes the credit risk of the company. The programme is geared towards SMEs in several sectors, namely: agriculture/livestock; agro-industries; manufacturing; food services; tourism and tourism-related industries; and services in general.

⁵⁵ Central Bank of Barbados online information. Viewed at: <http://www.centralbank.org>.

⁵⁶ The Caribbean Financial Services Corporation (CFSC) is a limited liability company incorporated in 1984 by an Act of Parliament in Barbados. The CFSC located in, and operating from Barbados, provides developmental finance in the form of medium and long term loans, accompanied where appropriate by equity investments for start-ups and expansions in several CARICOM countries, including Barbados, Belize, Guyana, the members of the Organisation of Eastern Caribbean States (OECS), and Trinidad and Tobago. The CSFC sources funds from local and international institutions and also attracts funding from other institutions through co-financing arrangements. The CFSC's core business areas are loan and equity investments to commercially viable, export-oriented, employment generating projects in the private sector; they are generally granted to SMEs. CSFC online information. Viewed at: http://www.cfsc.com.bb/pr_.cfm?sec =PRODUCTS%20AND%20SERVICES&ID=11&tit =Fund%20Manageme nt.

⁵⁷ CSFC online information. Viewed at: http://www.cfsc.com.bb/pr_.cfm?sec =PRODUCTS%20AND%20SERVICES&ID=11&tit =Fund%20Manageme nt.

3.118. The Enterprise Growth Fund Ltd. (EGFL) is a joint public/private sector institution that provides non-traditional financing instruments and professional expertise to small- and medium-size Barbadian companies in the production sectors, with strong profit-making and growth potential.⁵⁸ The Government of Barbados provides the bulk of the funds used by the EGFL to invest in businesses. The loan financing and venture capital (equity financing) provided by the EGFL from its own capital account, ranges from BDS\$100,000 to BDS\$1.5 million. The EGFL provides companies with loan financing, venture capital, and technical assistance through a range of funds, including: the Loans and Equity for Small and Medium Sized Businesses; the Small Hotels Investment Fund (SHIF); the Tourism Loan Fund (TLF); the Agricultural Development Fund (ADF); the Industrial Investment and Employment Fund (IIEF); the Innovation Fund (IF); and the Export Promotion and Marketing Fund. The EGFL manages all the funds under delegated authority, but each fund has its own corporate governance structure and is governed by independent committees or boards of trustees. The approval/rejection of project proposals submitted for funding is undertaken by the respective board or committee.

3.119. To benefit from the EGFL, businesses must be incorporated in Barbados. They must demonstrate the potential to provide the EGFL with an attractive return on its investment, provide adequate security for any debt component of an application for funding; and meet at least two of the following criteria: (a) have less than 200 employees; (b) have fixed assets valued of less than BDS\$1 million; and (c) generate between BDS\$100,000 and BDS\$7.5 million in annual sales.

3.120. Loans provided by the EGFL are at preferential conditions: although similar to regular commercial bank loans, they are calculated on a reducing balance basis. Also, interest rates are normally below the prime lending rates of commercial banks and the maximum loan repayment period is 12 years.

3.121. The EGFL may also provide equity financing through the purchase by the EGFL of a minority position of common and/or preferred shares in a business; equity investments are for periods ranging from 5 to 10 years.⁵⁹ According to the authorities, this is not an option generally favoured by businesses, which prefer access to loans as a financing modality.

3.122. The Export Fund offers financing for: the set-up of pioneering/pilot projects aimed at export; training courses, symposia, seminars and workshops on all aspects of export promotion; export market research; advertising and publicity campaigns in foreign markets; product design and consultancy; participation in trade missions, buyer-oriented activities, overseas trade fairs, exhibitions and promotions; collecting trade information; joint ventures for the development of Barbadian goods and services in foreign markets; and any other activities which support the export of Barbadian goods and services. To be accepted, the project must contribute to the development of new or expanded export markets and prove long-term sustainability, and foreign exchange earnings or employment creation potential. The maximum funding per application is BDS\$1 million. Qualifying private companies are required to contribute 20% of the total cost of the project to be financed. That contribution may, in exceptional cases, be waived by the Fund's management committee. Grants disbursed under the Export Fund totalled BDS\$16.7 million as at 31 December 2013; there were 15 beneficiaries.⁶⁰

3.123. The Agricultural Development Fund (ADF) provides loan financing to help farming and fishing communities in Barbados become more competitive. The ADF provides loans for working capital purposes, retooling, introducing new technology, and implementing best practices in the agricultural and fisheries sectors. The ADF does not provide funding to purchase land or for any expenditure on boats. The ADF also provides incentives, technical assistance and grants to the agricultural sector. To qualify for assistance from the ADF a Farm Registration Identification Card obtained through registration with the Ministry of Agriculture and Rural Development is required. Loan financing is available from BDS\$50,000 to BDS\$1 million. Collateral is usually required.⁶¹ The

⁵⁸ EGFL online information. Viewed at: http://egfl.bb/docs/About_EGFL.pdf.

⁵⁹ When preferred shares are purchased, EGFL usually requests an annual dividend ranging from 8% to 12.5% on its equity investments. EGFL online information. Viewed at: http://egfl.bb/docs/About_EGFL.pdf.

⁶⁰ EGFL Annual Report, 2013. Viewed at: <http://egfl.bb/docs/areports/corporate/annual/2013/index.html#/55/zoomed>.

⁶¹ EGFL online information. Viewed at: http://egfl.bb/docs/Agricultural_Development_Fund.pdf.

interest rate charged is usually between 6.5% and 7%. At end 2013, outstanding loans under the ADF were BDS\$14.6 million.⁶²

3.124. The Industrial Investment and Employment Fund (IIEF) provides financing to local manufacturing companies for working capital purposes, to acquire and install equipment and to rehabilitate, relocate or construct a manufacturing facility. Businesses may qualify for up to BDS\$2 million in loans, lines of credit and/or equity financing. To benefit from the scheme, the company must be locally incorporated with the majority of its shares owned by Barbadian residents; it must also demonstrate the potential to add significant value to the Barbadian economy. IIEF loans/investments are granted at variable, preferential interest rates. Repayment periods are normally 10 years or less for capital projects. However, loans may be granted for up to 15 years, while equity investments are expected to be redeemed within seven years. Loans attract a higher interest rate in years 11 to 15. Moratoria periods are offered for the length of the construction and/or installation contract if the contract is for less than one year; moratoria periods of a maximum of one year are offered for loans that are for five years or less; of a maximum of two years for loans of over five years but less than or equal to 10 years; and of a maximum of three years for loans over 10 years.⁶³ Outstanding credits under the IIEF totalled BDS\$6.49 million as at 31 December 2013.⁶⁴

3.125. The EGFL also manages the Energy Smart Fund which provides grants and loans to Barbadian businesses that invest in viable Energy Efficient (EE) and Renewable Energy (RE) projects and solutions. The Fund also provides grants to households through selected retailers to encourage the adoption of EE technologies. Each beneficiary can receive BDS\$40,000 for technical assistance, to be used only for pre-investment studies. The maximum loan size is BDS\$1.5 million per applicant. Priority for funding is given to Barbados-owned businesses incorporated under the Companies Act that meet the following criteria: gross sales/revenues not exceeding BDS\$5 million per year; stated or paid-up capital not exceeding BDS\$2 million; over 50% of shares must be Barbados-owned; and applicants must not be controlled by another business whose reserves and/or capital or non-Barbados ownership exceed the criteria above. The interest rate is currently 3.75% per annum on the reducing balance, with a maximum repayment period of 10 years.⁶⁵ Loans approved under the Fund totalled BDS\$5.44 million as at 31 December 2013; however only BDS\$656,000 had been disbursed at that date.⁶⁶

3.126. The Innovation Fund (IF) invests in commercially viable innovative projects in a wide range of sectors including: environmental and waste management; cultural activities; information technology; energy conservation; tourism product innovation/diversification; and non-traditional agriculture/agro-business. Beneficiaries can receive between BDS\$25,000 and BDS\$250,000 in equity funding from the IF. No security is required to access IF funding. No monthly interest or annual dividend payments are required if common shares are purchased. However, annual dividend payments ranging from 8% to 10% are requested if preferred shares are purchased. IF usually invests for 5 to 7 year periods, with the possibility of extending the investment period to 10 years.⁶⁷ The IF had approved 14 grants for a total of BDS\$3.69 million as at 31 December 2013; approvals reached BDS\$2.23 million at the same date.⁶⁸

3.127. The Small Hotels Investments Fund (SHIF) provides financing to small hotels for refurbishment and expansion. Loans are for a maximum of BDS\$5.6 million. To benefit, hotels must be a member the Small Hotels of Barbados Inc. (SHBI) and be registered and certified by the Barbados Tourism Authority. All SHIF loans must be secured. Loans must be repaid in full within 12 years, including a five-year moratorium on the repayment of interest and principal. During the moratorium period interest accrues and the loan balance is increased by the unpaid portion of this

⁶² EGFL Annual Report, 2013. Viewed at:

<http://egfl.bb/docs/areports/corporate/annual/2013/index.html#/55/zoomed>.

⁶³ EGFL online information. Viewed at:

http://egfl.bb/docs/Industrial_Investment_and_Employment_Fund.pdf.

⁶⁴ EGFL Annual Report, 2013. Viewed at:

<http://egfl.bb/docs/areports/corporate/annual/2013/index.html#/55/zoomed>.

⁶⁵ EGFL online information. Viewed at: http://egfl.bb/docs/About_The_Energy_Smart_Fund.pdf.

⁶⁶ EGFL Annual Report 2013. Viewed at:

<http://egfl.bb/docs/areports/corporate/annual/2013/index.html#/55/zoomed>.

⁶⁷ EGFL online information. Viewed at: http://egfl.bb/docs/Innovation_Fund.pdf.

⁶⁸ EGFL Annual Report, 2013. Viewed at:

<http://egfl.bb/docs/areports/corporate/annual/2013/index.html#/55/zoomed>.

interest. The interest rate is 5% per annum fixed and is capitalized over the five year moratoria period.⁶⁹ Loans for a total of BDS\$32.72 million had been granted as at 31 December 2013; some 78% of these loans had a maturity of over five years.⁷⁰

3.128. The Tourism Loan Fund (TLF) provides funds to renovate, expand and/or rebuild accommodation properties with 75 rooms or less, and construct, equip, renovate, expand and/or rebuild facilities used in a business which emphasizes the historical, cultural and natural heritage of Barbados. TLF loans may be between BDS\$50,000 and BDS\$4.5 million. All TLF loans must be secured. Repayment periods are normally 10 years or less. However, loans may be granted for longer periods. Loans for periods greater than 10 years will attract a higher interest rate in the years after the tenth year of the loan. The interest rate is variable and is currently 7.5% per annum. Moratoria periods are offered for: the length of the construction and/or installation contract if that contract is less than one year; a maximum of one year for loans that are five years or less; a maximum of two years for loans over five years but less than or equal to 10 years; and a maximum of three years for loans over 10 years.⁷¹ Loans for a total of BDS\$30.26 million had been granted as at 31 December 2013; some 78.6% of these loans had a maturity of over five years.⁷²

3.129. Through the Industrial Credit Fund (ICF), established in 1983, the Central Bank of Barbados provides medium- and long-term credit to production enterprises operating mainly in the private sector. The ICF's available lending resources are in excess of BDS\$65 million, provided mainly by the World Bank, the European Investment Bank, and the Inter-American Development Bank. ICF resources are channelled through commercial banks and other financial institutions operating in Barbados. Potential beneficiaries must first approach a financial intermediary with a project proposal. The intermediary will in turn submit the proposal to the ICF. Loans can be used to finance fixed assets (excluding real estate purchases), working capital, and technical assistance. To benefit from the ICF, an individual must be a resident Barbadian national; corporate bodies must be capable of contributing to output growth, employment, and foreign exchange earnings.⁷³ The following areas of activity are eligible for loans: agro-industry; manufacturing; fisheries; tourism; mining and quarrying; information technology; construction and engineering; research and development; transportation and telecommunications; resource development; consulting services; health services; management and other professional services, trade finance for exports and strategic imports; restructuring or re-equipping of operations to meet challenges of globalization, enterprises providing services to the above; and refinancing.

3.130. Under the ICF beneficiaries may receive an advance of up to 90% of the loan made by the intermediary, provided that the ICF loan does not exceed 80% of the cost of a new project or 90% of the cost of the expansion of an existing enterprise. The amount of ICF advances outstanding to any single beneficiary should at no time exceed BDS\$7.5 million. The maximum maturity period is 20 years (including a maximum grace period of three years) for fixed assets, and five years (including a maximum grace period of two years) for working capital and technical assistance. Interest rates are in the range of two percentage points above or below the average rate payable by commercial banks in Barbados on interest-bearing deposits, as calculated by the Central Bank of Barbados. Between 2009 and 2012, cumulative disbursements totalling BDS\$56.5 million (US\$28.3 million) were made to 28 businesses via the Industrial Credit Fund.

3.131. In February 2009, the CBB introduced the Industrial Credit Fund Technical Assistance Grant under the ICF, from which grants can be given for up to BDS\$5,000 and not exceeding 50% of the cost of the business plan, or market research. The grant will normally only be considered in connection with a loan under a Small Business Guarantee or an Industrial Credit Fund loan.

3.132. Under the Environmental Policy Initiatives manufacturing firms are entitled to a 150% tax rebate on attainment of recognized environmental certification such as ISO 14000, the Green Globe Programme or the Leadership in Environmental and Energy Design (LEED) certification.

⁶⁹ EGFL online information. Viewed at: http://egfl.bb/docs/Small_Hotels_Investments_Fund.pdf.

⁷⁰ EGFL Annual Report, 2013. Viewed at: <http://egfl.bb/docs/areports/corporate/annual/2013/index.html#/55/zoomed>.

⁷¹ EGFL online information. Viewed at: http://egfl.bb/docs/Tourism_Loan_Fund.pdf.

⁷² EGFL Annual Report, 2013. Viewed at: <http://egfl.bb/docs/areports/corporate/annual/2013/index.html#/55/zoomed>.

⁷³ Central Bank of Barbados online information. Viewed at: <http://www.centralbank.org.bb/documents/Revised%20ICF%20Brochure%20-%20Nov%202009.pdf>.

3.133. Barbados companies may also benefit from concessionary credits funded or guaranteed by the Caribbean Development Bank (CDB).⁷⁴

3.3.2 Competition policy and price controls

3.3.2.1 Competition policy

3.134. During the period under review, Barbados has continued to encourage competitive markets through competition policy and consumer protection enforcement activities, as well as utilities regulation and public education campaigns. Given the small size of its economy and the small number of suppliers of certain products and services, the respect of competition principles is very important for Barbados in its aim of enhancing competitiveness and consumer welfare.

3.135. The Fair Trading Commission (FTC) established in 2001 under the purview of the Ministry of Industry, International Business, Commerce, and Small Business Development is the body in charge of competition policy issues in Barbados, with responsibility for the enforcement of the provisions of the main competition-policy related Acts (see below). The FTC is charged with promoting and maintaining effective competition in the economy, regulating utility services, and safeguarding the interests of consumers. The FTC has jurisdiction over private, public, and statutory bodies and government agencies. The FTC's main activities include: monitoring general business conduct; determining principles, rates and standards of service for regulated service providers; investigating possible breaches of legislative Acts administered by the FTC (see below); educating and informing businesses and consumers about the requirements of these Acts; and taking enforcement action when needed.⁷⁵

3.136. Competition policy legislation in Barbados comprises the Fair Trading Commission (FTC) CAP. 326B, which established the FTC and set the conditions for its operation; the Fair Competition Act of 2003 (FCA) CAP. 326C; the Utilities Regulation Act, CAP. 282; the Consumer Protection Act, CAP. 326D; the Utilities Regulation Act, CAP. 282; the Telecommunications Act, CAP. 282B; and the new Electric Power Act 2013-21 (ECPA). The FTC has responsibility for enforcing the first four of these Acts, as well as the competition provisions of the Telecommunications Act.

3.137. The Fair Competition Act, which entered into force in January 2003, has as its main objectives: to promote and maintain and encourage competition; to prohibit the prevention, restriction or distortion of competition and the abuse of dominant positions in trade in Barbados and within the CARICOM Single Market and Economy; and to ensure that all enterprises, irrespective of size, have the opportunity to participate equitably in the market place. The Act applies to all persons and companies conducting business in Barbados; there are no specified immunities.⁷⁶ Certain practices are considered anti-competitive *per se*, independently of their effect. The Act identifies and prohibits some practices as abuse of dominance, including exclusive dealing, market restriction, and predatory pricing. The Act also prohibits anti-competitive agreements including: price-fixing; limiting or controlling production, markets, technical development or investment; artificially dividing-up of markets or sources of supply; bid-rigging; applying dissimilar conditions to equivalent transactions with other parties engaged in the same trade; and resale price maintenance.

3.138. As part of its enforcement mandate, the FTC has been granted ample investigative powers, including those of self-initiating an investigation, and may declare certain business activities as illegal. During 2008-14, the FTC conducted 78 inquiries and investigations of anti-competitive conduct. Approximately 13% resulted in decisions of breaches of the Fair Competition Act. The authorities indicated that there was no need to issue a cease-and-desist order in any of these

⁷⁴ CDB online information. Viewed at: http://www.caribank.org/web_staging.nsf/pages/hp1.

⁷⁵ FTC online information. Viewed at: http://www.ftc.gov.bb/index.php?option=com_content&task=view&id=30&Itemid=50.

⁷⁶ However, the Act does not apply to (a) combinations or activities of employees for their own reasonable protection as employees; (b) arrangements for collective bargaining on behalf of employers and employees for the purpose of fixing terms and conditions of employment; (c) the entering into of an arrangement insofar as it contains a provision relating to the use, licence or assignment of rights under or existing by virtue of any copyright, patent or trademark; (d) any act done to give effect to a provision of any of the previous arrangements; (e) activities expressly authorised or required under any treaty or agreement to which Barbados is a party; (f) activities of professional associations designed to develop or enforce professional standards of competence reasonably necessary for the protection of the public.

cases, since consultations with representatives of businesses whose practices raised competitive concerns resulted in changes to the said practices and compliance with the provisions of the Fair Trade Act. In 2012-13, 11 investigations were initiated, five of which were closed shortly afterwards. The investigations conducted by the FTC during the period under review were related to telecommunications, shipping, financial services, air transport, cement and foodstuff, among others (Table 3.10).⁷⁷ The practices investigated included: exclusive dealing (2); predatory pricing (2); refusal to supply (2); discriminatory pricing (1); price-squeezing (1); and other anti-competitive conduct (3). In 2013-14, eight investigations were initiated, three of which were closed shortly afterwards. The investigations conducted by the FTC during that period were related to telecommunications, distribution, mining/quarrying, and waste processing/treatment, among others (Table 3.10).⁷⁸ The practices investigated included: excessive pricing (1); predatory pricing (1); refusal to supply (2); and price squeezing (1); and other anti-competitive conduct (3).

Table 3.10 Main Competition Policy Cases Rulings by the FTC, 2008-14

Case/allegation	Ruling
Restriction of Competition - NASSCO Ltd.	
The allegation was that Nassco Ltd was requiring used car dealers to produce their customs warrant and commercial invoice documents when seeking valuations on Toyota vehicles. Initiation: April 2007.	The FTC found that Nassco Ltd, by requiring that used car dealers provide warrants and invoices which contained confidential cost information, had acted in breach of the FCA. Demanding such confidential information of one's competitor, amounted to a distortion of competition and was prohibited under Section 13 of the Act. Nassco accepted to discontinue the alleged anti-competitive practice. Termination: July 2008.
Restriction of loans to clients	
Allegation that commercial banks were restricting their loan clients choosing from selected lists. Initiation: June 2007.	The FTC ruled that the commercial banks' practice of maintaining selected lists was likely to lead to a distortion of competition. It recommended that the standards developed by the lending institutions be impartial, transparent and made known. Termination: October 2008.
Fee Setting - Professional Associations (Attorneys-at-Law)	
It was alleged that mandatory fees set by professional associations were in breach of the Fair Competition Act. Initiation: 2007	The FTC determined that the schedule of legal fees for attorneys-at-law represented a conflict with the principles of fair and open competition as advocated in the FCA. The FTC recommended that an amendment be made to the Legal Profession Act 1997, so that the fees charged for non-contentious matters be provided for reference only. Termination: July 2008.
Abuse of a Dominant Position - LIAT	
A report from the Travel Agents Association of Barbados (TAAB) alleged that LIAT (1974) Ltd. had engaged in anti-competitive practices with respect to the sale of airline tickets. It was alleged that LIAT was enabling its own retail ticket outlets to offer certain benefits and privileges to customers while not permitting travel agents to offer the same. Initiation: March 2008.	The FTC found that LIAT could not be defined as a direct competitor of the travel agents and so could not be said to have acquired market share at the expense of travel agents as alleged. LIAT's conduct was directly aimed at enhancing production and consumers were allowed a fair share of the benefits in the form of lower ticket prices. LIAT was therefore found not to have acted in breach of the Fair Competition Act. Termination: February 2009.
Abuse of Dominance - Arawak Cement Company Limited	
The FTC received information which suggested that the pricing policy of Arawak Cement Company Limited ("Arawak") may have been in breach of the Fair Competition Act. Initiation: April 2008.	The FTC found that Arawak did not extend to non-distributors (manufacturers) the same discount it granted to distributors when selling cement. The FTC concluded that Arawak was acting in breach of Section 16 (d) of the FCA by imposing unfair selling prices on the manufacturers and advised Arawak to extend to non-distributors a similar discount to that granted to distributors. Arawak agreed to comply. Termination: April 2009.
Excessive Pricing - ADM Barbados Mills	
The investigation aimed to determine whether the prices offered by ADM were in any way inflated and whether cost increases were the true basis for the company's price increases. Initiation: July 2008.	The FTC found that ADM's price of Northern Spring Wheat (NSW) flour was excessive and that ADM had consistently passed on increases in international wheat prices, but had not done the same thing when prices decreased. Therefore the price of flour did not show the same proportionate relationship to the cost of wheat. ADM disagreed with the FTC's finding but agreed to decrease the price of its NSW flour commensurate with the reduction in the cost of wheat. Termination: May 2009.

⁷⁷ For further detail, see Fair Trading Commission online information, Fair Competition, Investigations, at: http://www.ftc.gov.bb/index.php?option=com_content&task=blogcategory&id=39&Itemid=89.

⁷⁸ For further detail, see Fair Trading Commission online information, Fair Competition, Investigations, at: http://www.ftc.gov.bb/index.php?option=com_content&task=blogcategory&id=39&Itemid=89.

Case/allegation	Ruling
<p>Excessive pricing - Pinnacle Feeds Limited</p> <p>The investigations focused on the allegation that the wholesale livestock feed prices in Barbados were excessive, in that they were not reasonably related to their respective costs of production.</p> <p>Initiation: July 2008.</p>	<p>In January 2009, the FTC found that Pinnacle's pricing policy was likely to contribute to the charging of excessive prices, and that prices of certain types of feed no longer bore a direct relationship to their underlying costs. The FTC recommended that Pinnacle accurately apportion the production cost of each type of feed to arrive at its price. Pinnacle Feeds communicated to the FTC in February, that it had done so and was instituting two successive price decreases in January and February 2009.</p> <p>Termination: April 2009.</p>
<p>Leveraging LIME (Cable and Wireless)</p> <p>Digicel complained that LIME offered a package including calls from mobile to land lines that could not be matched by LIME's mobile competitors due to interconnection costs.</p> <p>Initiation: November 2008.</p>	<p>The FTC concluded that LIME's offer was unlikely to have any distorting effect on competition.</p> <p>Termination: February 2009.</p>
<p>Refusal to Supply by Caribbean Broadcasting Corporation</p> <p>It was alleged that the Caribbean Broadcasting Corporation (CBC) had declined DIRECTV's request to advertise its Digital Video Recorder because it would conflict with CBC's policy of not advertising for competitors. CBC argued that it had the right to refuse advertising which promoted competitors or their brands.</p> <p>Initiation: January 2010.</p>	<p>The FTC agreed that there was insufficient evidence to conclude that CBC's refusal to advertise DIRECTV's Digital Video Recorder was acting in breach of the FCA. The FTC, however, found the policy of selectively refusing to provide advertising likely to have the effect of distorting competition and recommended it should be revised to make it more consistent with the objectives of the Fair Competition Act.</p> <p>CBC agreed to review its policy.</p> <p>Termination: February 2011.</p>
<p>Anti-competitive conduct by LIME</p> <p>It was alleged that Cable and Wireless (Barbados) Ltd. trading as LIME, was acting in breach of the FCA, by contacting Digicel (Barbados) customers and enticing them with promotional offers; Digicel's customers' mobile numbers were private information.</p> <p>Initiation: February 2010.</p>	<p>The FTC found that the methodology used by LIME to derive the calling list of potential Digicel customers was a widely-used practice in marketing research and was not due to any privileged access to customer information resulting from their dominance in any telecommunications markets. The FTC therefore found that LIME's action did not constitute a breach of Section 16 3(h) of the Fair Competition Act CAP 326C.</p> <p>Termination: March 2010.</p>
<p>Anti-competitive Business Conduct by Digicel</p> <p>Allegation that Digicel (Barbados) Ltd. in sending an SMS text message to its customers containing content that was inaccurate, engaged in conduct likely to disrupt competition within the market for the supply of mobile telecommunications services in Barbados.</p> <p>Initiation: February 2010.</p>	<p>The FTC found that the content of the message sent by Digicel describes the general extent of Cable & Wireless (Barbados) Limited trading as LIME's action and further that Digicel's actions may be viewed as 'normal' practice between keen rivals in a competitive market.</p> <p>The FTC therefore found that Digicel did not breach Section 13 (1) of the Fair Competition Act CAP 326C.</p> <p>Termination: March 2010.</p>
<p>Anti-competitive Agreement by Shipping Agents of Barbados: Local Administration Charges by shipping agents</p> <p>In 2004 members of the Shipping Association of Barbados (SAB) agreed among themselves to introduce a local administration charge (LAC). All agents except one implemented these charges in the way agreed.</p> <p>Initiation: March 2010.</p>	<p>The FTC ruled that the conduct of the agents had the potential to amount to a breach of the Fair Competition Act (FCA). In June 2011 the FTC directed that the LAC be terminated with immediate effect. In September 2011, the FTC received communications from all shipping agents indicating that they now exercised various different arrangements regarding administration charges and some had discontinued the charge.</p> <p>Termination: September 2011.</p>
<p>Exclusionary Conduct (Destination Photography Industry)</p> <p>Wedding photographers in Barbados complained that the photography services agency ColorBox was persuading the main hotels in the wedding business to enter into exclusive contracts.</p> <p>Initiation: January 2011</p>	<p>In its investigations the FTC noted the absence of an exclusivity clause in the contracts between ColoBox and hotels. Given all the available information evidence of anticompetitive conduct could not be confirmed.</p> <p>Termination: November 2012.</p>
<p>Tied Selling (Hewlett-Packard Local Agents)</p> <p>It was alleged that the local agents for Hewlett-Packard (HP) were requiring their clients who had purchased printers and copiers to only use toner and ink sold by HP.</p> <p>Initiation: August 2012</p>	<p>The FTC found that the allegations against HP could not be substantiated. In addition, it was determined that the HP warranty specifies that the use of refilled cartridges does not affect its warranty.</p> <p>Termination: October 2012</p>
<p>Predatory Pricing (Scrap Metal Recycling)</p> <p>It was alleged that a company in the scrap metal recycling business had increased its purchase price of scrap metal to an unsustainably high level in order to force competitors out of the market.</p> <p>Initiation: November 2012</p>	<p>It was determined that the available evidence was insufficient to substantiate the alleged anticompetitive conduct. As a result the investigation was discontinued.</p> <p>Termination: February 2013</p>

Case/allegation	Ruling
Refusal to Deal: Sunbeach Communications Inc. vs TeleBarbados	
The Commission received a complaint from Sunbeach in which it was alleged that TeleBarbados (Columbus) had refused to supply wholesale dedicated internet access without providing a reason. Initiation: March 2013	Investigations revealed that TeleBarbados did not refuse to supply the service in question, but offered the service on certain conditions. The FTC considered these conditions to be legitimate and determined that TeleBarbados had not breached the Fair Competition Act with respect to its refusal to deal with Sunbeach. Termination: February 2014.
Exclusionary Conduct (Diceabed Barbados Ltd vs Sustainable Barbados Recycling Centre)	
Diceabed Barbados Ltd. made a complaint to the FTC that the Government of Barbados (GoB) paid the Sustainable Barbados Recycling Centre (SBRC) a Consolidated Tipping Fee (CTF) of BDS\$60 per tonne on recycled materials, but not to other companies who recycle. It was argued that the policy is unfair and may have harmful effects on competition. Initiation: June 2013	The FTC established that the payment of a CTF to SBRC was unlikely to cause competitive concerns in the relevant market. This was due to the contractual relationship between SBRC and the GoB, established by an international tender, the stringent environmental and health standards required and the contractual obligation on the part of SBRC to accept all municipal waste. As such, the FTC determined that there was no credible justification for Diceabed's entitlement to a CTF or equivalent. Termination: February 2014

Source: Fair Trade Commission.

3.139. The FTC's decisions may be appealed to a judge within 15 days of receipt of notice of the findings. The FTC may also present recourse. As at October 2014, there was one recourse case before the Court of Appeal and another case before the High Court.

3.140. Although no immunities are provided by law, the FTC may grant an authorization to engage in an agreement or business practice that is prohibited under the Fair Competition Act, if it is satisfied that, though anti-competitive, it is likely to promote a public benefit. The FTC has not made recourse to these provisions.

3.141. In accordance with the Fair Competition Act, mergers which are likely to result in the control of in excess of 40% of any market in Barbados are prohibited unless approved by the FTC. This provision requires the FTC to investigate all mergers that meet this threshold with a view to granting or denying permission to the parties. The investigation focuses on the extent to which the proposed transaction positively or negatively impacts competition in the domestic market. Pre-merger notification and examination by the FTC is mandatory when the merged companies are likely to control at least 40% of the relevant market. Only mergers that have an effect on a market in Barbados are subject to the Act. In some instances, mergers involving foreign-owned enterprises may be subject to the provisions of the Act.

3.142. It is the FTC's position that the law should not be interpreted as an intention to prevent or restrict the merging process or business expansion in Barbados. The FTC recognizes that by combining resources through a merger, firms are able to increase their efficiency through reduced costs, strategic reorganization, new technologies and combined expertise, and can increase their efficiency or source the capital needed to compete with larger and more efficient firms. The FTC therefore recognizes the need to exercise its responsibility in a very considered manner.⁷⁹

3.143. The FTC's analysis of the merger starts with a determination of the 40% threshold. This requires: (a) a determination of the specific market(s) for consideration, carried out through a review of the various products and services supplied by the enterprises, and the geographic area over which their products are distributed; and b) a determination of the relevant percentage market share(s) of the enterprise(s) pre- and post-merger in each market affected, undertaken through a calculation of the volume of output supplied by the enterprises relative to the total market. If based on the preliminary analysis, the merged enterprises do not control in excess of the threshold market share as determined by the Act, the applicant will be notified by letter that the proposed merger falls outside the jurisdiction of the FTC and therefore does not require permission. If the preliminary analysis indicates that the combined enterprise will control an amount equal to or greater than the 40% threshold market share, the applicant will be formally notified of the intention of the FTC to investigate the proposed arrangement to determine the extent to which it affects competition in the domestic economy.

⁷⁹ FTC, Merger Procedures. Viewed at: http://www.ftc.gov.bb/index.php?option=com_content&task=view&id=87&Itemid=28.

3.144. The FTC must conduct the investigation within a maximum period of 90 business days, considering a number of factors, such as: (a) the structure of the markets likely to be affected by the proposed merger, including the number and size of competitors in the various product markets before and after the merger and the barriers to entry that will impact on these market structures; (b) the degree of control exercised by the enterprises, particularly their economic and financial power, and the extent to which the merged enterprises will have the market power to raise prices unilaterally or will have incentives to enter into collusive arrangements with other market participants; (c) the availability of alternatives to the services or goods provided by the enterprises concerned in the merger; (d) the likely effect of the proposed merger on consumers and the economy; (e) the actual or potential competition from other enterprises and the likelihood of detriment to competition.

3.145. The FTC will grant permission for the merger to proceed if it finds that the merger will not adversely affect competition or be detrimental to consumers, or, even if it determines that the merger will restrict competition, the merger parties can demonstrate that the transaction will produce significant cost efficiencies which will be shared with consumers. If the merger is likely to materially restrict competition or be detrimental to consumers without sufficient redeeming efficiency benefits, the FTC may direct the enterprises to divest specific interests or part of the combined operation within an agreed period. Where no prudent divestment arrangement can be reached, given the significant harm to competition the merger is likely to be prohibited. Decisions to prohibit a merger may be appealed in court.

3.146. From April 2008 to March 2014, the FTC received six merger notifications and approved five. Three merger applications were received from the telecommunications industry, with one application each received from the airline industry, the shipping industry and the petroleum industry. No decision was made regarding the merger application in the airline industry as it was asserted that one of the players was not an active participant in the local market.

3.147. A salient case during the period under review pertained to the merger between SOL and ESSO. In this case SOL St. Lucia Ltd., and ESSO (Barbados) Holdings Limited, Esso (Barbados) International Sales Company Limited, and Mobil Oil Barbados Limited (collectively referred to as "ESSO Barbados") formally filed a merger application with the FTC. The nature of the proposed transaction was such that SOL intended to acquire the shares of the ESSO Barbados companies. The acquisition would therefore have resulted in SOL owning all of the retail, commercial, marine, aviation and distribution businesses currently being managed by Exxon Mobil under the 'ESSO' brand in Barbados. Though this was a regional acquisition, the application only pertained to Barbados given the fact that the FTC has jurisdiction only for business activities that occur in Barbados. Owing to the lack of price competition due to the regulation of prices and margins by the Government of Barbados, and the heavily regulated market in which the merger was taking place, it was recommended that the merger be allowed to proceed on the condition that for a minimum of 10 years SOL must retain the ESSO brand in Barbados unless it can adequately justify its reasons for not maintaining the brand.

3.148. The FTC's functions as utilities regulator are spelt out in the Utilities Regulation Act of 2000 Cap.282. The FTC regulates electricity service supplied by the Barbados Light and Power Company (BL&P) and the domestic and international voice telecommunications services, interconnection services and leased services provided by Cable & Wireless (Barbados). The FTC also establishes the principles for setting the rates to be charged for utility services and reviews these rates.⁸⁰ As the regulator of these services, the FTC seeks to ensure the quality, efficiency and reliability of these services, as well as their supply to the public at reasonable prices. The FTC is also responsible for promoting the development of a competitive telecommunications market, as certain provisions of the Telecommunications Act fall under its authority.

3.149. The FTC is involved in the current reform of both the electricity and telecommunications sectors in order to make them more efficient. The latter, one of the stakeholders in the revision of the electricity sector's legislation and the development of a National Sustainable Energy Policy. In its role as regulator of the electricity sector, in 2013 the FTC approved an Integrated Resource Plan (IRP) which will guide the resource plans of the BL&P for the next 25 years. In April 2012, the FTC embarked on a formal review of the Fuel Clause Adjustment (FCA), the single largest component of a customer's electricity bill which directly reflects the cost of the fuel used in

⁸⁰ Fair Trading Commission online information. Viewed at: <http://www.ftc.gov.bb/html/DNO.htm>.

generating and delivering electricity to the customer.⁸¹ Utility regulation activity in the telecommunications sector has focused on the development of specifications for Long Run Incremental Cost (LRIC) models for both the mobile and fixed networks which are to be built by C&W, and the intervention in an interconnection dispute between C&W and Digicel. During the period under review, the FTC also approved interconnection agreements between C&W and Karib Cable Inc. (January 2013); C&W and TeleBarbados (August 2012); and C&W and Digicel (February 2014). It also approved the Price Cap Plan 2012 for C&W under which there was a moratorium on regulated prices between 1 April 2012 and 31 March 2013. In the period 1 April 2013 to 31 March 2014, C&W was allowed to adjust the rates of regulated telecommunications services as determined in the 2012 Price Cap Decision. This option was not however exercised by C&W.

3.150. At the regional level, Chapter VIII of the CARICOM Treaty provides the rules and standards by which enterprises must conduct business in the Caribbean Single Market Economy in order to ensure competition, and protect consumer welfare. It prohibits agreements and practices that prevent, restrict or distort competition, and give an unfair advantage through a dominant position in the market place. The Community Competition Commission (CCC) began operating in January 2008 in Suriname; the activities of the Commission complement those of the FTC and other national agencies. The CARIFORUM/EC EPA contains provisions concerning competition policy. National legislation to implement the CCC has been passed and enacted in Barbados. Currently, the CCC has powers in Barbados, Guyana and Jamaica.

3.3.2.2 Price controls

3.151. Price controls are covered by the Control of Price (General) Regulation 1983 (S.I. 1983 No. 29) and administered by the Department of Commerce and Consumer Affairs in the Ministry of Industry, International Business, Commerce and Small Business Development. Prices are set at both the wholesale and retail levels. According to information provided by the authorities, price control regulations were in place in mid-2014 on: diesel fuel, gasoline, kerosene, liquefied petroleum gas, chicken wings, chicken backs and necks, turkey wings and regular sugar.⁸² Price changes for these products must be gazetted. The importation of chicken wings, chicken backs and necks, and turkey wings is subject to state trading conditions (see below).

3.152. The prices of utilities regulated by the FTC require its approval for the increase of tariffs for certain services. For example, in 2009 The Barbados Light & Power Company applied to the Fair Trading Commission for an adjustment of electricity rates. The FTC granted the increase, which was the first increase in rates since 1983. The new rates went into effect from March 2010.⁸³

3.3.3 State trading, state-owned enterprises, and privatization

3.153. In 2013 Barbados submitted to the WTO a new and full notification with respect to state trading enterprises.⁸⁴ It identified the Barbados Agricultural Development and Marketing Corporation (BADMC) as its sole state trading enterprise. The BADMC is a statutory corporation established in 1993 through the Barbados Agricultural Development and Marketing Act 1993-12, to ensure the development of the local agricultural sector through innovative technological applications, technical and marketing research, and to create opportunities for investment that engenders enterprise, food security and prosperity in the agricultural sector. The BADMC also provides farm support services to the non-sugar agricultural sector, collects agricultural statistical data, and provides irrigation services to small farmers.

⁸¹ The FCA was recorded at 43.4315¢/kWh in April 2013, compared to 49.3526¢/ kWh in April 2012. It was at its lowest of 33.7912¢/ kWh in January 2012 and reached its highest of 49.3526¢/ kWh by April 2012. However, by December 2013 it had dropped to 39.0698¢/ kWh.

⁸² The prices were (wholesale/retail price between parentheses, BDS\$): diesel fuel (1.90426 /2.09 per litre); gasoline (1.79152/2.02 per litre); kerosene (1.45207/1.50 per litre); liquefied petroleum gas (29.65/36.16 per 20 lb cylinder; 37.06/45.20 per 25 lb cylinder; and 170.47 (retail) per 100 lb cylinder); chicken wings (4.28/5.36 per kg or 1.94/2.43 per lb.); chicken backs and necks (1.76/2.29 per kg. or 0.80/1.04 per lb.); turkey wings (6.05/8.05 per kg.); and regular sugar (1.38/1.52 per kg or 0.63/0.69 per lb.).

⁸³ The Barbados Light & Power Company online information. Viewed at: http://www.blpc.com.bb/co_his.cfm.

⁸⁴ WTO document G/STR/N/11/BRB/Rev.1, G/STR/N/12/BRB/Rev.1, 29 April 2013.

3.154. The products for which the BADMC exercises state-trading activities are: meats of poultry (HS 0207) for which it was granted the status of sole importer in 2002, and onions (HS 0703.101). In the case of onions, the BADMC imports them free of duty to ensure stability within the local onion market. Although the BADMC only has exclusive rights to import the commodities which fall under its purview, local manufacturers which utilize agricultural products within their production base are also permitted to import these commodities. Import levels are established on the basis of production capacity. In the case of poultry meat, wholesale prices are subject to controls, as specified above. With respect to onions, the resale price offered by the BADMC is based upon the prevailing local market price for the commodity.⁸⁵

3.155. Although they do not have state trading statutory rights, certain other companies are de facto sole traders. For instance, the Barbados National Oil Company is the sole importer of gasoline and fuel oil. Also, a number of commercial companies in Barbados remain partly or totally state-owned, and the State is involved in a number of commercial activities in such sectors as utility services, hotels, and agri-food production.⁸⁶

3.156. During the period under review, the National Insurance Board and other domestic and foreign shareholders sold part of their shares in Light & Power Holdings, the parent of the electricity company The Barbados Light & Power Company, to a Canadian investor (Emera), which as at early 2011 owned 79.7% of Light & Power Holdings shares, thereby making it the largest single shareholder. The remaining shares are held by approximately 1,700 other shareholders.⁸⁷

3.3.4 Government procurement

3.157. Barbados is not a party to the WTO Plurilateral Agreement on Government Procurement (GPA), nor does it have observer status or participate in the Working Group on Transparency in Government Procurement. The authorities indicated that Barbados is not presently considering acceding to the GPA.

3.158. Central Government expenditure on goods and services totalled BDS\$391.8 million in 2012 (some 4.6% of GDP), while capital expenditure totalled BDS\$93.7 million (some 1.1% of GDP).⁸⁸ Specific statistical information on government procurement by modality is not readily available.

3.159. In August 2014 the main legislation regulating government procurement by central government ministries and departments in Barbados was still the Financial Administration and Audit Act Cap. 5, enacted in 1964, together with the Financial Administration and Audit (Financial) Rules (2011), and the Financial Administration and Audit (Supplies) Rules (1971). The Financial Administration and Audit Act provides for the control and management of public finances, and stipulates that all statutory spending by government agencies in Barbados must be funded through a consolidated fund. The Financial Administration and Audit Act and its regulations do not apply to decentralized government agencies, such as statutory bodies. The Government purchase of drugs is regulated by the Financial Administration and Audit (Drug Service) Rules (1980). Imports for government consumption are exempt from import duties, but VAT is payable on all non-zero-rated items.

3.160. The Financial Administration and Audit (Financial) Rules (2011) mandate the establishment of a Tenders Committee and a Special Tenders Committee when procurement is financed by money from an international financial institution. The Tenders Committee consists of the Chief Supply Officer, who chairs it, the Solicitor-General or a legal officer nominated by him/her, and five officers appointed by the Minister of Finance. The Special Tenders Committees also consists of

⁸⁵ Ministry of Agriculture and Rural Development online information. Viewed at: <http://www.agriculture.gov.bb/>.

⁸⁶ Companies wholly owned by the State include: the Barbados Agricultural Development and Marketing Corporation (BADMC), Barbados Agricultural Management Company, Barbados Investment & Development Corp. (BIDC), Barbados National Oil Company (BNO), Barbados National Terminal Company Ltd., Barbados Port Inc., Barbados Postal Service, Barbados Tourism Investment Inc. (BTI), Barbados Water Authority, Caribbean Broadcasting Corporation, Caves of Barbados Ltd., Enterprise Growth Fund LTD (EGFL), Grantley Adams International Airport Inc., LIAT Ltd., National Petroleum Corporation (NPC), Needham's Point Development Inc., and Sanitation Service Authority.

⁸⁷ http://www.blpc.com.bb/co_his.cfm.

⁸⁸ Ministry of Finance and Economic Affairs (2013), Economic and Social Report 2012. Viewed at: <http://www.economicaffairs.gov.bb/download.php?id=324>.

the Chief Supply Officer, the Solicitor-General or a legal officer nominated by him/her, and five officers appointed by the Minister of Finance. Competitive tendering for goods, services and/or works of a value of over BDS\$100,000 is managed by the Tenders Committee

3.161. The general procurement method is open tendering, subject to certain thresholds. Government procurement of goods, services and works valued at less than BDS\$20,000 (US\$10,000) may take place through direct offers or negotiations and without the formality of a written agreement. Procurement of goods, works or services in excess of BDS\$20,000, but less than BDS\$200,000 (US\$100,000) does not require tendering; the award of the contract is based on the examination of written quotations from interested suppliers. Procurement contracts over BDS\$200,000 must be subject to an open competitive tendering procedure.

3.162. Procurement is generally centralized, but can be decentralized in certain cases and under certain thresholds. In accordance with the Financial Administration and Audit (Financial) Rules (2011) orders for the acquisition of services or supplies that do not exceed BDS\$50,000 in value can be approved by the Director of the procuring department.

3.163. In the case of open tenders, a notice is published in one or more newspapers in Barbados, except where the Tenders Committee is satisfied that no more than seven contractors in Barbados are capable of tendering, in which case contractors are invited by letter to submit a tender. Tenders are not advertised in the *Official Gazette* but some, over a certain threshold, are advertised electronically if they are financed internationally; otherwise they are advertised in the local media. In accordance with the Financial Administration and Audit (Financial) Rules (2011), in cases of extreme urgency or of a specialized nature, the Cabinet may authorize the procurement of goods or services through direct negotiations.

3.164. A surety is required for tendering. This requirement must, where applicable, be stated in the notice or letter inviting tenders. The surety may take the form of a deposit of a sum of money with the Treasury or of approved securities with a value of not less than 10% of the contract price.

3.165. Depending on the nature and complexity of the procurement contract, the time-limit for the submission of bids varies from 21 to 42 days. The criteria considered in awarding tenders include conformity with tender requirements, as well as the financial, technical, and supply capacity of the tendering firm. There is no reference in the legislation to the lowest price or cost being a determinant factor in the award of a contract. The contract is generally awarded to the "lowest evaluated tender", considering, apart from the price, factors such as the guarantee of supply, the completion time, and transportation costs. Barbados' legislation does not contemplate granting preferences to domestic or regional suppliers. Tendered procurement opportunities are open to all suppliers. Tender documents are publicly opened; unsuccessful tenderers are also informed of the results of the tender, but reasons for rejection are not given.

3.166. Procurement decisions may be challenged administratively or judicially. Complaints may be handled administratively by the Director of Finance and Economic Affairs. Judicial complaints are handled through the law courts. No court complaint has been lodged since the last review in 2008.

3.167. The Financial Administration and Audit (Supplies) Rules 1971 regulate the procurement of supplies. Under the rules, the Chief Supply Officer issues invitations to tender, accepts tenders, issues orders and enters into contracts. For procurement under BDS\$100,000, the Chief Supplier must maintain a list of approved suppliers for each item and must restrict invitations to tender, as well as contracts, to such approved suppliers. To be included in the list of approved suppliers, potential suppliers must complete an Application to Become an Approved Supplier; residence in Barbados is required. Participants in open tenders do not need to be registered. The authorities indicate that supplies may be bought internationally if they are not available locally.

3.168. The Financial Administration and Audit (Drug Service) Rules 1980 apply to the procurement, control, and disposal of drugs. The Drug Tenders Committee examines tenders if expenditure under the contract is likely to exceed BDS\$5,000; the procedures are similar to those for supplies. The Barbados Audit Office is responsible for surveying the use of procurement rules.

3.169. In late 2014, a new Procurement Bill was discussed in Parliament, and is expected to be passed shortly. The Bill increases the tendering threshold from BDS\$200,000 to BDS\$500,000 and

decentralizes procurement. Procurement between BDS\$100,000 and BDS\$500,000 will take place through a public request for quotations from a list of suppliers. The Bill proposes the creation of a Government Procurement Department to deal with procurement above the BDS\$500,000 threshold. For the decentralization to be effective, it is proposed to create a Procurement Unit within each Ministry. Each Unit will be headed by a Purchasing Officer who will report monthly to the Chief Procurement Officer. The Bill also identifies the different methods of procurement to be used and deals with the registration and pre-qualification of suppliers. These reforms aim at enhancing the transparency and efficiency of the procurement process.

3.170. Under Article 239 of the Revised Treaty of Chaguaramas Establishing the Caribbean Community (the Revised Treaty) (2001), CARICOM Heads of Government undertook to elaborate a protocol on government procurement.⁸⁹ The Council for Trade and Economic Development (COTED) launched an action plan to create a regional information coordinating agency, and a promotional programme was developed to increase procurement of regional goods and services within CARICOM. As at November 2014, discussions were still ongoing and the programme had not yet been finalized. In the bilateral FTAs between CARICOM and Costa Rica (Article XV.01), and with the Dominican Republic (Article XI), it is envisaged that the parties would consider developing an agreement on government procurement, although no action had yet been taken in this respect.

3.171. The Government of Barbados has implemented the Trade Receivables Liquidity Facility (TRLF), a programme to facilitate the participation of small businesses in the procurement process. The Facility allows small businesses that have delivered goods or services to a Ministry/Department of the Central Government to receive timely payment at a discounted rate. All outstanding invoices are honoured within seven days.⁹⁰ To sign up for the Facility, an individual or small business must register with the Small Business Development Unit (SBDU) at the Ministry of Industry, International Business, Commerce and Small Business Development. The TRLF is available to small businesses as defined under the Small Business Development Act Cap. 318C Section 3 (b), and must satisfy any two of the three following criteria: 1) a paid-up capital of not more than BDS\$1 million; 2) annual sales of no more than BDS\$2 million; and 3) no more than 25 employees. Under the TRLF, a business or individual can factor invoices for a maximum of US\$200,000 per quarter. The financial institution (commercial banks; consolidated finance; Signia Finance Corporation; Caribbean Financial Services; Enterprise Growth Fund; Barbados Agency For Micro-enterprise Development; and credit unions) disburses funds to the small business or individual is discounted at the prevailing interest rate plus a 1.5% annual guarantee premium.⁹¹ Guarantee coverage is provided to eligible financial institutions for facilities factored through the Credit Guarantee Scheme for Businesses at the Central Bank of Barbados. Financial intermediaries are responsible for setting the discount rates on receivables which they have factored. Since the repayment of the amounts factored are guaranteed by the Central Bank of Barbados, financial intermediaries are encouraged to use the risk rating of the guarantor as the basis for determining the discount rates.

3.3.5 Intellectual property rights

3.172. The legal system for the protection of IPRs in Barbados remained broadly unchanged during the period under review. Similarly, with respect to its acceptance of international treaties. Barbados is a member of the World Intellectual Property Organization (WIPO) and a signatory to a number of international agreements on intellectual property rights.⁹² As was noted in the previous

⁸⁹ Revised Treaty of Chaguaramas Establishing the Caribbean Community (2001). Viewed at: http://www.caricom.org/jsp/community/revised_treaty-text.pdf.

⁹⁰ Central Bank of Barbados online information. Viewed at: [http://www.centralbank.org.bb/WEB/CBB.nsf/vwPublications/2370029B6C882E3C04257B0B00496284/\\$FILE/Trade_Receivables_Liquidity_Facility.pdf](http://www.centralbank.org.bb/WEB/CBB.nsf/vwPublications/2370029B6C882E3C04257B0B00496284/$FILE/Trade_Receivables_Liquidity_Facility.pdf).

⁹¹ The funds to be disbursed are calculated as follows = amount receivable less (amount receivable x interest rate) + premium rate.

⁹² Barbados is a party to: the Convention Establishing the World Intellectual Property Organization (1970); the Paris Convention for the Protection of Industrial Property, Stockholm Text (1883) as revised in 1967; Nairobi Treaty on the Protection of the Olympic Symbol (1981); the Patent Cooperation Treaty (PCT), (1970); the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks (1967); the Berne Convention for the Protection of Literary and Artistic Works (1986); the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (1961); the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of their Phonograms (1971); and the TRIPS Agreement (1995).

review, Barbados is not a member of the International Union for the Protection of Industrial Property or of the International Union for the Protection of New Varieties of Plants (UPOV) Convention (1978).

3.173. The agency responsible for IPRs' administration is the Corporate Affairs and Intellectual Property Office (CAIPO) of the Ministry of Industry, International Business, Commerce, and Small Business Development.⁹³ CAIPO also advises the Ministry and other government departments on IP-related issues and is responsible for granting patents and the registration of trade and service marks, industrial designs, and other IPRs, covering geographical indications, integrated circuits, and plant varieties.⁹⁴

3.174. Barbados legislation covers all major areas referred to in the TRIPS Agreement, as shown in Table 3.11. Most new legislation was passed during the implementation period of the TRIPS Agreement. Amendments to some of the original Acts were introduced in 2004 (copyright) and 2006 (patents, industrial designs, and trademarks). Barbados' legislation establishes a right of priority for national, regional or international applications for patents or industrial designs in a country party to the Paris Convention or a WTO Member.

3.175. Under the requirements of Article 63.2 of the TRIPS Agreement, Barbados has made several notifications to WTO concerning its IPR-related legislation.⁹⁵ Despite the fact that no major legal changes took place during the period under review, Barbados updated several of its notifications in 2011, referring to legal changes that occurred in 2006 through the introduction of the Intellectual Property (Miscellaneous Provisions) Act, 2006 - 2 and the Copyright (Amendment) Act, 2006 - 1. Barbados' IPR legislation was reviewed by the TRIPS Council in 2001 where Barbados responded to questions posed by WTO Members.⁹⁶

3.176. In the context of the current review, the authorities have noted that Barbados is in the process of reviewing its IPR legislation. Proposals have been prepared by the Registrar and an Advisory Committee has been established which, together with CAIPO, is in charge of reviewing these proposals. The authorities have indicated that some of the legal changes they are currently examining have been motivated by Barbados' decision to become a party to the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, which will require amendments to Barbados' patents law, and the Hague Agreement Concerning the International Registration of Industrial Designs, which will require changes to Barbados' Industrial Designs Act. The authorities are also looking into legal changes with respect to geographical indications since current legislation in practice is unused. Work to this end is ongoing and no timetable for completion has yet been determined.

3.177. The vast majority of patent applications are submitted through the PCT. According to WIPO, some 49.2% of all patent applications over 1998-2012, were in the area of medical technology; 6.7% in the area of computer technology; 5.4% in pharmaceuticals; 4.7% in digital communication; 3.3% in audio-visual technology; 3% in telecommunications; and the rest in other

⁹³ Corporate Affairs and Intellectual Property Office (CAIPO) online information. Viewed at: <http://www.caipo.gov.bb/site>.

⁹⁴ CAIPO online information. Viewed at: <http://www.caipo.gov.bb/site/>.

⁹⁵ WTO documents IP/N/1/BRB/P/1, 12 November 2001, IP/N/1/BRB/P/2, IP/N/1/BRB/P/3, 16 October 2001, IP/N/1/BRB/P/4, 17 October 2001 (patents); IP/N/1/BRB/P/5, IP/N/1/BRB/P/6, 1 August 2002 (new plant varieties); IP/N/1/BRB/T/1, 12 November 2001, IP/N/1/BRB/T/1, Add.1, IP/N/1/BRB/T/2, 17 October 2001 (trade marks); IP/N/1/BRB/D/1, IP/N/1/BRB/D/2, 16 October 2001 (industrial designs); IP/N/1/BRB/C/1, 16 October 2001 (copyright); IP/N/1/BRB/G/1, 16 October 2001; IP/N/1/BRB/G/2, 1 August 2002 (geographical indications); IP/N/1/BRB/L/1, IP/N/1/BRB/L/1/Add.1, 16 October 2001; IP/N/1/BRB/L/2, 1 August 2002 (integrated circuits); IP/N/1/BRB/I/1, 9 May 1996; IP/N/1/BRB/I/2, 2 August 2002 (protection against unfair competition); IP/N/1/BRB/3, 2 December 2011 (amendments to legislation); and IP/N/1/BRB/I/2, IP/N/1/BRB/D/1/Add.1, IP/N/1/BRB/D/2/Add.1, IP/N/1/BRB/P/3/Add.1, IP/N/1/BRB/T/1/Add.2, IP/N/1/BRB/T/2/Add.1, 14 December 2011 (new legislation amending previous Acts).

⁹⁶ The questions and responses are contained in WTO document IP/Q/BRB/1, IP/Q2/BRB/1, IP/Q3/BRB/1, IP/Q4/BRB/1, 9 February 2004. Questions were raised by: Australia, Canada, the EU, Japan, Switzerland, and the United States.

areas.⁹⁷ The authorities indicated that the average length of time to process a patent application in 2014 is approximately two years.

Table 3.11 Overview of IPR protection, 2014

Area/law	Coverage	Duration	Exclusions and limitations
Copyright			
Copyright Act, 1998-4	Protection is extended to original literary works (including computer programmes), dramatic, musical, and artistic works; sound recordings, films, broadcasts or cable programmes; typographical arrangements of published editions; and electronic databases. Neighbouring rights of producers of phonograms and performers are also protected. Related rights include moral rights as well as performers' and broadcasters' right. No registration required for protection.	Life of the author plus 50 years. For sound recordings, films, broadcasts or cable programmes, computer-generated works, 50 years from production year. For cable or broadcast programming, 50 years from the end of the year in which the broadcast took place. For typographical arrangements, 25 years from the year in which the edition was first published.	Protection is granted to work that is original and has been written down, recorded or otherwise expressed in some material form. Copyright may be transmitted by licensing. Moral right to object to derogatory treatment of protected works.
Copyright (Amendment) Act 2004 No. 17	Amended provisions of the Copyright Act with respect to terms of imprisonment.		
Copyright (Amendment) Act 2006 No.1	Amended provisions of the Copyright Act to expand the scope and competences of the Copyright Tribunal.		
Copyright (Prohibited Imports) Regulations, 2004 (Statutory Instrument 2004 No. 82), 23 June 2004	They define procedures to be followed and forms to be used in giving notice to the Comptroller of Customs of the importation of infringing copies, as well as procedures for the detention of goods by the Comptroller and the release in certain cases of copies detained and determination of action by the High Court inclusive of forfeiture orders.		
Copyright Tribunal Regulations. Statutory Instrument 2004 No. 32	Govern the administrative procedures of the Copyright Tribunal.		
Patents			
Patents Act 2001, No. 18 Patents Regulations, 1984- S.I. 1984 No. 84	An invention that is novel, involves an inventive step, and is industrially applicable. Rights of plant breeders and developers of new plant varieties specifically protected.	20 years from the filing date accorded to the applicant.	Inventions involving, discoveries, scientific theories and mathematical methods, diagnostic methods, methods for treatment of human beings and animals by surgery or therapy, plant and animal varieties and biological processes for the production of plants other than microbiological processes, and the products of those processes and inventions, the commercial exploitation of which would be contrary to public order or morality or which is prejudicial to human or animal health or to plant life or to the environment.

⁹⁷ WIPO online information. Viewed at: http://www.wipo.int/ipstats/en/statistics/country_profile/countries/bb.html.

Area/law	Coverage	Duration	Exclusions and limitations
			Compulsory licences can be issued, subject to reasonable payment, if exploitation by the patent owner is found to be anti-competitive.
Patents (Priority Protection) Order, 2005	Identifies convention countries for the purposes of section 21 (4) of the Patents Act, namely all WTO Members and all parties to the Paris Convention.	n.a.	n.a.
Intellectual Property (Miscellaneous Provisions) Act, 2006-2 Entry into force: 23 February 2006	New Section 55 A inserted to provide for the burden of proof in certain cases. In determining whether the burden of proof has been discharged, the court shall not require a party to disclose any manufacturing or commercial secrets if it appears to the court that it would be unreasonable to do so.	n.a.	n.a.
Industrial designs Industrial Designs Act of 1985, Cap. 309A Industrial Designs Regulations, 1984-S.I. 1984 No. 83	Handicraft and industrial designs may be registered if they are new prior to the date of filing or the priority date of the application for registration.	5 years, renewable for two consecutive periods of five years each.	Protection is granted if the design has not yet been made available to the public through use or description or in any other manner except through display in an official exhibition. An industrial design cannot be registered, if it is likely to provoke a breach of peace.
Intellectual Property (Miscellaneous Provisions) Act, 2006-2 Entry into force: 23 February 2006	Amends the principal Act to provide that the registration of an industrial design is valid for 10 years from the date of the application for its registration, and a registration may be renewed for five years upon payment of the prescribed fee. Amends also the Industrial Designs Regulations, 1984 to introduce new provisions in respect of fees chargeable on application and on granting registration.	10 years from the date of the application for its registration, renewable for five years.	n.a.
Layout designs of integrated circuits			
Integrated Circuits Act, 1998-21, amended by Integrated Circuits (Amendment) Act 2001 No.15. Integrated Circuits Regulations, 2001	Three-dimensional disposition of elements, at least one of which is an active element of an integrated circuit. Layout-designs must be original; the right to registration is transferable.	10 calendar years from the date of first commercial exploitation, anywhere in the world, of the layout-design, or on the filing date for application for registration, non-renewable.	Layout designs in commercial use for more than two years.
Integrated Circuits (Amendment) Act 2001 No.15	Amends the principal Act by clarifying the criteria for protection, and making provision for a right of appeal to the High Court.		

Area/law	Coverage	Duration	Exclusions and limitations
Trade marks			
Trade Marks Act, 1981-56, amended by Acts 1984-20, 1988-6, 2001-16, and 2006-2. Trade Marks Regulations 1984- S.I. 1984 No. 85	<p>Trademarks, service marks, and collective marks are "distinctive". The definition of trade mark includes aspects of shape and packaging.</p> <p>There are provisions for the right of priority of an earlier application filed by the applicant in any State party to the Paris Convention or Member of the WTO.</p> <p>It is possible to register collective marks.</p> <p>Registration is not compulsory for protection, but without it a trade mark owner cannot bring an action in court for infringement.</p> <p>The 2001 amendment strengthened the enforcement provisions for infringement of a mark by way of judicial procedures for forfeiture and destruction of goods, materials and articles designed/adapted to make counterfeit copies of a registered mark by introducing procedures to enable right holders to request detention at the border of counterfeit trademark goods.</p>	Registration if valid for a period of ten years from the date of registration and may be renewed for further consecutive periods of ten years each. Applications for renewal must include a statement of use of the mark in previous years or reasons for non-use should be stated.	Legislation grants the right of assignment and transfer of a trade mark by the proprietor.
Intellectual Property (Miscellaneous Provisions) Act, 2006-2 Entry into force: 23 February 2006	Introduces miscellaneous amendments to the Trademarks Act, 1981, namely the insertion of certification mark in the definition of "mark", including its definition, provisions for its use, its registration, and its transfer, and the rights of the registered owner. This Act also makes consequential amendments to the Trademarks Regulations, 1984 with respect to certification and collective marks.		
Geographical indications			
Geographical Indications Act, 1998-22 (in force since 2001). Geographical Indications Regulations, 2001	Indication identifying goods as originating in a territory or region or locality, when a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. Registration is not required for protection.		Indications that do not correspond to the definition of geographical indication under the Act, that offend public order or morality, or that cease to be protected or fall into disuse in their country of origin.
Undisclosed information			
Protection Against Unfair Competition Act, 1998-20	Protects against the disclosure, acquisition or use of secret information in the course of industrial or commercial activities, without the consent of the person lawfully in control of the information.	Indefinite.	

Area/law	Coverage	Duration	Exclusions and limitations
Protection against unfair competition			
Protection Against Unfair Competition Act, 1998-20	Protection against unfair competition within the context of Articles 39-40 of TRIPS Agreement.	Indefinite.	
Protection of new plant varieties			
Protection of New Plant Varieties Act, 2001-17. Protection of New Plant Varieties Regulations, S.I. 2001, No. 133. Protection of New Plant Varieties Order, S.I. 2001, No. 134	Grants plant breeders' rights in respect of plant varieties that are new, distinct, homogeneous, stable, and given a denomination acceptable for registration. Foreign applications from UPOV members will be accorded a one-year priority right.	25 years for perennial plants (including forest and fruit trees, vines); 20 years for others.	Plant breeders' rights do not extend to acts by individuals, for non-commercial purposes, for experimental purposes, or for the purpose of breeding other varieties.

Source: WTO Secretariat, based on WTO documents IP/N/1/BRB/2, 2 August 2002, IP/N/1/BRB/3, 2 December 2011. CAIPO online information. Viewed at: <http://www.caipo.gov.bb/site/>, and information provided by the authorities.

3.178. Barbados' patent legislation includes provisions with respect to both voluntary and compulsory licensing. Compulsory licensing may be granted by the High Court in circumstances where a period of four years has expired from the date of filing the patent application or three years from the date the patent was granted, whichever period expires later, and there has been a failure to exploit or sufficiently exploit the patented invention. Also, compulsory licensing may take place for the exploitation by the Government within Barbados of an invention protected by a patent, for national security, health, or nutritional reasons, as well as for the development of an essential sector in Barbados' economy, or for other reasons of public interest.

3.179. There are no legal provisions with respect to parallel imports; however, the authorities have indicated that in practice they are not permitted.

3.180. Barbados submitted a response to the WTO checklist on issues of enforcement in intellectual property.⁹⁸ The High Court has jurisdiction in cases of dispute relating to the application of all IPRs. Appeals can be made to the Court of Appeal and to the Caribbean Court of Justice as the final appellate court.

3.181. The different IPR laws include provisions for criminal sanctions and detail a minimum fine and/or a minimum term of imprisonment for offences. Remedies available in civil proceedings include injunctive relief, the delivery up of goods, the destruction of goods, imposition of fines and payment of damages and expenses.

3.182. In the case of copyright, remedies also include impounding of infringing copies of works, and the forfeiture and seizure of the instruments or equipment used to make the copies. On conviction in the High Court, infringement of copyright may lead to a fine of up to BDS\$500,000 or imprisonment for ten years, or both. If convicted under section 132 of the Copyright Act for making illicit copies of a copyrighted work, the offender may be sentenced by a Magistrate to a fine of BDS\$100,000 or a term of imprisonment for two years, or both. If an offender is found guilty of dealing in infringing works, section 46 of the Copyright Act provides for fines of BDS\$50,000 or a term of imprisonment of two years, or both, if sentenced by a Magistrate. If the conviction is on indictment before the High Court, the penalty is BDS\$200,000 or a term of imprisonment of five years, or both. Where the conviction is under section 132 of the Copyright Act, the offender may be sentenced by a Magistrate to a fine of BDS\$100,000 or to a term of imprisonment of five years, or both, On indictment before the High Court, the offender may be sentenced to a fine of BDS\$500,000 or to a term of imprisonment of 10 years, or both.

⁹⁸ WTO document IP/N/6/BRB/1, 6 July 2001.

3.183. Liability lies not only with persons in possession of infringing works, but also with persons in possession of the means to carry out illicit duplication of copyrighted works. Companies and other corporate bodies may also be liable for copyright infringement. If a director, corporate secretary, or manager of the company has consented to or connived in the infringement of copyright, that person may be liable to the same criminal sanction.⁹⁹

3.184. IPR enforcement actions must be initiated by the right-holder, the exclusive licensee or an authorized agent, or by the registered owner of the right. No prosecution can begin after five years from the date of the commission of an offence under the Act, or one year from the date of discovery of the commission of the offence, whichever is later. The copyright owner or his agent may seek: an injunction to prevent the offender from copying, distributing or importing/exporting illicit copies of his works; an order for delivery up of the infringing article¹⁰⁰; an order for disposal of infringing materials; an order allowing for the search, seizure and detention of infringing materials, equipment used for the production of infringing materials, or records of transactions in infringing works. This last order is subject to stringent conditions. A lawsuit may also be brought and damages awarded against the offender.

3.185. There is no explicit legal provision with respect to ex officio action by Customs officials. Upon application by the right-holder to the Comptroller of Customs or other authorized person, Customs authorities are authorized, under copyright and trade mark legislation, to seize goods that infringe IPRs to prevent them from entering the country.

3.186. Under section 138 of the Copyright Act, a police officer is empowered, once a warrant is issued, to enter any premises or place, stop, board and search any civilian vessel or aircraft, or stop and search any vehicle in which that officer reasonably suspects there is an infringing copy of a copyrighted work, or illicit recording or any article used or intended for use in the production of infringing material. The police may also seize, remove, or detain any article which appears to be an infringing copy of an illicit recording. Other powers relating to search and seizure are set out in the Act.

⁹⁹ CAIPO online information. Viewed at: http://www.caipo.gov.bb/site/index.php?option=com_content&view=article&id=72&Itemid=94.

¹⁰⁰ Under section 47 of the Copyright Act, the right owner may seek, or the Court may make on its own volition, an Order requiring the offender to deliver up all infringing copies to the copyright owner. The Court must be satisfied that the offender was in possession of the illicit copies of the copyright work at the time of his arrest or charge. This Order may be followed up with an Order to forfeit the infringing article to the copyright owner; destroy the infringing article; or dispose of the infringing article by such means as the Court sees fit.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture and fisheries

4.1.1 Overview

4.1. The agriculture and fisheries sector in Barbados is small. During the period under review, the sector's contribution to GDP was below 2%, while employing nearly 3% of the workforce, implying that labour productivity in the sector was lower than that in the rest of the economy. The sector's total contribution to the economy in 2012 was around US\$50 million.

4.2. Barbados' main agricultural products are: sugar, cotton, dairy products and livestock and meat. Sugar production and its by-products contribute some 3% of Barbados' GDP.

4.3. The importance of sugar production has considerably diminished during the period under review. In fact, the most significant event in Barbados' agricultural sector during the period was the crisis in the sugar industry and the Government is currently concentrating on the development of niche by-products, such as special types of rum. Until October 2009, the sugar industry was able to rely on guaranteed prices which were above world prices. However, domestic reform in the EU and the negotiation of the reciprocal ACP-EU EPA changed the nature of the sugar trade with the EU, Barbados' largest export market for sugar. Other factors that contributed to the decline of the sugar industry included: considerable factory downtime, declining yields, high operating costs, unreliable equipment and low productivity. Additionally, the opportunity cost for land and labour in the sugar industry also proved to be high. Despite the setback in the sector, the authorities deem it important to maintain a sugar cane industry and have devised policies to this end in the National Growth and Development Strategy 2013-20 (see below).¹

4.4. In 2012, 12,203 acres of sugar cane were harvested, and 24,526 tonnes of sugar produced. Over 90% of the sugar produced in Barbados is exported, mostly to the United Kingdom. During the period under review, exports of sugar declined considerably, from US\$19 million in 2007 (6% of total exports), to US\$8 million in 2013 (1.7% of exports). Including by-products, the decline is from US\$23 million in 2007 to US\$11.8 million in 2012, last available year (Table 4.1).

Table 4.1 Barbados sugar production, 2007-12

	2007	2008	2009	2010	2011	2012
Canes harvested (tonnes)	353,521.22	310,668.94	356,662.98	258,162.70	285,410.77	258,600.63
Area harvested (acres)	15,563.93	14,560.49	14,400.44	13,692.07	13,545.00	12,203.00
Sugar production (tonnes 96°)	34,742.12	31,609.70	33,311.20	25,489.90	23,524.40	24,526.15
Molasses output (tonnes)	13,474.30	10,917.49	12,508.51	12,290.56	10,010.19	8,422.57
Production cost (BDS\$/tonne)	2,641.26	3,043.56	3,003.00	3,450.00	4,010.00	4,148.00
Total MT 96° sugar shipped to the EU	32,761.82	27,764.07	30,301.66	24,217.30	22,566.52	23,321.73
Export price (BDS\$/tonne)	1,413.10	1,622.62	1,344.82	914.39	963.24	1,014.55
Export Earnings (BDS\$)	46,295,800	45,050,634	40,750,306	22,144,100	21,737,000	23,661,015

Source: Ministry of Agriculture, Food, Fisheries and Water Resource Management, at: http://www.agriculture.gov.bb/agri/images/stories/Planning_Unit/Documents/Sugar_Production_2007-2012.pdf.

4.5. Some 75% of local demand for milk is supplied domestically; the remainder being imported. The goal of the Government is to attain self-sufficiency in the production of milk. Barbados' pork consumption is met to a large extent by domestic production, but beef demand is satisfied chiefly through imports, mainly from the United States and Uruguay. Most poultry and its parts are

¹ Ministry of Finance and Economic Affairs, Economic Affairs Division (2013), *National Growth and Development Strategy 2013-20*. Viewed at: <http://www.economicaffairs.gov.bb/download.php?id=327>.

supplied by domestic producers. In 2012, production contracted substantially with respect to the previous years (Table 4.2).

Table 4.2 Production of livestock, animal products and main crops, 2007-12

('000 kgs)

Commodity	2007	2008	2009	2010	2011	2012
Pork	2,742.63	2,636.80	2,746.67	2,745.40	2,657.05	2,541.17
Beef	136.06	144.39	150.84	161.24	150.63	147.51
Veal	6.29	8.33	9.61	5.78	5.27	1.53
Mutton	72.37	85.14	89.29	106.10	113.24	103.67
Poultry-chicken	14,653.68	14,387.95	14,473.79	14,090.91	14,405.70	9,799.91
Turkey	280.34	239.46	219.00	271.61	238.37	329.98
Eggs	2,305.01	1,902.51	2,002.22	2,231.02	2,107.54	2,732.69
Milk	6,762.30	6,694.39	7,013.69	6,700.98	5,810.27	6,146.09
Total	26,958.70	26,098.96	26,705.10	26,313.04	25,488.07	21,802.54
Vegetables	5,841.16	4,359.20	4,901.69	4,717.08	5,058.01	4,517.93
Root crops	2,877.20	3,027.20	3,416.95	3,124.20	1,474.61	2,376.55
Cotton lint	32.1	26.0	3.9	6.1	5.1	3.8

Source: Ministry of Agriculture, Food, Fisheries and Water Resource Management, at: http://www.agriculture.gov.bb/agri/images/stories/Planning_Unit/Documents/Compiled_Local_Production_2000_2012.pdf.

4.6. The production of cotton lint plummeted during the period under review. The estimated area of cotton planted for the 2011/12 crop was 21.45 hectares, 17.5% smaller than the area planted for the previous season. That crop provided 3.8 thousand kilograms of cotton lint, 25.5% less than was produced in 2010/11, and just 11.8% of the production level registered in 2007. The reduced quantity of cotton was as a result both of less acreage planted and fewer harvesters for the crop.

4.1.2 Policies in agriculture

4.7. The Ministry of Agriculture, Food, Fisheries and Water Resource Management is responsible for agricultural policy in Barbados. There is currently no general legislation governing the sector as a whole, however, at the time of the last review, the authorities indicated that the first draft of a Sustainable Agricultural Development Bill was to be considered in June 2008. In the context of the current review the authorities indicated that the Bill has since stalled.

4.8. The Barbados Agricultural Development and Marketing Corporation (BADMC) has been notified to the WTO as a State Trading Enterprise. The BADMC also provides farm support services to the non-sugar agriculture sector, collects agricultural statistical data, and provides irrigation services to small farmers. The BADMC also administers the Land for the Landless Programme, which seeks to make unused arable lands in public or private ownership available to farmers. It provides cold storage facilities for local livestock farmers, and fabrication and meat-cutting services at competitive rates. The BADMC holds a legal monopoly on the importation of poultry for wholesale and retail sale. When imports are required, a tendering system is used whereby overseas suppliers are invited to tender. In the context of this review, the authorities noted that currently only turkey necks and wings are imported. Chicken wings are not currently imported, as demand is fully met by domestic production and the retail price is subject to controls. The BADMC is also the sole duty-free importer of onions.

4.9. Although it has not been given legal monopoly rights, Pine Hill Dairy (PHD) is the main purchaser of fresh milk from farms in Barbados. There are no legal restrictions on who may export or import milk and milk products, and PHD does not have a de facto monopoly on imports or exports. Farmers sell milk to PHD in fixed quotas depending on market supply. PHD pays farmers a premium price for pasteurised milk sold within the quota system, and lower prices for out-of-quota milk used in other products, such as yoghurt and UHT milk.

4.10. The main instrument of border protection is the tariff. Barbados' average applied tariff on agricultural products was 33.9% (WTO definition) in 2014 (Table 3.3), considerably above the

average tariff rate applied on non-agricultural goods. Applied rates in manufacture ranged from zero to 216% in 2014. The highest tariff rates apply to certain types of fish (section 3.1.4).

4.11. Under the WTO Agreement on Agriculture, Barbados has reserved the right to use the special safeguard mechanism for the 36 products for which it has a tariff quota regime. However, currently special safeguards are in force only for 24 products. In 2011, Barbados notified domestic support for financial years 2002/2003 to 2006/2007.² No notification has been made since then. With respect to export subsidies, the latest notification dates from 2009, corresponding to export subsidies provided to agricultural products during financial years 2002/2003, 2003/2004, 2004/2005, 2005/2006 and 2006/2007.³

4.12. The agricultural sector may benefit from import duty concessions under the Agricultural Incentives Programme. The value of up-front import duty concessions provided to the agricultural sector for the importation of inputs totalled BDS\$4.97 million in 2012-13, and over the same period rebates and grants on agricultural inputs amounted to BDS\$638,000. The sector also enjoys a number of incentives schemes (Table 4.3).

Table 4.3 Agricultural incentive schemes, 2014

Incentive scheme	Description	Eligibility
Agricultural Incentives Programme	Duty-free concessions on: planting material, machinery and equipment, agricultural chemicals, veterinary medicaments, hand tools, irrigation machinery and equipment, organic farming, some types of vehicles (under certain conditions), as well as special inputs. Technical assistance funding (75% of the activity) and working capital funding are also available. A re-tooling rebate also provides duty free concessions.	Qualifying farmers and farmers' organizations.
Livestock Development Fund	Loans for up to BDS\$50,000, at a preferential interest rate, with maximum repayment periods of up to ten years.	Start-up or existing vegetable, food crop or livestock enterprises located in rural Barbados; borrowers' net worth must not exceed BDS\$400,000.
Agricultural Development Fund	Grants and loans for working capital purposes, retooling, introducing new technology, and implementing best practices in the agricultural and fisheries sectors. The ADF does not provide funding to purchase land or for any expenditure on boats, nor does it provide debt consolidation loans. However, up to a maximum of 25% of the proceeds of an investment can be used to liquidate a business' existing debt. Security is required for all loans. All financing decisions are made by the Management Committee of the ADF within 4 to 8 weeks after the receipt of an application. Loan fund of BDS\$27 million, at preferential interest rates (5%). Repayment periods are normally 7 years or less for capital projects. However, loans may be granted for up to 10 years. These loans attract a higher interest rate in years 8 to 10. Moratoria periods are offered.	Registered farmers. From BDS\$50,000 to \$1 million in funding is available. An application form is sufficient if BDS\$150,000 or less is requested. A proposal must be submitted if seeking more than BDS\$150,000. Proposals should provide an overview of the operations and development plans; describe the production and/or post-harvest processes; address legal and regulatory issues; and provide organizational and management information.

² WTO document G/AG/N/BRB/20, 8 November 2011.

³ The export subsidies notified were granted to two types of products: fruit and vegetables and chicken breasts, WTO document G/AG/N/BRB/18, 13 July 2009.

Incentive scheme	Description	Eligibility
Tax holiday for technology related investments	15-year tax holiday for organizations investing in high-end technology to reduce production costs.	Registered farmers in business for the duration of the tax holiday.
Water harvesting rebate	50% rebate on the cost of establishing water harvesting facilities.	Registered farmers engaged in livestock production.
Scotland District Investment and Development Fund	Grant funding; 10-year tax holiday for investments in fruit production, processing and marketing. Orchard development subsidy to promote the production of approved fruit trees and the overall afforestation of the District (BDS\$5 per tree for a maximum of 1,000 trees per farmer).	Agricultural and agri-related projects in the Scotland District.
Cane Replanting Incentive Scheme	Incentive payment of BDS\$550 per acre for force-back planting and BDS\$450 per acre for conventional planting of sugar cane.	Sugar cane farmers, with conditions related to plant density and cleanliness of fields.
Dairy industry incentives	Rebate of 25% for the components of dairy housing up to a maximum of BDS\$40,000; rebate of 40% of the cost of components for a milking parlour up to a maximum of BDS\$60,000.	Dairy farmers.
Cotton Research and Development Fund	Grant funding for agronomic research.	Research institutions.

Source: Government of Barbados.

4.13. Under the Sugar Industry Act, the Minister of Agriculture, Food, Fisheries and Water Resource Management has the faculty to determine the maximum quantities of sugar and molasses that may be exported in any year, and to issue the corresponding export permits for these products. The Barbados Agricultural Management Company (BAMC) has a monopoly on the importation of bagged raw sugar. Imports of raw cane sugar are subject to a BDS\$0.90 per kg levy under the Sugar Import Levy Act. Under the Revised Treaty of Chaguaramas, Barbados may apply quantitative restrictions on imports of unrefined sugar cane from any other part of the Community. At end October 2014 Barbados was not applying any such measures.

4.14. With a view to finding a solution and reversing the decline of the sugar industry, an "Institutional Review of the Barbados Sugar Industry" was undertaken. The objective of the review was to facilitate the transition from the traditional sugar industry to a new more efficient and profitable sugar cane industry. Recommendations to this end included strengthening and restructuring the BAMC, restructuring and improving the operations of small and independent farmers, and providing support for displaced workers. As implementation is directly linked to the construction and commissioning of a multipurpose factory, the implementation process is therefore ongoing.

4.15. Under the Cotton Export Levy Act, exports of cotton are subject to a levy at the rate of BDS\$0.17 per pound. The proceeds of the levy are paid to the Barbados Cotton Growers Association.

4.16. The Government is seeking to attain self-sufficiency in milk production. Currently it requires that 60% of milk needs of the school meals service and all other Government institutions be met from local milk production.

4.17. Recognizing the importance of the agriculture and fisheries sector, the authorities issued a National Agricultural Policy in 2012. The policy sets out the Government's vision to change the agricultural sector, traditionally based mainly on sugar exports, to a sector geared towards the production of food so as to improve food security and the nutrition and health of the population. Under the policy, the authorities envisage an agricultural sector that is technology driven, competitive and market oriented. Furthermore, they expect the sector to contribute to national development by: providing foreign exchange savings through a reduction in the food import bill; providing safe, fresh and nutritious food and thereby reducing the incidence of disease; promoting agribusiness enterprises so as to create jobs; reducing food prices; creating wealth in Barbados; and promoting the multifunctional role of agriculture.

4.18. The National Agricultural Policy considers that improving food security is fundamental to the growth, development and diversification of the Barbados economy and that the modernization of the sector is a pre-requisite to poverty alleviation.

4.19. Realizing the above, the authorities have focused on the agriculture and fisheries sector in the National Growth and Development Strategy 2013-20. Initiatives to be undertaken include: the enactment of a Food Security Act; the development of a Food Import Policy; new product development (cassava); promotion of agro-processing; development of a market information system; establishment of packing houses; improving research and development; and implementing measures to facilitate exports and investment. Other measures included in the Strategy are: a cane industry project, estimated at a cost of US\$270 million over 2013-2016; higher investment in non-sugar crop production; tying future tourism incentives to the increased use of local produce; and a longer-term initiative with rum producers.

4.20. The authorities find that praedial larceny poses the biggest challenge to the development of growth in the agricultural sector. To this end, they consider it important to reinforce the Praedial Larceny Prevention Act CAP142A, including through the use of Certificates of Purchase by Farmers, and the establishment of a Praedial Larceny Squad.

4.21. The Pilot Food Zone Project is an initiative undertaken by the authorities in 2013. Under this initiative, the Ministry of Agriculture will assist farmers in a designated area by: providing new techniques to increase crop production, helping with marketing of crops, and bringing all stakeholders in the sector/industry together so as to achieve economies of scale at every stage of the production process. If the project succeeds it would be rolled out across the island.

4.22. Credit to the agricultural sector also declined considerably during the period under review, particularly in the aftermath of the global financial crisis, as credit to farmers in Barbados was regarded as being relatively high risk. Total credit granted to the agricultural sector reached BDS\$16.5 million in 2012, down from a high of BDS\$48.7 million in 2007. The only subsector which has experienced an increase in credit allocation is sugar cane with credits for BDS\$8 million in 2012, compared to BDS\$2.8 million in 2007. The most dramatic decrease has been in credit for livestock, which plummeted from BDS\$40.5 million in 2007, to just BDS\$1.6 million in 2012 (Table 4.4).

Table 4.4 Commercial Bank Credit to the Agricultural Sector, 2007-12

(BDS\$ '000)

Year	Sugar cane	Livestock	Food crops	Other	Total
2007	2,808	40,453	954	4,531	48,746
2008	3,633	35,308	917	4,607	44,465
2009	3,718	30,107	783	6,558	41,166
2010	9,547	7,568	658	7,095	24,868
2011	8,913	2,181	878	10,609	22,581
2012	7,992	1,590	720	6,190	16,492

Source: Government of Barbados (2013), *Economic and Social Report*, 2012.

4.1.3 Fisheries

4.23. The fishing industry is important both economically and socially. It comprises several types of small businesses engaged in activities such as fish-processing, retailing and wholesaling, boat building, and fish export and distribution. These businesses provide direct and indirect employment and income for an estimated 6,000 persons, many of whom are self-employed. The industry is also an avenue for earning vital foreign exchange through fish exports, in addition to being a major contributor to local food security.

4.24. Under the provisions of the Fisheries Act (Cap. 391 section 4), the Fisheries Division of the Ministry of Agriculture has the legal authority for management and development of fisheries in Barbados and for the administration of the Fisheries Act. The Fisheries Division is also responsible for: performing research and data collection for assessing the state of the various fisheries and suggesting conservation and development methods; the registration of fishermen and vessels; inspecting fishing vessels in accordance with local and international standards; and providing haul-up and launch services for local fishing vessels. For the latter a fee is charged. According to the authorities, the fee structure for all services is under review.

4.25. The Fisheries Act provides the legal authority for the Fisheries Management Plan (FMP) in terms of "schemes for the management and development of fisheries in the waters of Barbados. The FMP forms the basis for fisheries policy, management (both conservation and development), administration and the formulation or implementation of fisheries-related legislation. The Fisheries (Management) Regulations (1998) contain technical requirements and regulate the fisheries of certain species.

4.26. Local fisheries are currently open-access to nationals with Barbadian citizens having access to the resources. The authorities consider it imperative that effective management measures be put in place to prevent overexploitation of fisheries resources, to allow rebuilding those species that are depleted and to ensure resource sustainability for present and future generations of Barbadians. To this end, the authorities put in place an FMP, which was in operation between 2004 and 2006. The FMP contained information on the status of the local fishing industry and the planning processes used to develop the plan. It outlined strategies for the development and management of the fishing industry to ensure its sustainable contribution to the nutritional, economic and social well-being of Barbadians. The authorities are currently implementing fishery management plans for three fisheries: large pelagics, eastern Caribbean flying fish and sea urchins.

4.27. The authorities are cognizant of the challenges facing the fisheries sector. These include: overfishing, pollution, degradation of habitat and impact of climate change. Furthermore, they realize that the quality control measures currently in place are inadequate, and have consequently sought to modify them: the Agricultural Health and Food Control Programme, funded by the Inter-American Development Bank is spearheading the changes needed to upgrade current systems of food control, food safety and food quality to internationally acceptable standards. These issues have also been addressed in the Barbados Growth and Development Strategy 2013-20.

4.2 Manufacturing

4.28. The manufacturing sector in Barbados accounted for 6.7% of GDP in 2012 and the same percentage of employment. In the same year 9,565 people were employed in manufacturing, mainly in the food processing, beverage and tobacco subsectors. There was a dramatic decline in production in all manufacturing sectors during the period under review. The manufacturing sector contracted in volume terms by 30% between 2007 and 2012; the most affected industries were textiles and apparel, non-metallic mineral products and electronic components, with declines of over 50% in volume terms, while the decline was lower (some 20%) in food, beverages and tobacco.

4.29. Applied tariffs in the manufacturing sector (ISIC classification) range from zero to 184%: the highest tariffs are levied on certain processed meat products. A range of products attract MFN tariff rates of 100% or above, including some pasta products; fruit purees, jams and juices; aerated beverages, as well as beer, stout and shandy. Various firearms are subject to a 70% tariff.

4.30. Manufacturing industries may benefit from a number of general incentive programmes. Since 1994, all companies in the manufacturing, agricultural and fishing sectors have been granted a waiver of customs duties and taxes payable on inputs. Eligible inputs include raw materials, machinery, equipment and spares. They do not, however, include motor vehicles. Since 1 November 2008 all imports of raw materials, packaging and equipment used by registered manufacturers are zero-rated for VAT purposes. Under the Small Business Development Act (1999), tax concessions are granted to approved small businesses including exemption from the payments of import duties and stamp duty on plant and equipment and raw materials for use in their business; exemption from withholding tax on dividends and interest earned on any investments; exemption from the payment of stamp duty on all documents related to the business where registration of the document is required by law; a 20% deduction of corporate tax for actual expenditure incurred in respect of use of technology, and market research.

4.31. The Fiscal Incentives (Amendment) Act (2001) provides a maximum 15-year tax holiday to any manufacturer of an approved product on manufacturing exclusively for export outside of CARICOM; manufacturing approved products containing a specified percentage of local value added; or being highly capital intensive. (see Section 3.3.1). Under the Export Development Allowance a company may deduct from taxable income an additional 50% of its spending in developing export markets outside CARICOM. Manufacturing businesses may also qualify for an investment allowance of 20% on plant machinery which is new or imported into Barbados for the first time. Businesses entitled to the export development allowance may claim a 40% investment allowance instead of the usual initial allowance of 20%. In addition manufacturers are entitled to an allowance of 150% of the expenditure incurred for the purpose of promoting export sales to regions outside of CARICOM or for market research and development.

4.32. The Special Technical Assistance Programme makes provision for approximately BDS\$5 million annually to the manufacturing and services subsectors, with an additional BDS\$1 million for basic industries to assist in performance enhancement.⁴ The programme, administered by the BIDC, seeks to address inherent problems associated with the high costs of production, inappropriate technology and management and production systems and other associated problems, and is intended to assist companies to become globally competitive and improve their level of exports. The BIF, administered by the CFSC, provides equity financing for small- and medium-sized businesses operating in Barbados and engaged in manufacturing, agro-industry, tourism and several services subsectors. The Enterprise Growth Fund Ltd. (EGFL) provides Barbadian companies in the production sector with loan financing, venture capital, and technical assistance through a range of funds (see section 3.3.1). Manufacturers may also benefit from a number of financing and guarantee programmes managed by the Central Bank of Barbados (see section 3.3.1).

4.33. Additionally, assistance to manufacturers is provided under the Industrial Investment and Employment Fund, for industry re-tooling and plant upgrades. Assistance takes the form of loans at preferential interest rates as well as equity financing. The Government also continues to support the implementation of a "Buy Local Campaign" which is managed by the Barbados Manufacturers' Association to encourage the purchase of locally-manufactured goods.

4.34. In addition, the BIDC provides manufacturing companies with technical assistance, factory space in government industrial parks at concessionary rates, and office and production facilities in its Small Business Development Centre. The Small Business Development Centre of BIDC offers an Innovation Support Programme, which provides assistance for the development, intellectual property protection and commercialization of any new product ideas. The BIDC's Incubator Programme is intended for start-up and emerging businesses, and has a maximum duration of three years. Through this programme, which caters for a maximum of 15 companies at a time, operating space and workshops are provided in the Barbados Small Business Centre, as well as business consulting services.⁵

4.35. Despite the number of programmes in place, activity in the manufacturing sector has been considerably affected by the decline in credit availability since the global crisis started. Credit

⁴ The annual outlays are based on projected plans by industry. In recent times these have been under BDS\$5 million.

⁵ Information provided by the authorities and BIDC online information. Viewed at: http://www.bidc.org/index.php?option=com_content&view=article&id=71&Itemid=139.

received by the manufacturing sector, (some BDS\$140 million in 2012), was about one-fourth of the 2008 level. Investment in the manufacturing sector has also fallen dramatically, from BDS\$66 million in 2007, to just BDS\$10 million in the first nine months of 2012.⁶

4.3 Services

4.3.1 Financial services

4.36. The financial services sector, all foreign-owned in Barbados, is well developed. The onshore financial sector comprises six commercial banks, 12 trust and finance companies (Part 3 institutions), 35 credit unions and 23 active insurance companies. The offshore financial sector is large, comprising 45 banks, 228 captive insurers, 12 holding companies and 21 management companies. In addition, there are nearly 4,000 international business companies licensed in Barbados (Table 4.5).

Table 4.5 Barbados' financial system structure, 2008-13

	2008	2009	2010	2011	2012	2013
Number of institutions						
Banks						
Domestic banks (foreign-owned)	6	6	6	7	6	6
Branches	2	1	1	2	2	2
Subsidiaries	4	5	5	5	4	4
Offshore banks	50	50	50	45	44	40
Non-bank financial institutions						
Credit unions	35	35	35	35	35	35
Insurance companies	29		23	23	26	26
Mutual funds	12	15	21	22	23	26
Assets (BDS\$ million)						
Banks	11,500	11,481	10,993	11,535	11,878	12,194
Domestic banks (foreign owned)						
Branches	4,209	2,225	2,290	2,299	2,616	2,723
Subsidiaries	7,291	9,256	8,703	9,236	9,262	9,471
Offshore banks	86,190	77,636	73,781	82,192	90,912	92,437
Non-bank financial institutions						
Part 3 institutions	1,710	1,762	1,818	1,925	1,464	1,590
Credit unions	1,202	1,312	1,366	1,460	1,561	1,639
Insurance companies	1,399		2,480	2,390	3,040	
Offshore insurance	48,965		125,500	133,400	142,600	140,000
Mutual funds (net assets)	782	1,015	1,061	2,213	2,470	2,470
Miscellaneous						
Share of the 3 largest banks (%)	73	70	69	71	71	78

Source: IMF: Barbados Financial System Stability Assessment, January 2014.

4.37. Onshore and offshore commercial banks and trust and finance companies are regulated and supervised by the Central Bank of Barbados (CBB) under the Financial Institutions Act Cap 324 A. However, the Ministry of Finance is responsible for their licensing.

4.38. At the onset of the global financial crisis, Barbados tightened its supervisory provisions. To this end, the Financial Services Commission Act 2010-21 created the Financial Services Commission (FSC). Under the provisions of the Act, the FSC is responsible for regulating, supervising and licensing insurance companies, credit unions, pension funds and securities companies.

⁶ Ministry of Finance and Economic Affairs (2013), *Economic and Social Report*, 2012. The figure refers to BIDD invested companies only.

4.3.1.1 Banking

4.3.1.1.1 Onshore banking

4.39. Under the provisions of the Financial Institutions Act Cap 324-A (FIA), banking licences are issued by the Minister of Finance. Banks may be incorporated locally, including through subsidiaries, or operate as branches of foreign banks. The same capital and reserve requirements apply to both domestic and foreign banks and all banks are allowed to provide the same services. Both domestic and foreign banks are required to seek written approval from the CBB to make any substantial changes in their structure, the organization of their business and in their assigned capital. There are no citizenship or residency requirements for bank directors and there are no specific taxes on financial transactions. The six onshore commercial banks account for about two-thirds of the onshore financial assets. Three of the banks are subsidiaries of Canadian banks, two are from Trinidad and Tobago, while one is from the United States.

4.40. The global financial crisis of 2008 and the subsequent failure of financial institutions in the region had a contagion effect on the financial sector in Barbados. The onshore banking system was particularly hard-hit. The ratio of non-performing loans (NPLs) to total loans rose from 3.5% in 2008 to over 12% in 2013, loan loss provisioning also declined from over 60% in 2008 to approximately 45% in 2013. By far the largest concentration of NPLs is in the hotel and restaurant sector, which is a direct result of the global economic downturn and its impact on the tourism sector in the region. There are also a considerable number of NPLs in the construction and real-estate sector, as well as personal loan defaults. As a result, the banking sector's profitability has declined: pre-tax profit as a percentage of total assets fell from 1.8% in 2008 to 1.1% in 2013. However, Barbados' banks remain well capitalized, with the capital adequacy ratio (CAR) increasing from approximately 16% in 2008 to nearly 19% in 2013, implying that the onshore banking system is stable and resistant to shocks.⁷

4.41. Minimum deposit rates for banks continue to be set by the Central Bank of Barbados. The level set is dependent on several factors including, *inter alia*: liquidity levels in Barbados and the region and the prevailing domestic and international interest rates.

4.3.1.1.2 Offshore banking

4.42. The main law governing the operations of offshore banks is the International Financial Services Act CAP 325 (IFSA). This Act requires all banks to be licensed. Banks may be branches or subsidiaries of foreign banks, or locally incorporated. At least one director must be a citizen of a member state of CARICOM residing in Barbados. Minimum capital requirements and capital adequacy ratios apply equally regardless of the origin of capital. Offshore banks must have a place of business in Barbados.

4.43. All business must be conducted with foreign currency or assets and with non-residents, although offshore banks may accept foreign assets in trust from offshore entities resident in Barbados. Offshore banking activities (international financial services according to the IFSA) entail not only receiving and using foreign funds, but also accepting foreign assets, including foreign currency, securities or property, in trust.

4.44. Offshore banks are exempt from various taxes, including: capital gains taxes and other direct taxes on profits and gains; withholding tax; taxes on dividends, on increases of the value of property, and on other assets; and transfer of securities. The Act states that income tax may be payable on profits ranging on a sliding scale from 2.5% to 1% with higher profits attracting lower tax rates. Offshore banks are not exempt from payment of service or utility charges, which include charges relating to incorporation, registration or licensing. At the Minister's discretion, offshore banks are eligible for customs duty exemptions on equipment or fixtures essential for doing business in Barbados.

4.45. Exchange controls do not apply to offshore banks. There are currently 40 offshore banks registered in Barbados, down from 50 in 2008. The offshore banking sector plays a major role in the Barbadian economy; their assets amount to over US\$43 billion, which is over 1,000% of

⁷ Data provided by the Central Bank of Barbados.

Barbados' GDP. The offshore banking industry is characterized by a high level of concentration, with the four largest banks accounting for 74% of the assets and the 12 largest being responsible for over 90% of assets. The sector remained profitable and the industry's income stood at US\$180 million at 2014. Capital adequacy throughout the sector was satisfactory, with all international banks reporting capital adequacy ratios well above the prudential requirements.

4.3.1.1.3 Legislative changes and policy development

4.46. During the period under review, Barbados improved its legal, regulatory and supervisory framework in line with the recommendations of the 2008 Financial System Assessment Programme (FSAP). The most fundamental change has been the introduction of consolidated risk based supervision. However, many of FSAP's recommendations still need to be implemented. These include, *inter alia*: an increase in onsite examination of all banks, but particularly those offshore banks from countries with a higher risk profile; and a review of loan provisioning guidelines so as to ensure timely write-offs. Furthermore, a review of real-estate values available to offset provisioning requirements should be conducted in light of current market conditions to determine the net realizable value of the collateral. Upcoming amendments to the FIA will address some of the necessary enhancements and will include, *inter alia*, provisions to give CBB Guidelines the force of law and broadening of the scope of the CBB's supervisory powers to impose specific target capital ratios and administrative penalties for non-compliance with the FIA and regulatory requirements. The CBB Intervention Policy Guideline issued in 2012 outlines the CBB's discretionary intervention powers to address areas of weakness in banks or their non-compliance with applicable laws and regulations.

4.47. Additionally, the CBB has continued to enhance its regulatory framework in response to emerging international standards and best practices and to collaborate with other domestic regulators and stakeholders on various national issues, including the Global Forum on Transparency and Exchange of Information for Tax Purposes Peer Review, and the Financial Action Task Force. The CBB also maintains close working relationships with other local, regional and international regulatory bodies, and continues to contribute to the regional financial stability project being undertaken by CARICOM.

4.48. The CBB has continued with the implementation of Basel II/III. At end-March 2014, the CBB implemented the Market Risk Amendment (MRA) to the Basel I Framework as part of Phase 2 of its Basel II Implementation Roadmap. Licensees are now required to report a capital adequacy ratio (CAR) inclusive of a market risk capital charge calculated under the Standardised Approach.⁸ Pillar 2 (supervisory review) was also advanced with the development and update of the Corporate Governance Guideline in 2013.⁹ The Guideline sets out the Bank's expectations in relation to the minimum standards for corporate governance practices by all licensees and forms an integral part in assessing the effectiveness of corporate governance practices. The Anti-Money Laundering/Combating Terrorist Financing Guideline was also updated in October 2013 to reflect a series of developments with the FATF Recommendations, Guidance and Best Practice papers.

4.49. The Framework for Licensing of Financial Institutions which sets out the Bank's criteria for licensing entities under the FIA and IFSA, the licensing process and the customary documentation to be provided by clients was also issued in 2013.

4.50. The authorities conducted a FSAP assessment for 2013, which covered the assessment of the banking, insurance and credit unions sectors. The 2013 FSAP focused on assessing regulatory compliance with international standards, gaining an understanding of systemic issues and assessing the resilience of the entire financial system to withstand internal and external factors. The Financial System Stability Assessment Report was published in February 2014.

⁸ The Basel Accord allows banks a choice between two broad methodologies for calculating their capital requirements for credit risk: the standardized approach and internal ratings. Under the Basel II capital adequacy rules, the standardized approach requires banks to use ratings from External Credit Rating Agencies to quantify required capital for credit risk.

⁹ The second pillar of Basel II, supervisory review, aims at giving regulators better tools for supervision, and provides a framework for dealing with systemic, pension, concentration, strategic, reputational, and legal risks, which the Accord combines under the title of residual risk. Banks must review their risk management system through an Internal Capital Adequacy Assessment Process (ICAAP).

4.3.1.2 Insurance

4.51. Both the onshore and offshore insurance sectors are regulated under the Financial Services Commission Act of 2010-12 (FSC Act). In addition, the Insurance Act Cap 310 and the Exempt Insurance Act 308 A also apply. The Financial Services Commission (FSC), established in 2011 under the provisions of the FSC Act, is responsible for the regulation, supervision and licensing of onshore and offshore insurance companies.

4.52. The FSC is mandated, *inter alia*, to: license, supervise and regulate non-bank financial institutions; establish standards for institutional strengthening, control and management of risk in the financial services sector; protect customers, creditors and the public; issue guidelines in accordance with the FSC Act; and advise the Minister of Finance in matters relating to the FSC Act.

4.53. The FSC has the power to conduct onsite investigations. The regulator may also investigate and take enforcement actions which include revocation or cancellation of licences. It also has the power to reorganize or close down firms under its jurisdiction.

4.3.1.2.1 Onshore insurance

4.54. The onshore insurance sector comprises 23 insurance companies, six of these providing life and related health coverage, 16 providing general insurance services and one providing both. The life insurance sector is dominated by a single company which accounts for 83% of the total assets of the life insurance industry.

4.55. The collapse of CLICO, a regional insurance group based in Trinidad and Tobago with a subsidiary in Barbados (CLICO International Life), had an adverse impact on the insurance sector in Barbados, with the amount of life insurance premiums declining during the review period. As at December 2013, gross premiums for the industry (both general and life insurance) totalled BDS\$655 million. Nearly BDS\$280 million of reinsurance was ceded by insurance companies in 2013.

4.56. The collapse of the CL Financial Group resulted in a liquidity shortage for its Barbadian subsidiary CIL. In April 2009, the CBB provided liquidity support to CIL and in April 2011 under the provisions of the Insurance Act, the Supreme Court of Barbados appointed a judicial manager to oversee its affairs. Subsequently, the judicial manager provided a restructuring plan for CIL with recommendations. The resulting options proposed by the judicial manager are: (i) corporate holders of Executive Flexible Premium Annuities (EFPA) would get the full value of their policies in the form of equity in a new company, while individual and quasi-government holders would receive the full value of their policies in the form of annuities at a total financing cost of US\$76 million; (ii) corporate and quasi-government EFPA holders would receive the full value of their policies in shares in a new company, while individual holders would be refunded the full value of their policies in the form of annuities, at a total cost of US\$52 million; (iii) corporate EFPA holders would get the full value of their policies in equity in a new company, while individual and quasi-government holders would receive annuities for their principal balances and shares for the interest accrued on their policies, at a total cost of US\$47 million; and (iv) corporate and quasi-government EFPA holders would receive the full value of their policies in shares in a new company, while individual holders would be refunded the full value of their principal in the form of annuities and the accrued interest in shares, at a total cost of US\$28 million.

4.57. As at September 2014, the matter still appeared to be unresolved, despite the fact that the Government had indicated a December 2012 timeline for the resolution of the CLICO issue. On 26 June 2012, the Minister of Finance, in his presentation of the 2012/2013 Budget, proposed a solution for CLICO that entailed Barbadian policyholders and investors receiving BDS\$25,000 in cash, while 70% of their principal balance above this amount would be converted into a long-term annuity. No further details regarding CLICO were made available for this review as the matter continues to be under judicial management.

4.3.1.2.2 Offshore insurance

4.58. The offshore insurance subsector is regulated by the Exempt Insurance Act, Cap. 308-A and the Exempt Insurance (Amendment) Act 2012-4. Under the Exempt Insurance Act, "exempt

insurance" is the business of insuring risks located outside Barbados in respect of which premiums originate outside Barbados, and includes the business of an underwriter, broker, agent, dealer or salesman in respect of that business. To be licensed under this Act, a company must have a minimum paid-up capital of BDS\$250,000 or, in the case of an approved mutual insurance company, minimum contributed reserves of BDS\$250,000. When a licensee begins engaging in exempt insurance business, it must maintain a registered office in Barbados. The profits and gains of a licensee derived from exempt insurance business conducted in Barbados are subject to income tax at a rate of zero for the first 15 financial years of the licensee; thereafter income up to BDS\$250,000 is taxed. The Exempt Insurance (Amendment) Act 2012-4 amended the Exempt Insurance Act to increase the rate at which taxable income is taxed after the first 15 financial years from 2% to 8%. Income in excess of BDS\$250,000 is not taxed.

4.59. Currently there are over 200 captive insurers which provide insurance and re-insurance for the risks of their owners, subsidiaries, and affiliates, and 33 others, including 12 holding companies and two management companies. These companies usually take the form of exempt insurance companies (EICs), licensed under the Exempt Insurance Act, in the business of insuring risks located outside Barbados, and with the respective premiums originating outside Barbados.

4.3.1.3 Credit Unions

4.60. Credit Unions are also regulated, supervised and licensed under the FSA Act 2010-21. In addition, the Cooperative Societies Act Cap. 378 A and the Cooperative Societies Regulations 2008 are also applicable.

4.61. Credit Unions play a significant role in the Barbadian economy. Despite accounting for a small share of onshore financial sector's assets, three-fourths of the economically active population are members of credit unions. The sector consists of 35 firms, but the sector is also very concentrated, with the two largest credit unions accounting for approximately 75% of the sector's assets, loans and members.

4.62. Credit Unions are relatively well-capitalized, with the average CAR being in excess of 11%, above the 10% benchmark set by the Act. On the other hand, with prudential norms being less strict than for banks, loan classifications and provisioning tend to be less stringent than in the banking sector. NPLs as a proportion of total loans increased from about 5% in 2008 to over 8% in 2013, while provision for such loans increased from about 2% to over 3% over the same period.

4.63. The authorities took note of the above shortcomings and are in the process of issuing guidelines regarding loan loss provisioning. The guidelines have been agreed and are now being published. Furthermore, under the FSC Act, the FSC has the power to carry-out onsite surveillance and reorganize and/or take over the management and operations of a credit union.

4.3.1.4 Securities

4.64. Barbados has a small securities market, one of four in the Caribbean. The Barbados Stock Exchange (BSE), headquartered in Bridgetown, was established in 1987 as a statutory body under Section 44 of the Securities Exchange Act (1982) Cap 318A. Currently, securities are governed by the Securities Act 2001-3, which repealed the previous act and modified the BSE's name to its current denomination, from the original Securities Exchange of Barbados (SEB).

4.65. The BSE is a privately-owned, not-for-profit institution operating fully electronic trading using the order-routing method. The Securities Act also established the Securities Commission, which in April 2011 was subsumed by the current regulator, the Financial Services Commission (FSC). Although the BSE and its wholly-owned subsidiary, the Barbados Central Securities Depository Inc. (BCSDI), are designated as Self-Regulatory Organizations (SROs) under the Securities Act 2001-13, they are still regulated by the FSC.¹⁰

4.66. The BSE is administered through a Board of Directors and a General Manager. The Board consists of four designated members, four elected members and an independent. The four designated members represent the Central Bank of Barbados, the Bar Association, the Barbados

¹⁰ Barbados Stock Exchange online information. Viewed at: <http://www.bse.com.bb/about-us/about-us>.

Chamber of Commerce and Industry and the Institute of Bankers. The elected members are chosen from Membership of the Stock Exchange.¹¹ The Board of Directors sets by-laws and rules to regulate the BSE, including standards and codes of conduct to which members must adhere. The BSE is a secondary market for the trading of shares. Companies do not sell their shares directly to the public; only Registered Brokers, representing members of the BSE, are allowed to trade securities on the Exchange.¹² Securities traded include ordinary shares; preferred shares; Government debentures; and Government Treasury Notes.

4.67. For listing purposes, companies are divided in the BSE into two markets: the Regular Market and the Junior Market. The Regular Market is the BSE's main market; companies applying for listing of their securities must be able to show evidence of successful operation and, at a minimum, must: (i) have gross assets of not less than BDS\$5 million; (ii) have three years of audited financial statement, or, in the case of a new company, provide three years projections; (iii) provide evidence of competent management; and (iv) be incorporated under the Laws of Barbados or another jurisdiction approved by the Exchange.

4.68. The Junior Market, which began operations in October 1999, caters to smaller or newer public companies which may not meet all the necessary requirements for listing in the Regular Market. The requirements for listing in the Junior Market of the BSE are: (i) gross assets of not less than BDS\$500,000; (ii) a minimum equity capital of BDS\$200,000; (iii) subordinated loan capital of not more than 25% of its equity capital; (iv) at least 25 public shareholders holding not less than 25% of the issuer's outstanding total equity capital; (v) be introduced in the market and have continued sponsorship by a Member of the Exchange; (vi) provide evidence of competent management; and (vii) be incorporated under the laws of Barbados or another jurisdiction approved by the Exchange.

4.69. The Barbados Central Securities Depository Inc. (BCSDI) is a limited-liability company incorporated in October 1998 that facilitates the holding of securities, the clearance of trades and settlement of funds through the CBB and acts as Registrar of public and listed companies as well as mutual funds. A book entry system through which the BCSDI registers the stock in the name of the beneficial owner facilitates the electronic change of ownership of securities, without the need for the movement of physical documents.

4.70. As at October 2014, there were 24 companies listed in the BSE. Of these, 20 were listed as regular companies, and four as junior companies.¹³ Six companies (four junior and two regular)

¹¹ There are 17 members of the BSE: Brentwood Securities Incorporated; Barbados Institute of Banking and Finance; Barbados Chamber of Commerce & Industry; Republic Finance & Trust (Barbados) Corporation; Caribbean Financial Services Corporation; Central Bank of Barbados; Ernst & Young Services; KPMG; First Citizens Bank (Barbados) Limited; Millennium Heritage Incorporated; Sir Trevor Carmichael, KA, LVO, QC.; Capita Financial Services Incorporated; Fortress Fund Managers Limited; Royal Fidelity Capital Markets (Barbados) Limited; Sagicor Asset Management Incorporated; Signia Financial Group; and First Citizens Investment Services (Barbados) Limited.

¹² There are eight Registered Brokers: Republic Finance and Trust (Barbados) Corporation; Caribbean Financial Services Corporation; First Citizens Investment Services Ltd.; Capita Financial Services Ltd.; FirstCaribbean International Trust & Merchant Bank (Barbados) Ltd.; Royal Fidelity Merchant Bank & Trust (Barbados) Ltd.; Sagicor Asset Management Inc.; and Signia Financial Group Inc. There is also a non-settling broker, Fortress Fund Managers Ltd.

¹³ The companies listed in October 2013 were: Almond Resorts Incorporated (local company, listed in August 1996); Bico Limited (local, listed in June 1987); Banks Holdings Limited (BHL, local, listed in June 1987); Barbados Dairy Industries Limited (BDI, local, listed in November 1987); Barbados Farms Limited (BFLI, local, listed in July 1994); Cable & Wireless Barbados Limited (local, listed in April 2002); Cave Shepherd and Company Limited (CSP, local, listed in June 1987); FirstCaribbean International Bank (FCI, local, listed in October 2002); Goddard Enterprises Limited (GEL, local, listed in June 1987); Insurance Corporation of Barbados Limited (ICBL, local, listed in November 2001); Jamaica Money Market Brokers Limited (JMMB, cross-listed company, listed in November 2005); Light and Power Holding Limited (LPH, local, listed in August 1987); Neal and Massy Holdings Limited (NML, cross-listed company, listed in December 1999); One Caribbean Media Limited (OCM, cross-listed company, listed in November 2006); West India Biscuit Company Limited (WIB, local, listed in August 1987); Trinidad Cement Limited (TCL cross-listed company, listed in November 1998); The West Indies Rum Distilleries Limited (WIR, local, listed in June 1987); Sagicor Financial Corporation (SFC, local, listed in February 2002); Royal Fidelity TIGRS A Fund (RFTA, junior company, listed in June 2010); Royal Fidelity TIGRS A1 Fund (RFTA1, junior, listed in June 2010); Royal Fidelity TIGRS A2 Fund (RFTA2, junior, listed in September 2012); Royal Fidelity TIGRS A3 Fund (RFTA3, junior, listed in September 2012); Fortress Caribbean Property Fund - Value Fund (CPFV, local, listed in October 2013); and Fortress Caribbean Property Fund - Development Fund (CPFD, local, listed in October 2013).

were newly-listed during the review period. Of the companies listed, 20 were locally-registered, and four were cross-listed foreign companies, mostly from the region. There were also 13 mutual funds.¹⁴

4.71. The BSE has set up provisions to prevent excessive volatility in the market. According to BSE regulations, and effective October 2012, the market price of a security listed on the board of the BSE will only change if a quantity of shares traded in a single trade is greater than or equal to a threshold amount volume limit set for each share by the BSE. Market capitalization at end-October 2014 was BDS\$8.2 billion, or some 95% of GDP. Of these, BDS\$5.86 billion corresponded to local companies, and BDS\$2.85 billion to the four cross-listed companies.

4.3.2 Telecommunications

4.3.2.1 Market structure

4.72. The telecommunications sector in Barbados was fully liberalized in 2005. In 2011, fixed-line penetration was approximately 53%, significantly higher than in 2008 (33%). According to the latest data made available to the secretariat, penetration in the cellular telephony sector was over 108% in 2011, compared with approximately 100% in 2008.

4.73. There are four companies providing fixed-line services in Barbados. However, Cable and Wireless (Barbados), Ltd. continues to be the dominant provider of fixed-line services.

4.74. Four companies, Cable and Wireless (LIME), Sunbeach, Digicel and Columbus have licences to provide cellular services, but only two are active in the market. In October 2014, Digicel post-paid rates were BDS\$49.95 per month including 100 minutes of calls, 100 free texts and 1GB of data. LIME post-paid rates were BDS\$49.99 per month including 150 minutes of calls, 150 free texts and 250 MB of data. Four companies are licensed to provide international telephony: LIME, Digicel, Columbus and ACE Communications. Two companies, LIME and Sunbeach, offer fibre, ADSL, and dial-up internet services. Columbus offers fibre and WiMax internet services.

4.75. Carrier licences are granted for the ownership and operation of telecommunications networks, with service provider licences being granted for the provision of telecommunications services. As at October 2014, 19 carrier licences had been granted to seven licensees (companies) and 17 licences were in service. In addition, 23 service-provider licences had been granted to six licensees (companies); 17 licences were in service.

4.76. Barbados has adopted the WTO Basic Telecommunication Agreement without any exceptions.¹⁵

4.3.2.2 Legal framework

4.77. The telecommunications sector in Barbados continues to be governed under the Telecommunications Act CAP. 282B. The Minister of Finance, Economic Affairs and Energy is responsible for policy formulation, while a Telecoms Unit within the Ministry has the responsibility for regulating the telecommunications industry in Barbados; the Fair Trading Commission (FTC) has authority to regulate tariff rates and address consumer protection and unfair trading.

4.78. In order to own or operate telecommunications networks and provide telecommunications services a licence must be obtained. Licences are granted at the discretion of the Minister, on the advice of the Chief Telecommunications Officer, may have conditions attached, and are renewable. Conditions may include: interconnection obligations; universal service requirements; licence limitations; and network build-out requirements. Application fees and annual fees for licensees differ significantly depending on the type of licence granted. The Minister has the authority to modify licences without the consent of the licensee, where he is of the view that the modification is necessary for reasons of public interest. There are no legislative restrictions on foreign investment

¹⁴ Republic Capital Growth Fund; Republic Income Fund; Republic Property Fund; Clico Balanced Fund Inc.; Fortress Caribbean Growth Fund; Fortress High Interest Fund - Acc.; Fortress High Interest Fund - Dist.; Royal Fidelity Select Balanced Fund; Royal Fidelity Strategic Growth Fund; Royal Fidelity Premium Income Fund; Sagicor Global Balanced Fund; Sagicor Select Growth Fund; Sagicor Preferred Income Fund.

¹⁵ WTO document GATS/SC/9/Suppl. 1 24 February 1998.

in the sector; however, in some instances local investment of at least 25% of the telecommunications company is encouraged.

4.79. Barbados' telecommunications legislation provided for a Universal Service Fund to facilitate and fund fixed-line private residential access; fixed-line public payphones; emergency and directory services; and special services for the disabled or elderly. Contributions to the Universal Service Fund would be collected from all carriers and service providers through the Access Deficit Charge, to be paid to the designated universal service carrier for initiating and terminating calls. The authorities indicated that the framework for universal access is in place but has never been used and no money has been collected as, in practice, there is universal access in Barbados.

4.80. A price cap plan was introduced on 1 April 2005, and a second such plan was issued in 2008. The price cap plan was to be reviewed again in 2012. It applies to domestic and international fixed-line services provided by Cable and Wireless, Ltd., which has been identified as the incumbent operator with market power. A flat rate in place for fixed-line local calls allows residential and business users unlimited local calls for any duration of time.

4.81. Under the provisions of the Telecommunications Act (2001) and the 2003 Interconnection Policy, interconnection must be provided when requested by other carriers in a transparent and non-discriminatory manner and in a timely fashion. Interconnection rates must be cost-based and network components sufficiently unbundled so that the interconnecting operator does not pay for facilities it does not need. Interconnection agreements can be reached either on the basis of a commercial negotiation between carriers or under the terms of a Reference Interconnection Offer (RIO), which must have been filed by the dominant carrier with the FTC and approved by the latter. All interconnection agreements must be approved by the FTC. In April 2003, Cable and Wireless (Barbados) Ltd. was declared the dominant carrier for fixed-line services. RIOs were put in place for mobile and domestic fixed wireless services. However, growth in the sector necessitated that there be one RIO with terms and conditions governing the interconnection to all telecommunications service providers. As a result the FTC issued a decision on the Cable & Wireless Consolidated RIO in 2010.

4.82. In the event of a pre-contract interconnection dispute between the parties, the FTC may determine interconnection terms and conditions which must take into account interconnection principles as well as other specific issues laid out in the Interconnection Policy. The FTC is also responsible for resolving disputes referred to it under the terms of an interconnection agreement. Interconnection dispute resolution procedures were issued by the FTC in 2003.

4.83. Two policies have been operationalized to promote competition with respect to international calls: the Two-Stage Dialling Policy and the Equal/Indirect Access Policy. The latter gives consumers the ability to pre-select their international service provider or to select any international service provider on a call-by-call basis. However, this has become redundant with the advent of voice-over internet telephony.

4.84. The Commission also introduced standards of service regulation, the first Standards of Service Decision being issued in 2006 and the second in 2010 with a three-year duration. Standards of Service were implemented to ensure that Cable & Wireless service quality did not deteriorate as a result of the introduction of price cap regulation and competition in the market. Guaranteed Standards designated target parameters for each standard (including fault repair and installation) and breaches of these parameters resulted in compensation to customers. Overall standards were designed to set a target for the overall performance of the company.

4.85. No telecommunications-specific taxes are levied by the Government. Telecommunications providers are entitled to import all telecommunications equipment duty-free, as long as it is for their exclusive use.

4.3.3 Tourism

4.86. The tourism sector is of vital importance to the economy of Barbados, the sector and related activities contributing over 50% of GDP. It is the main driver of economic growth, the largest recipient of foreign investment, and the most significant foreign exchange earner.

4.87. As the global financial crisis in 2008 resulted in a significant economic downturn in the source markets (the United States, Canada and Europe), total visitors declined from nearly 1.2 million in 2007 to approximately 1.1 million in 2013 (Table 4.6). Stay-overs declined to some 536,000 in 2012. Furthermore total expenditure by stay-over tourists declined from US\$1.14 billion in 2008 to US\$713 million in 2013.

Table 4.6 Tourist arrivals, 2007-13

Year	U.S.	Canada	U.K.	Europe	Caribbean	Other	Air	Cruise ship	Total
2007	133,519	52,981	223,575	27,058	99,383	36,421	572,937	616,354	1,189,291
2008	131,795	57,335	219,953	31,825	100,639	26,120	567,667	597,523	1,165,190
2009	122,306	63,751	190,632	30,072	88,771	23,032	518,564	635,212	1,153,776
2010	134,969	72,351	181,054	31,222	86,182	26,402	532,180	664,747	1,196,927
2011	142,414	71,953	189,150	35,859	100,974	27,374	567,724	609,844	1,177,568
2012 (P)	130,762	72,020	173,519	37,119	96,487	26,396	536,303	517,436	1,053,739
2013 (P)	120,584	67,295	168,733	41,065	87,295	23,548	508,520	570,263	1,078,783

Source: Information provided by the authorities.

4.88. The Government's vision is to "develop a sustainable, people-centred, high-yield, and innovative tourism industry". The Government considers that "sustainability depends, to a large extent, on engaging the community. As such, for tourism to be truly sustainable, it must put the Barbadian people at the epicentre of the industry's development. The scope of tourism must be broadened to include a wider cross-section of the Barbadian society. The growth of the tourism sector must effect significant economic transformation and empowerment, with the ultimate goal of all Barbadians having a significant stake in the industry".

4.89. To achieve its vision, the Government prepared a white paper as a precursor to the Tourism Master Plan, which was submitted to the cabinet for approval and is expected to be published in the public domain before the end of the year. The white paper identified the shortcomings of the industry in Barbados and highlighted changes that need to be made. These included: developing a green economy which will result in a more sustainable, responsible and competitive tourism industry; creating new, exciting and authentic niche products and attractions that appeal to the demands and expectations of the new tourist; creating an enabling environment to attract new foreign and domestic investment; developing a professional, well-trained and knowledgeable workforce; developing a world-class product based on a culture of operational and service excellence; developing stronger linkages with key sectors; improving infrastructure; enhancing research and trend analysis capacity; developing a crisis-resilient industry through, *inter alia*, the diversification of source markets; developing strategic, targeted and creative marketing and promotional strategies and initiatives; and improving the integration between tourism, the environment and the community.

4.90. Responsibility for policy formulation in the sector lies with the Ministry of Tourism. Attracting and facilitating foreign investment in the sector is the responsibility of Barbados Tourism Investment Inc. (BTI). Following the restructuring of the Barbados Tourism Authority, two new entities were created: Barbados Tourism Marketing Inc. (BTMI) and Barbados Tourism Product Authority (BTPA). The BTMI is responsible for tourism promotion and marketing and market intelligence, as well as for product development and for registering, licensing and classifying tourist accommodation and restaurants.

4.91. The main legislation governing the sector is the Tourism Development Act Cap. 341 and the Special Development Areas Act. Under the provisions of these Acts, the Government offers a number of tax incentives to the tourism industry (see also section 3.3.1).

4.92. The Tourism Development Act Cap 341 was amended in 2002 to increase the scope of the application of tax incentives to also include restaurants, recreational facilities, tourism-related services, cultural and natural sites, and any other tourism project. These tax incentives included customs duty exemptions for the import of building materials and a range of furniture and fixtures. The Tourism Development Order 2013 extended the range of items eligible for duty-free

concessions for tourism projects or products. These items are listed in the second schedule to the Act.

4.93. In 2013, the Government signed two memoranda of understanding with Sandals Resorts International for the development of two Sandals properties in Barbados, thereby providing them with certain concessions. Most of these concessions are expected to be granted across the industry shortly. In October 2014, the Tourism Development (Amendment) Act 2014 was enacted widening the original Act's application to provide for entities other than traditional tourism entities to be declared a tourism project or product. It allows owners or operators of a hotel to be granted duty-free concessions for items or supplies not specified in the second schedule of the Act if they are required for the exclusive use of a tourism product or project. The amended Act allows hotels with a restaurant on the premises to enjoy duty-free importation of stores of food and beverages (alcoholic and non-alcoholic).

4.94. Income tax concessions and exemptions from import duties, VAT and the environmental levy are also available to owners or operators of tourism products. In addition, investors (including persons providing loans) are eligible for an investment tax credit to be offset against tax payable. The Minister of Finance retains the right to approve or refuse applications for tax concessions, and accordingly applications are vetted on the basis of a determination as to whether the tourism project is practical and would assist with the development of tourism in Barbados. The terms and conditions attached to tax concessions do not include requirements to employ Barbadian nationals. However, to employ foreign nationals, the employer must prove that the required skill is not available in Barbados.

4.95. Under the Special Development Areas Act, developers involved in constructing, renovating or refurbishing buildings related to certain tourism activities in specific areas of the country are eligible for exemption from certain taxes. Tax exemptions relate to the payment of import duties, the environmental levy and VAT on inputs for building works. Investors making loans for such projects are also exempt from income tax on the interest received.

4.96. The Enterprise Growth Fund Limited provides funding for certain small-scale tourism projects through the Small Hotels Investment Fund (SHIF), and the Tourism Loan Fund. Through the SHIF, the Small Hotels of Barbados Inc. and its members may apply for loans to assist with marketing, management, procurement of joint services and refurbishment. The repayment period is 12 years inclusive of a five-year moratorium on interest and principal payments at a 5% interest rate. Since inception BDS\$40 million has been provided by the Government (one-quarter of the initial funding for the SHIF). Loans are provided for refurbishing and upgrading hotels of 200 rooms or less and facilities for historical, cultural, and natural heritage attractions through the Tourism Loan Fund with an interest rate of 7.5%. The Government set up this fund with an initial contribution of BDS\$30 million (US\$15 million) and confirm that funding is available equally to citizens, residents, and foreigners.

4.3.4 Transport

4.3.4.1 Air transport

4.97. In 2013, passenger traffic was nearly 1.9 million and total cargo and mail amounted to approximately 22 million tonnes. Grantley Adams International Airport is the only international airport in Barbados and serves as one of the main regional hubs.

4.98. During the period under review, Grantley Adams International Airport has been undergoing a major expansion and renovation. However, the airport does not meet the International Civil Aviation Organization's category 1 status. Thus airlines based at the airport cannot fly into the United States. This restriction has negative implications for the economy of Barbados particularly the tourism industry.

4.99. The airport is owned by the Government while Grantley Adams International Airport Inc. (GAIA Inc.) has responsibility for managing and maintaining it. GAIA is a government-owned limited-liability company with a board of directors. The airport land is leased by the Government to GAIA Inc. At the time of the last review, partial privatization of the airport was envisaged, with the Government maintaining a controlling interest.

4.100. Private companies are allowed to provide ground-handling services with five private companies currently providing such services. Under the provisions of certain bilateral air services agreements self-handling by airlines is permitted.

4.101. The Ministry of International Transport is responsible for air traffic control. The Civil Aviation Department, which is part of the Ministry of International Transport, has a regulatory role. Air transport activity in Barbados is primarily governed by the Civil Aviation Act 2004-18 as amended by the Civil Aviation (Amendment) Act 2007-38; and the Airport Act Cap. 285A and regulations made thereunder.

4.102. Barbados does not have a national airline, but the Government has a 49.04% share in the only regional scheduled airline, LIAT. Barbados-registered airlines must be majority-owned by Barbadian nationals and/or CARICOM nationals or a company based in Barbados. Scheduled airlines operating into Barbados must obtain a licence (in accordance with the Civil Aviation (Licensing of Air Services) Regulations 2007) from the Air Transport Licensing Authority, a statutory body established under the Civil Aviation Act. Airlines wishing to operate charter services must obtain a permit from the Minister responsible pursuant to the same regulations.

4.103. Barbados 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. Fifth freedoms are exchanged on a bilateral basis, and day tour regimes may also be negotiated. Article 9 allows for bilateral discussions to take place among Members with regard to air taxi operations, while Article 8 stipulates that a Member State shall not be required to grant cabotage rights to a CARICOM air carrier of another Member State. At the time of the last review CARICOM MASA was being reviewed with a view to replacing it with an agreement that conforms to the provisions of the Revised Treaty of Chaguaramas. Discussions in this respect are still ongoing.

4.104. The Air Transport Agreement among Member States and associate members of the Association of Caribbean States has been signed and ratified by Barbados. The Agreement came into force in September 2008. Furthermore, pursuant to a CARICOM level policy decision, a first round of negotiations towards a plurilateral air service agreement with the United States was held in August 2004 at which a draft air services agreement text was initiated. However, a U.S.-Barbados openskies agreement is being applied administratively.

4.105. Barbados has bilateral air services agreements with Brazil, Belgium, Canada, Chile, Cuba, Denmark, Luxembourg, the Netherlands, Nigeria, Norway, Singapore, Suriname, Sweden, Switzerland, the United Arab Emirates, the United Kingdom, and the United States, and an interim agreement with Germany. Revised agreements with the United Kingdom and Canada have been initialled and are applied provisionally. Memoranda of understanding (MOUs) govern air services between Barbados and Aruba, Jamaica, St. Lucia, St Vincent and the Grenadines and Venezuela. Barbados MOUs with St. Lucia and St. Vincent and the Grenadines also include air taxi services. In July 2010, Barbados signed air services agreements with Hong Kong, China; Iceland; India; and Kuwait. An agreement with Panama was also initialled in 2011. These initialled agreements are all being administratively applied.

4.106. Barbados has not scheduled any GATS-specific commitments on air transport activities listed in the GATS Air Transport Annex: computer reservation systems (CRS), selling and marketing of transport services, and aircraft repair and maintenance services. However, in practice, there are no restrictions on the provision of these services in Barbados.

4.3.4.2 Maritime transport

4.107. The maritime sector in Barbados is governed by the Shipping Act, Cap. 296 (as amended); the Shipping Regulations, 1994; the Shipping (oil pollution) Act, Cap. 296A; the Shipping Corporations Act; and the Shipping Corporations Regulations, 1997.

4.108. Under the provisions of the Shipping Incentives Act Cap. 90A (as amended by the Shipping (Incentives) (Amendment) Act 2005-5), approved shipping companies involved in the operation or leasing of ships for carriage of passengers or cargo, commercial shipping and boating in the tourist industry, the leasing of ships or in shipbuilding, including the reconstruction, alteration, refitting,

equipping, maintenance or repair of ships, may receive a number of tax benefits. These benefits include: duty-free importation of ships or of any articles to be used in the repair and reconstruction of ships, and exemption from tax on dividends and interest.

4.109. In accordance with Barbados' legislation, an approved shipping company is any company that is engaged in shipping activities, or that is wholly-owned by the Crown or in which the Government has a majority interest.¹⁶ The purpose of the Shipping Incentives Act was to encourage the development of a shipping industry in Barbados and an indigenous industry for ship repairs.

4.110. The Barbados Maritime Ships' Registry (BMSR) deals with all foreign-going ships and all coastal and Caribbean ships over 150 tonnes. There are no restrictions on the ownership of vessels. Vessels over 20 years of age on initial registration may be accepted by the Principal Registrar, providing they meet the requirements of Conventions to which Barbados is party. Ships registered with BMSR benefit from a liberal tax regime. Shipping companies incorporated outside of Barbados may operate Barbados-registered ships; the ship's earnings are not subject to taxes in Barbados and there is no requirement for foreign companies owning Barbados-registered ships to be incorporated in Barbados. Companies not incorporated in Barbados that operate Barbados-registered ships are also not liable for any Barbados tax. Currently there are 160 vessels registered under the Barbados flag and a further 1,097 vessels registered locally.

4.111. Bridgetown Harbour, Barbados' only port, is owned by the Government; sole responsibility for providing port services rests with Barbados Port Inc., also government owned. Certain services are provided by the private sector on behalf of BPI; these include: depot services, maritime agency services, maritime freight-forwarding services, stevedoring, and maintenance and repair of vessels. The authorities indicate that approximately 22 containers are unloaded per hour at Bridgetown Harbour.

4.112. Barbados did not take any GATS commitments on maritime transport but indicate that, in practice, there are no restrictions on the international transport of freight and passengers.

4.3.5 Other offshore services

4.113. As at end-2012, and despite the effects of the global financial crisis, a total of 4,024 international (offshore) companies were licensed to conduct business from Barbados, compared to 3,334 at end 2007. In 2012, the international business sector recorded revenue of BDS\$5.5 million from renewals, new licences, penalties, reinstatements and certified copies of entities regulated by the International Business Division; this is 70.3% higher than the previous year.

4.114. Specific legislation applies to each of the various types of offshore company. International Business Companies are governed by the International Business Companies Act, Cap. 77. Exempt (offshore) insurance companies and offshore banks are governed by the Exempt Insurance Act 308A and the International Financial Services Act of 2002, respectively (see section (iii) above). Societies with restricted liability are governed by the Societies with Restricted Liability Act.¹⁷

4.115. The International Business Companies Act, Cap. 77 regulates international business companies carrying out the business of international manufacturing or international trade and commerce from within Barbados. IBCs benefit from a number of tax benefits, including a lower rate of corporate income tax; of between 2% to 0.25%, with lower rates applying to higher levels of profit; tax concessions for employment of non-resident specially qualified individuals; tax exemption for dividends and other payments, as well as withholding tax; and tax exemptions for the specified transfer of assets. IBCs are not subject to exchange controls. Imports of machinery and equipment are also exempt from certain taxes and duties.

¹⁶ An approved shipping company is defined as per section 3 of the Shipping Incentives Act Cap. 90A.

¹⁷ Societies with Restricted Liability Act. Viewed at:
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5 APPENDIX TABLES

Table A1.1 Merchandise exports and re-exports by groups of products, 2007-13

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012	2013
Total	314	454	323	314	508	566	467
	(% of total exports and re-exports)						
Total primary products	53.8	51.1	34.4	30.0	58.4	51.7	54.5
Agriculture	29.4	24.4	29.8	29.2	18.2	21.5	21.3
Food	29.1	24.3	29.6	28.9	18.0	21.2	21.1
1124 Spirits	11.6	8.7	11.1	14.0	8.3	11.2	10.5
0910 Margarine, etc.	2.5	2.2	2.9	3.0	1.9	1.8	2.2
0484 Bread, baked goods	2.1	1.7	2.3	2.3	1.7	1.7	2.0
0611 Sugars, beet/cane, raw, solid, no added flavour/colour	6.0	5.0	5.6	3.1	2.1	2.0	1.7
0461 Flour of wheat or of meslin	0.7	0.7	0.6	0.7	0.5	0.6	0.8
4211 Soya bean oil, fractions	1.1	1.3	1.3	0.7	0.6	0.6	0.5
0599 Juices, other than citrus	0.0	0.0	0.0	0.0	0.3	0.4	0.5
Agricultural raw material	0.3	0.1	0.2	0.4	0.2	0.2	0.3
2631 Cotton (other than linters), not carded or combed	0.0	0.0	0.0	0.2	0.1	0.1	0.1
2511 Waste and scrap of paper or paperboard	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Mining	24.4	26.7	4.7	0.8	40.2	30.3	33.2
Ores and other minerals	2.4	1.5	0.9	0.8	0.5	0.4	0.5
2732 Gypsum, plasters, limestone, etc. for lime/cement	0.1	0.2	0.0	0.2	0.0	0.1	0.2
2822 Waste and scrap of alloy steel	0.1	0.1	0.1	0.1	0.1	0.1	0.2
2821 Waste and scrap of cast iron	0.6	0.5	0.2	0.0	0.0	0.1	0.1
Non-ferrous metals	0.0	0.1	0.2	0.0	0.0	0.0	0.0
Fuels	21.9	25.1	3.5	0.0	39.6	29.9	32.6
334 Petroleum oils obtained from bituminous minerals	0.0	20.2	0.5	0.0	35.8	24.2	27.4
3330 Crude oils of petroleum and bituminous minerals	21.9	4.9	3.0	0.0	3.9	5.6	5.2
Manufactures	45.4	48.3	64.7	68.9	40.8	47.6	44.2
Iron and steel	0.2	0.2	0.1	0.1	0.2	0.0	0.0
Chemicals	13.3	13.2	20.6	28.6	18.8	16.8	15.5
5429 Medicaments, n.e.s.	7.7	8.4	12.0	19.4	13.3	11.4	9.0
5911 Insecticides for retail sale or as preparations/articles	2.6	0.0	0.8	2.5	1.7	1.4	1.7
5334 Paints and varnishes; plastics in solution; etc.	1.4	0.9	1.2	1.3	0.9	0.9	1.2
5532 Beauty or make-up preparations; manicure or pedicure preparations	0.0	0.6	1.6	0.6	0.2	0.3	0.8
5531 Perfumes and toilet waters	0.2	1.6	2.3	1.0	0.5	1.0	0.8
Other semi-manufactures	13.0	8.7	12.0	11.6	6.2	5.5	8.1
6612 Portland cement and similar hydraulic cements	4.5	3.2	5.2	4.9	2.2	1.8	4.3
6924 Reservoirs, tanks, vats of iron, steel or aluminium, <= 300 litres	2.5	1.3	2.0	2.3	1.3	1.3	1.4
Machinery and transport equipment	8.5	5.9	9.0	7.4	4.7	4.9	4.9
Power generating machines	0.3	0.1	0.3	0.1	0.1	0.1	0.1
Other non-electrical machinery	1.7	1.0	1.5	1.0	0.5	1.4	1.7
7239 Parts n.e.s., of machinery of 723 and 744.3	0.1	0.0	0.2	0.0	0.1	0.4	0.6
7443 Derrick, cranes, mobile lifting frames, etc.	0.3	0.0	0.2	0.0	0.0	0.0	0.3
7418 Other treatment machine, involving a change of temperature, not domestic	0.1	0.1	0.1	0.2	0.1	0.1	0.2
Agricultural machinery and tractors	0.1	0.0	0.0	0.0	0.0	0.0	0.0

Description	2007	2008	2009	2010	2011	2012	2013
Office machines & telecommunication equipment	2.1	1.0	2.7	1.5	0.7	0.7	0.7
7641 Electrical apparatus for line telephony/telegraphy	0.2	0.1	0.2	0.0	0.1	0.1	0.2
Other electrical machines	3.5	2.6	2.6	3.2	2.0	1.6	1.5
7723 Electric resistors, excl. heating resistors; parts	3.1	2.4	2.2	2.9	1.8	1.3	1.2
7731 Insulated wire, cable etc.; optical fibre cables	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Automotive products	0.6	0.7	1.3	0.9	0.4	0.6	0.3
Other transport equipment	0.4	0.6	0.5	0.7	1.0	0.6	0.6
7931 Yachts and other pleasure/sports/vessels	0.0	0.1	0.0	0.2	0.1	0.1	0.4
Textiles	0.7	0.5	0.6	0.6	0.3	0.3	0.4
6582 Tarpaulins, sails, awnings, tents, etc.	0.7	0.5	0.5	0.5	0.3	0.3	0.4
Clothing	0.3	1.6	1.5	1.1	0.8	1.6	1.2
8414 Trousers, bib and brace overalls, breeches and shorts	0.1	0.3	0.3	0.2	0.1	0.3	0.2
8482 Articles of apparel and clothing accessories (including gloves), for all purposes, of plastics or of vulcanized rubber (other than hard rubber)	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Other consumer goods	9.4	18.1	20.9	19.6	9.8	18.5	14.0
8996 Orthopaedic appliances; artificial parts of the body; hearing aids etc.	2.1	1.6	1.9	3.3	2.3	2.3	3.8
8928 Printed matter, n.e.s.	2.7	2.3	2.7	3.5	2.2	2.0	2.9
8973 Jewellery of gold, silver or platinum Metals (except watches)	0.6	4.3	4.5	2.6	1.7	6.3	1.8
8854 Wrist-watches and other watches (excl. of 885.3)	0.0	2.7	2.4	2.5	0.7	2.3	1.0
Other	0.8	0.6	0.9	1.0	0.8	0.6	1.3
Gold	0.0	0.0	0.0	0.0	0.1	0.1	0.6

Source: UNSD, Comtrade database (SITC Rev.3).

Table A1.2 Merchandise imports by groups of products, 2007–13

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012	2013
Total	1,299	1,744	1,341	1,196	1,775	1,768	1,769
	(% of total imports)						
Total primary products	25.7	39.5	36.9	29.5	47.9	51.8	48.8
Agriculture	23.0	20.7	22.6	26.7	19.9	20.1	20.8
Food	20.4	19.0	20.6	24.9	18.6	19.0	19.6
0989 Food preparations, n.e.s.	1.3	1.2	1.5	1.7	1.2	1.2	1.3
1110 Non-alcoholic beverage, n.e.s.	1.5	1.1	1.4	1.6	1.0	1.1	1.1
2222 Soya beans	0.6	0.9	0.8	0.8	0.8	0.7	0.7
0484 Bread, baked goods	0.6	0.6	0.7	0.8	0.6	0.6	0.6
0249 Other cheese; curd	0.6	0.7	0.5	0.8	0.5	0.5	0.6
1121 Wine of fresh grapes (including fortified wine)	0.6	0.6	0.6	0.7	0.5	0.5	0.6
Agricultural raw material	2.6	1.7	2.0	1.8	1.3	1.1	1.1
Mining	2.7	18.8	14.3	2.8	28.1	31.7	28.0
Ores and other minerals	0.3	0.2	0.2	0.3	0.2	0.2	0.2
Non-ferrous metals	0.9	0.7	0.7	0.9	0.6	0.5	0.5
Fuels	1.5	17.8	13.4	1.6	27.3	31.0	27.3
334 Petroleum oils obtained from bituminous minerals	0.5	16.9	11.9	0.6	25.5	30.2	26.2
Manufactures	73.8	60.0	62.6	70.0	51.6	47.9	50.8
Iron and steel	2.6	2.2	1.8	1.8	1.5	1.1	0.8
Chemicals	11.4	10.7	13.2	14.7	9.9	9.7	10.1
5429 Medicaments, n.e.s.	2.9	3.1	4.3	4.9	3.1	2.9	3.0
5542 Surface-active agents (excluding soap)	0.8	0.7	0.9	1.0	0.7	0.7	0.7
Other semi-manufactures	12.8	10.0	10.4	11.9	8.2	8.4	8.2
6429 Articles of paper pulp, paper, etc., n.e.s.	0.7	0.6	0.8	0.9	0.6	0.6	0.7
6421 Packing containers, of paper, paper-board, cellulose wadding etc.	0.6	0.4	0.5	0.6	0.4	0.4	0.4
Machinery and transport equipment	32.7	22.5	22.0	24.1	19.2	16.4	18.6
Power generating machines	1.1	0.6	0.7	0.5	1.2	0.5	0.7
Other non-electrical machinery	7.6	5.7	5.5	6.5	4.9	4.3	4.1
7415 Air conditioning machines, and parts	0.5	0.3	0.4	0.5	0.4	0.4	0.4
7436 Filtering and purifying machines for liquids/gases	0.3	0.2	0.2	0.3	0.2	0.2	0.2
Agricultural machinery and tractors	0.3	0.3	0.3	0.5	0.2	0.2	0.2
Office machines & telecommunication equipment	9.9	5.6	6.3	6.0	5.0	4.3	5.3
7641 Electrical apparatus for line telephony/telegraphy	1.0	0.6	0.7	0.6	0.7	0.6	0.9
7643 Radio or television transmission apparatus	2.4	0.7	0.8	1.0	0.8	0.5	0.8
7522 Data processing machines, with at least processing, input and output units	0.7	0.5	1.0	0.7	0.5	0.6	0.7
Other electrical machines	5.2	3.6	3.7	4.0	3.1	2.8	3.5
7731 Insulated wire, cable etc.; optical fibre cables	1.5	1.0	0.7	0.9	0.7	0.6	1.0
Automotive products	7.6	6.1	4.6	6.2	4.1	4.0	3.9
7812 Motor vehicles for the transport of persons, n.e.s.	4.1	3.1	2.5	3.5	2.3	2.1	2.1
Other transport equipment	1.4	0.8	1.1	0.8	0.9	0.5	1.0
Textiles	1.6	1.3	1.4	1.6	1.2	1.1	1.2
Clothing	1.4	1.4	1.5	1.8	1.4	1.4	1.4

Description	2007	2008	2009	2010	2011	2012	2013
Other consumer goods	11.2	11.9	12.3	14.1	10.2	9.9	10.5
8931 Plastics containers, stoppers, lids, etc.	1.2	0.9	1.1	1.2	1.0	1.0	1.0
8973 Jewellery of gold, silver or platinum metals (except watches)	0.0	1.3	1.1	1.0	1.2	1.1	1.0
Other	0.5	0.5	0.5	0.5	0.5	0.3	0.5

Source: UNSD, Comtrade database (SITC Rev.3).

Table A1.3 Merchandise exports and re-exports by trading partner, 2007-13

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012	2013
Total exports and re-exports	314	454	323	314	508	566	467
	(% of exports and re-exports)						
America	83.7	64.8	83.0	76.6	59.1	63.9	62.4
United States	14.2	21.0	27.9	24.9	13.9	26.3	18.2
Other America	69.5	43.8	55.1	51.6	45.2	37.5	44.2
Trinidad and Tobago	27.8	9.5	10.0	8.4	16.9	11.5	11.5
Guyana	2.9	3.0	4.1	4.7	2.8	2.7	4.6
Jamaica	5.3	3.9	5.4	5.6	3.7	3.5	4.4
St Lucia	6.6	5.4	7.8	5.8	3.7	3.4	4.3
Canada	2.8	2.3	3.1	2.6	1.5	1.8	2.5
St Vincent and the Grenadines	4.3	3.3	4.4	4.0	2.6	2.1	2.5
Grenada	3.0	2.5	3.6	3.9	1.9	1.6	2.2
Netherlands Antilles	1.5	3.4	4.1	2.4	1.8	3.1	2.2
Antigua and Barbuda	3.0	2.4	2.9	2.5	1.8	1.6	2.0
Suriname	1.6	1.0	0.7	1.7	2.8	0.6	1.2
St Kitts and Nevis	1.7	1.8	1.7	1.9	0.9	0.8	1.2
Europe	13.5	13.7	14.2	20.7	13.3	9.9	6.9
EU(28)	12.6	11.8	13.7	20.4	13.3	8.0	6.6
United Kingdom	9.1	9.1	10.2	16.8	10.8	5.5	1.8
Portugal	0.0	0.0	0.0	0.0	0.0	0.0	1.6
France	1.2	1.1	1.2	1.7	1.2	1.0	1.4
Germany	1.0	0.5	0.7	0.7	0.5	0.2	0.5
The Netherlands	0.3	0.3	0.2	0.3	0.1	0.2	0.4
Spain	0.1	0.0	0.1	0.0	0.2	0.6	0.4
EFTA	0.7	1.8	0.4	0.3	0.0	1.8	0.1
Switzerland	0.7	1.8	0.4	0.3	0.0	1.8	0.1
Other Europe	0.2	0.1	0.1	0.0	0.0	0.1	0.2
Turkey	0.2	0.1	0.1	0.0	0.0	0.1	0.2
Commonwealth of Independent States CIS) ^a	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Africa	0.2	0.1	0.1	0.2	0.1	0.1	0.1
South Africa	0.1	0.0	0.1	0.1	0.0	0.0	0.0
Middle East	0.2	0.3	0.2	0.1	0.1	0.2	0.2
United Arab Emirates	0.2	0.3	0.2	0.0	0.1	0.1	0.2
Asia	2.4	1.4	2.5	2.3	1.7	1.9	3.0
China	1.5	0.3	0.6	0.8	1.0	1.1	2.2
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Six East Asian Traders	0.7	0.8	0.5	1.0	0.4	0.4	0.6
Chinese Taipei	0.4	0.2	0.2	0.3	0.1	0.1	0.3
Thailand	0.0	0.0	0.0	0.2	0.0	0.1	0.1
Malaysia	0.0	0.1	0.1	0.1	0.1	0.0	0.1
Hong Kong, China	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Korea, Rep. of	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Singapore	0.1	0.1	0.0	0.1	0.0	0.0	0.0
Other Asia	0.2	0.3	1.4	0.5	0.3	0.3	0.2
Australia	0.0	0.0	0.1	0.1	0.0	0.1	0.1
India	0.0	0.0	1.1	0.3	0.2	0.1	0.0
Other	0.0	19.7	0.0	0.0	25.8	24.1	27.4
Areas n.e.s	0.0	0.0	0.0	0.0	0.0	24.1	27.4

a Commonwealth of Independent States (CIS) includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

Source: UNSD, Comtrade database (SITC Rev.3).

Table A1.4 Merchandise imports by trading partner, 2007–13

(US\$ million and %)

Description	2007	2008	2009	2010	2011	2012	2013
Total imports	1,299	1,744	1,341	1,196	1,775	1,768	1,769
	(% of imports)						
America	66.9	71.1	72.3	67.2	74.0	76.7	75.6
United States	43.7	36.8	39.7	43.9	31.9	31.0	33.0
Other America	23.2	34.2	32.5	23.3	42.1	45.7	42.6
Trinidad and Tobago	7.7	19.8	15.8	7.2	26.5	28.9	26.2
Suriname	0.1	2.8	2.9	0.2	4.8	6.2	4.9
Canada	4.4	3.4	3.8	4.4	3.1	2.6	2.8
Mexico	1.1	1.1	1.4	1.8	1.1	1.4	2.0
Brazil	2.0	1.3	1.8	1.8	1.2	1.1	1.2
Jamaica	1.2	0.6	0.6	0.7	0.5	0.6	0.7
Guyana	1.4	1.1	1.3	1.4	0.9	0.7	0.6
Dominican Republic	0.4	0.4	0.6	0.6	0.5	0.6	0.6
Costa Rica	0.5	0.5	0.5	1.0	0.5	0.5	0.6
St Vincent and the Grenadines	0.3	0.2	0.3	0.4	0.3	0.4	0.5
Panama	0.4	0.3	0.4	0.5	0.4	0.4	0.4
Colombia	0.6	0.5	0.5	0.6	0.3	0.4	0.4
Europe	17.9	15.3	14.8	17.0	14.2	12.2	12.6
EU (28)	17.2	13.4	13.1	15.0	12.6	10.9	11.3
United Kingdom	7.8	5.3	5.0	5.4	4.0	3.8	4.0
France	1.5	1.6	1.7	2.1	1.5	2.0	2.0
Germany	2.1	1.6	1.3	1.9	2.0	1.1	1.3
Sweden	1.7	1.1	1.0	1.3	1.5	0.8	0.9
The Netherlands	0.9	0.9	0.9	1.1	1.1	0.9	0.7
EFTA	0.5	1.5	1.4	1.5	1.3	1.1	1.1
Switzerland	0.4	1.4	1.3	1.4	1.2	1.0	1.0
Other Europe	0.3	0.4	0.4	0.5	0.3	0.2	0.1
Turkey	0.3	0.4	0.4	0.5	0.3	0.2	0.1
Commonwealth of Independent States (CIS) ^a	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Africa	0.2	0.2	0.2	0.2	0.1	0.2	0.2
South Africa	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Middle East	0.8	0.3	0.3	0.1	0.2	0.2	0.1
United Arab Emirates	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Israel	0.7	0.2	0.2	0.1	0.2	0.1	0.1
Asia	14.2	13.1	12.4	15.4	11.4	10.7	11.5
China	3.8	3.5	4.0	4.8	4.1	4.2	4.4
Japan	4.5	3.6	3.1	3.6	2.3	2.0	2.0
Six East Asian Traders	3.3	3.0	2.5	3.3	2.4	2.3	2.6
Thailand	1.1	1.2	0.8	1.1	0.8	0.8	1.0
Korea, Rep. of	1.0	0.7	0.6	1.0	0.7	0.8	0.7
Chinese Taipei	0.6	0.4	0.4	0.5	0.3	0.3	0.3
Hong Kong, China	0.4	0.4	0.3	0.3	0.3	0.2	0.2
Malaysia	0.2	0.3	0.3	0.2	0.2	0.2	0.2
Singapore	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other Asia	2.5	3.0	2.8	3.7	2.6	2.2	2.5

Description	2007	2008	2009	2010	2011	2012	2013
New Zealand	1.3	1.4	1.2	1.9	1.2	1.2	1.3
India	0.3	0.4	0.6	0.8	0.5	0.5	0.4
Australia	0.5	0.6	0.4	0.4	0.5	0.1	0.2
Indonesia	0.3	0.3	0.4	0.4	0.2	0.2	0.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0

a Commonwealth of Independent States (CIS) includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Source: UNSD, Comtrade database (SITC Rev.3).