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PRELIMINARY DRAFT  
NATIONAL TRADE OPERATIONS AND PROCEDURE GUIDE  
(GRENADA)



**UNITED NATIONS**  
ECONOMIC COMMISSION FOR LATIN AMERICA Office for the Caribbean



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The preliminary version of the "National Trade Operations and Procedure Guide" is being distributed for comments and observations from the relevant authorities. A revised version of this Guide will be prepared once the observations regarding the contents of this preliminary version have been received.

DEADLINE: Comments should be received by this Office  
by 10 September 1983

## GRENADA

### 1. IMPORT REGIME

#### 1.1. Customs Duty Policy

Grenada is a Windward island member of the Organization of Eastern Caribbean States (OECS) and the CARICOM. As such it adheres to the Eastern Caribbean Common Market (ECCM) and the CARICOM Common Market (see annexes I and III). This member of the Commonwealth of Nations, independent since 7 February 1974, is also a signatory to the Convention of Lome II (see annex II).

Its tariff system is based on the Customs Cooperation Council Nomenclature (CCCN). During 1975 -in accordance with the obligations under the Lome Convention- a single-tier tariff was introduced and is implemented, eliminating preferences and using a single tariff rate vis-a-vis all third countries. As signatory to the ECCM and the CARICOM Common Market, Grenada is to enforce a separate tariff schedule for duties applicable to imports from the Common Markets, subject to schedule IV of the Annex to the CARICOM Treaty.

##### 1.1.1. Import Duties

Generally speaking, most duty rates are ad valorem on the c.i.f. port of entry price, and range from zero to 90 percent. Also, a few items, primarily foodstuffs take specific duty rates, these being dutiable on a quantity, weight or volume basis. Therefore, net weight should be plainly marked both on shipments and on their containers in order to avoid assessment of duties on the gross weight as determined by the customs authorities at the consignee's expense. Since Grenada is a member of the Caribbean Common Markets, duties and other tariff regulations will continue to change in order to conform with this trading areas' CET.

Grenada exempts from duties imports of equipment, spare parts, and raw materials that will be used in the manufacture of approved products.

By Act 39 of 1976, a stamp tax (on all imports not exempt from Customs Duty) of 20 percent of the c.i.f. plus duty value is levied on each set of customs entry bills. A package tax is levied on various kinds of packages at a rate of EC\$ 0.50 per 5 cu.ft. (the minimum being one EC dollar).

A purchase tax of 20 percent is levied on radios and TV sets.

Consumption duties are provided in accordance with the Consumption Duties Act, 1968 (no.43 of 1968) as amended by the following Statutory Rules and Orders (SROs): 9 of 1972, 41 of 1973, 3 of 1974, 22 of 1974, 38 of 1975, 2 of 1982; and People's Law no.3 of 1981, 11 of 1981, 47 of 1981, 5 of 1982 and 2 of 1983. In compliance with these different rates are applied to an enlarged list of goods imported for their local consumption and use. Affected goods include foodstuffs, clothing, beverages and tobacco; certain chemical products and preparations (mainly medicinal, cosmetic and cleansing); cement, jewelry; manufactures of metal; headgear made of straw; phonograph records; and matches.

### 1.2. Trade Requirements

Trade and exchange controls are administered by the Ministry of Planning, Finance, <sup>Industry</sup> and Trade. Payments for authorized imports are permitted upon application and submission of documentary evidence (invoice and customs warrants) to the Ministry. The Ministry allows authorized dealers to approve payments for imports originating in CARICOM countries and certain other outward payments. Advance payments require prior approval by the Ministry.

Settlements with member countries of CARICOM must be made either through External Accounts (in East Caribbean dollars) or in the currency of the country concerned when it is not a member of the Eastern Caribbean Currency Authority (ECCA). Settlements with residents of the former Sterling Area countries (other than CARICOM countries) may be made in Sterling, in any other former Sterling area currency, or in East Caribbean dollars to and from External Accounts. Settlements with residents of countries outside the former Sterling area -other than South Africa- may be made in any foreign currency other than the East Caribbean dollar or through an External Account in EC dollars.

A five percent exchange tax is levied on all sales of foreign exchange by commercial banks, except for the payments of imports of some basic foods and drugs.

Payments for invisibles require exchange control approval.

#### 1.2.1. Import Permit or License

Other than as provided for CARICOM or ECCM origin goods:

Imports from South Africa are prohibited. Most goods may be imported under open general license. Trade controls are administered by the Ministry of Planning, Finance, Trade and Industry.

A Pesticide Board has been established to control the importation, quality and labelling of these products into Grenada. Pesticides cannot be imported without a license issued by this Board.

### 1.2.2. Invoices

#### (i) Commercial invoice

The CARICOM invoice format or an alternative one that contains the information therein requested is acceptable. Invoices should be made at least in triplicate and sent separately from the goods. Exporters should take care when completing questions regarding charges and expenses: Shippers should state whether each item is included or excluded in the selling price. All discounts should be described.

For Grenada, invoices must show cost of insurance, packing, freight and other charges, separate from cost of goods. While trade and cash discounts, if proved, are exempt from duty, sample and agency discounts are liable to duty.

#### (ii) Consular invoice

Chamber of Commerce certification and consular legalization are not required.

#### (iii) Pro forma Invoice

May be required by importer to substantiate license or advance payment application or as the first step in negotiation an import contract.

#### (iv) Packing List

Provision of packing list will facilitate customs clearance and classification.

### 1.2.3. Bill of Lading (or Air Waybill)

There are no special regulations concerning it. "To Order" bills are acceptable. The airwaybill replaces the bill of lading on air cargo shipments.

A bill of lading customarily shows the name of shipper, the name and address of consignee, port of destination, description of goods, the listing of the freight and other charges, number of bills of lading in full set, and the date and signature of the carrier's official acknowledging receipt on board of the goods for shipment. The information should be in correspondence with what is shown on the invoices and the packages.

The number of copies issued should be based on requirements of the importer and of the shipper (either maritime or air) used, IATA, ICAO and IMO rules and regulations may also require from the shipper the request of special documents concerning dangerous and restricted goods.

Mail and parcelpost shipments require postal documentation (Customs declaration, Form 2966-A) inside the package in place of Bill of Lading or Airwaybill for shipments exceeding US\$120.-. For parcels of less than US\$120 a label C1, Form 2976, "Authority for Customs to Open International Mail" must be completed and placed by the sender on the address side of each letter or package containing dutiable merchandise; each package of dutiable prints; and each small packet.

Dutiable merchandise is permitted in the letter mails, subject to the maximum weight and size permitted.<sup>1/</sup> Insured parcels must and ordinary parcels may be sealed.

#### 1.2.4. Certificates

##### - Of Origin

For Grenada, all certifications of origin must be handsigned. No rubber stamp, duplicating or photographic reproductions of signatures will be accepted. The customs service has stipulated that it may require a certificate of origin issued at the place of manufacture or supply for any goods in order to ascertain that goods are not prohibited or restricted. Goods for which a certificate of origin is required will not be released until one has been provided.

Shipments of CARICOM origin should be covered by a certificate of origin (see annex I, section 1) to be given special Common Market treatment. Intra OECS trade is ruled by the Eastern Caribbean Common Market (ECCM) agreement that has special provisions as to rules of origin (see annex III).

The general form (as sold by commercial stationers) is usually acceptable. It should be issued in duplicate at a minimum, although actual number of copies required shall be instructed by importer. It should contain information that conforms to data in other documents, should be signed by a responsible member of the exporting firm, and should be certified by the certifying authority.

##### - Of Insurance

Normal practices prevail. Importer's and/or insurance company's instructions should be followed.

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<sup>1/</sup> Maximum weight is 22 lbs; dimensions: greater length is 3ft.6in.; length and girth combined is 6ft.

- Of Value

A certificate of value is required for shipments to Grenada. Exporters should consult importers for detailed information on this document.

- Special certificates

Special certificates may be required due to the nature of the goods being shipped or requested by the importer/bank/letter of credit clause (e.g. sanitary, veterinary, free sale, etc.)

Live animals, plants, parts of plants and foodstuffs require health certificates. Drugs and pharmaceuticals require prior approval.

Foreign meat inspection certificates are required by imports of frozen, chilled, salted or canned meats.

1.2.5. Technical specifications

For most industries, compliance with the United States or British technical standards is acceptable.

Electric current is A.C.50 cycle, 230 volts.

For Weights and measures, all CARICOM members are switching to the Metric System (Systeme Internationale); therefore these nations have currently a mixture of this and the Imperial (Avoirdupois) System.

1.2.6. Advertising material

In Grenada advertising matter, even for gratuitous distribution, is dutiable if it is deemed to have commercial value.

1.2.7. Labelling

Exporters to Grenada should ascertain whether or not this country is currently adhering to the U.N. recommendations for the labelling and packing of hazardous and/or restricted materials in a standardized manner and style <sup>2/</sup>.

1.2.8. Brands or Trade marks

There are no special regulations concerning the use of brands or trademarks.

<sup>2/</sup> In 1965 the Inter-Governmental Maritime Consultative Organization (IMCO, now IMO), adopted the International Dangerous Goods Code, which includes the U.N. labelling system. It is now adhered partially by more than 30 countries. With respect to packing, labelling and documentation, if goods are going by air, IATA and/or ICAO regulations must be met. For goods going by boat, the latest IMO requirements are usually made by the shipper.



### 1.2.9. Packing

Except in the case of hazardous and/or restricted materials, where it should be ascertained whether Grenada is currently adhering to the U.N. recommendations on packing and marking (see footnote 2 supra), there are no specific regulations.

According to sound shipping practices, the packages should bear the consignee's mark, including Port mark, and they should be numbered unless the shipment is such that contents can be readily identified without numbers. Net weight of contents should be specified for customs purposes, when relevant.

### 1.3. Fines and Penalties

Goods should be entered and cleared within 5 days in Grenada after their arrival in port or charges will accrue. If the documents are not available, the <sup>Comptroller of</sup> Customs may, at his discretion, permit entry and clearance upon exacting a deposit for presentation of documents within three months. If the goods are not cleared within 5 days they may be transferred to a Queen's warehouse where most articles may remain for three months awaiting entry, before they are subject to sale at auction.

### 1.4. Specimens, Samples

Samples of no commercial value are admitted duty free. Samples of commercial value are dutiable at the same rates as commercial shipments, or they may be admitted temporarily free of duty upon deposit or bond in accordance with local regulations. The deposit (or bond) is usually returned upon reexportation of the samples and/or specimens.

### 1.5. Shipment Restrictions

Imports from South Africa, Chile and South Korea are prohibited.

Imports of motor cars with an engine capacity of more than 1600 cc. are prohibited.

### 1.6. Distribution Channels

There are some commodities for which the Government has reserved exclusivity of importation through the Marketing and National Importation Board. These are all types of cement, rice, certain grades of sugar for direct consumption and powdered milk.

There are some "duty free" shops catering for the tourist trade and private in bond warehouses are permitted for those manufacturers who use raw materials that are allowed duty free in Grenada for processing -namely inputs to the garment industries- or for their re-export.

The Government undertakes, through the Marketing and National Import Board, the purchase in bulk of machinery and other supplies required by the Government.

### 1.7. Agents or representatives

Grenada charges a fee of EC\$ 10 on commercial travellers, for a period not exceeding fifteen days. The fee is EC\$ 120 per annum if resident in the territory and EC\$ 120 per annum for local Commission Agents.

The term "Commercial traveller" includes any person, partnership, firm or company (whether incorporated goods, or of importing goods on a commission basis to be sold locally.

## 2. EXPORT REGIME

### 2.1. Export Procedures

Any company or legal person in the country which may wish to export requires an export license (See specimen of License Application Form).

All export sales paid in foreign currency (any other besides the EC Dollar) are subject to the currency exchange controls which require the compulsory surrender of foreign currency to the Central Bank.

For exports to member countries of CARICOM, see Annex I, section 2. For exports to the EEC, subject to the Second Lomé Convention, see annex II, section 3.

### 2.2. Exports subject to spécial requirements

In accordance to Statutory Rule and Order (SRO) no. 10 of 1966 there are export duties chargeable on all exports of certain traditional commodities. The scheduled rates for the more important of these are: 15 cents per 100 lbs. of bananas; 12 cents per cwt plus 20 percent of the amount by which the net price exceeds 28 cents per lb. of cocoa; 12 cents per cwt. plus 20 percent of the amount by which the net price exceeds 14 cents per lb. of nutmegs, 24 cents per cwt. plus 20 percent of the amount by which the net price exceeds 44 cents per lb. of mace; 24 cents per hundred coconuts; and 6 cents per cwt. plus 20 percent of the price received in excess of 5 cents per lb. of copra. Other products dutiable on export include cotton (including seed); limes (juice, raw and cocentrated; whole and oil); nutmeg oil; and live animals which are dutiable per head at rates that range from 6 cents per head of poultry to EC\$2.50 for cattle, calves and asses, and EC\$5 per head of horses and mules.

Additionally, for exports of selected agricultural commodities, oils and fats, and cane sugar, to other members of CARICOM, see annex I. See also restrictions under the Second Lomé Convention (annex II, section 4), for trade with the EEC.

Exports of hazardous, dangerous or restricted goods may be subject to the International Dangerous Code.

### 2.3. Export Incentives

As members of the CARICOM and ACP countries, incentives provided under these agreements are applicable to this country. See annexes I and II.

As part of the harmonization of the Caribbean Community Market, the main benefits which can be given to an exporter are the same contemplated under the industrial and investment incentives mechanism. These are exemption from income tax and relief from customs duties, over a number of years. The Common Market agreement sets out the maximum benefits which can be given under the scheme to any signatory Government in respect of an approved product.

Grenada has adopted this mechanism under the Incentive Act of 1974.

#### 2.3.1. Direct Tax Incentives

In general, the maximum number of years for which benefits may be granted varies with the percentage of local value added (section 2(f) of Annex I shows the method for measuring local value added contribution)

For the award of benefits, enterprises may be engaged in exports or geared to the local market and are classified into three groups:

- Group I.- Enterprises whose local value added in respect of the approved products amounts to 50 percent or more of the value of the sales, ex factory, of the product;
- Group II.- Enterprises whose local value added in respect of the approved products amounts to 25 per cent or more but less than 50 percent of the receipts from sales ex factory; and
- Group III.- Enterprises whose local value added in respect of the

Approved product amounts to at least 10 percent or more but less than 25 percent of the receipts from sales ex factory.

The following table shows the maximum number of years for which any MDC government in CARICOM may grant relief from income tax and customs duties.

TABLE 1

MAXIMUM PERIOD OF TAX CONCESSION ELIGIBILITY	
Enterprise Group	Maximum number of years
I	15
II	12
III	10

The scheme permits highly capital intensive projects irrespective of their local value added to be granted tax holidays and customs relief up to the maximum permissible. The qualifications for such treatment are that the project must involve a capital investment of no less than EC\$ 25 million.

Enterprises whose entire production of the approved product is sold to countries outside the CARICOM, referred to as enclave industries, have been made eligible for tax holidays and customs relief, without a reference to the quantity of their local value added. This is due mainly to their estimated large employment contribution.

The Common Market agreement does not prohibit the granting of duty free treatment of imports of raw materials to enclave enterprises after their tax holiday period has expired. It has been the general policy of all member countries of CARICOM to allow such enterprises this concession without limitations.

(a) Dividends tax exemption

Approved enterprises are granted exemption of income tax on the profits of the approved products. Equally important is the provision that the dividends paid from such products to shareholders of such enterprises may also be exempted from tax as long as the shareholders are residents of a CARICOM country.

A collective agreement exists between the MDCs and the LDCs to allow dividends earned in one MDC country to be transferred to an LDC to be exempt from taxation in the recipient's country of residence. Where, however, the shareholder is not resident in a CARICOM country, dividends will not be totally exempt from tax, but only from such tax in excess of what the recipient would normally pay in his country of residence.

Interest is not exempt from tax in the hands of the recipient.

(b) Compensatory taxes

(i) Carry forward of losses

If an approved enterprise makes a net loss on the production of the approved product, taking the total holiday period into account, the enterprise can carry forward such losses up to five years after the expiry of the tax holiday, setting them off against profits made later on the approved products.

The net loss on the approved product over the tax holiday period is calculated by summing up all losses made and subtracting all profits made in the period.

(c) Export allowances

Partial relief is granted to enterprises from the income tax chargeable on the profits earned from exports. This provision becomes operative after an enterprise's tax holiday period has expired.

The greater the share of an enterprise's profit which is derived from exports outside the ECOM (sales to other CARICOM members/ of the product for which export allowance is given, the greater the relief afforded. <sup>except Barbados qualify for allowance)</sup>

The following table gives the extent of maximum relief in terms of credit tax chargeable on the share of profits made from export sales outside the Common Market's area.

TABLE 2

MAXIMUM EXPORT ALLOWANCES GRANTED

Share of profits from exports to third countries in total profits of approved product <sup>1/</sup>	Maximum income tax relief of tax chargeable on the approved product (%)
10 to less than 21 percent	25
21 to less than 41 percent	35
41 to less than 61 percent	45
61 percent or more	50

<sup>1/</sup> As a general rule, the share of exports on total sales is taken as the share of profits made.

A country is not permitted to grant this relief to an enterprise in respect of a traditional export product of that country. This export allowance should normally be given only for products to be exported outside of the Common Market. This provision was designed to encourage enterprises to increase the share of exports sales in their total sales and is intended in particular to promote the export of manufactures.

The export allowance will be granted to authorized enterprises, provided that:

- the enterprise has been enjoying such benefits only for the first five years after the expiry of the tax holiday or customs rebate period.
- the enterprise has not been granted any tax holiday or customs duty rebate only for the first five years of the life of the harmonisation agreement (effective since 1 February 1974).

#### 2.3.1.2. Direct Credit Incentives

No specific credit incentives on export financing facilities exist.

#### 2.3.1.3. Certificates

Customs tariff preferential treatment of exports to CARICOM members requires certification of origin (see annex I, section 1(a) where specimen is provided.)

The Lomé Convention requires certification of origin for exports from ACP states into the EEC (See annex II, section 5). Exports to the United States also require certification of origin under the Generalized System of Preferences (GSP).

No tax refund certificate or tax compensation certificates are given.

#### 2.3.2. Indirect Incentives

In addition to the depreciation allowance to which enterprises are normally entitled, there are/ <sup>other</sup> allowances given to approved enterprises on the expiry of the tax holiday.

##### (a) Initial allowance

An initial allowance not exceeding 20 percent of any plant, equipment and machinery capital expenditures, incurred after the tax holiday has expired, can be deducted.

##### (b) Special bonus for using local labour

In order to encourage the greater use of local labour and to contribute to the relief of the serious unemployment, a tax holiday can be extended by increasing the measure of value added through a weight or bonus that measures the use of local labour (see annex I, section 2(f) for measure of this bonus).

2.3.3. FREE ZONES

Although no free ports or free trade zones exist, existing legislation for enclave industries provides such tax holidays comparable to conditions existing in a free zone.

### 3. MULTILATERAL AGREEMENTS AND INTEGRATION SCHEMES

#### 3.1. Bilateral

Information is not available as to bilateral agreements signed by Grenada.

#### 3.2. Multilateral

Grenada is a member of the Commonwealth of Nations and signatory of the second Lome Convention (see annex II). Grenada has a de facto application of the GATT.

#### 3.3. Integration schemes

Grenada is part of the ECCM and signatory to the OECS Treaty (see annex III), as well as member of the CARICOM since April 1974 (see annex I). Grenada has also joined the Latin American Economic System (SELA) <sup>3/</sup>.

### 4. AGENCIES AND INSTITUTIONS INVOLVED IN FOREIGN TRADE

COMPTROLEER OF CUSTOMS AND EXCISE

The Pier

St. George's

MINISTRY OF TRADE

Scott St.

St. George's

### 5. NATIONAL AND INTERNATIONAL FAIRS

None are organized by the Government of Grenada.

### 6. CHAMBERS AND ASSOCIATIONS OF COMMERCE

GRENADA CHAMBER OF COMMERCE

Melville St.

St. George's

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<sup>3/</sup> The Latin American Economic System (SELA) was created in 1975 as an effort to form a common front for solving key economic, trade and investment problems of Latin American member countries vis-a-vis other regions, blocs and integration systems.



**GRENADA**

**(S R. & O. NO. 12 OF 1959)**

Date

Application for Licence to Export		Licence No.	D	M	Y
Name of Exporter		Address of Exporter			
Name of Purchaser		Address of Purchaser			
Country of Destination	Terms of Trade CIF <input type="checkbox"/> C&F <input type="checkbox"/> FOB <input type="checkbox"/>	Terms of Payment			
Port of Discharge	Shipping Line (Name)	Rate of Freight			
Total Freight to be Paid	Insurance to be Paid	Rate of Insurance			

**DELIVERY AGREEMENT**

First Quarter <input type="checkbox"/>	Second Quarter <input type="checkbox"/>	Third Quarter <input type="checkbox"/>	Fourth Quarter <input type="checkbox"/>
Month :	Month :	Month :	Month :
Quantity :	Quantity :	Quantity :	Quantity :
Value :	Value :	Value :	Value :

Item	Description	Unit	Quantity	Unit Price	Value EC \$	Value Transc. Currency)

Place Stamp here

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Signature of Applicant

