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Subregional Headquarters for the Caribbean
CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE
Meeting on Trade Procedures in the Caribbean
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24-27 October 1983

PRELIMINARY DRAFT
NATIONAL TRADE OPERATIONS AND PROCEDURE GUIDE
(BARBADOS)
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
1. IMPORT REGIME

1.1. Customs duty policy

Barbados is a member of CARICOM and as such adheres to the common market provision. Barbados is also a signatory to the Lomé Convention II. Its tariff system is based on the Customs Co-operation Council Nomenclature (CCCN) systems of classification. Since 1976 Barbados operates on the new single column schedule of Comecon External Tariff (CET) of CARICOM. There is also a separate tariff schedule for duties applicable to some imports from other participating members of the Caribbean common market.

Most goods are assessed duty at ad valorem rates. Imports of fishing equipment and products for use in the agriculture industry are exempt from customs duty.

Duties are payable in Barbados dollars by the importer or consignee at the same time the goods are cleared through customs and may not be prepaid by the exporter.

1.1.1. Import tariffs

Duty under the laws of Barbados, duties for vast majority of goods, are levied on an ad valorem basis using the "Brussels Definition of value" for this purpose. There are no special preferential tariffs in existence since the adoption of CET, which is extended only to CARICOM members. However, a few items still take specific duties based on weight, quantity and quotas. There is some measure of customs surcharges and other taxes levied on imported goods.

Ad Valorem Duties: Duties are levied generally as a percentage of the c.i.f. value on goods entering for sale or other use in Barbados. However, if the said goods are subject to an ad valorem duty, not insured, then the customs authority will base the duty on the stated value (dutiable) plus an amount deemed equivalent to the appropriate insurance charge.

Specific Duties: Goods on which specific duties are assessed are dutiable by quantity or net weight. When goods are levied on the stated net weight i.e. contents weight only then the method of packing is not a factor in the payment of duties. However, shipments and containers not marked or labelled with net weight will be weighed at the consignee's expense and will be assessed on the gross weight of such package(s) and its contents.

1/ See annex I
2/ See annex II
**Preferential Duties:** Barbados extends preferential import duty rates to other member countries of CARICOM. Although trade between member country are generally duty free, there are certain "reserved" commodities, which require import licenses and duty levied as such. In spite of receiving preferential treatment for its goods entering the European countries, there are no reciprocal arrangements for goods coming from this region.

**Other Duties and Taxes:** In 1980 the Barbados Government restructured the consumption tax schedule to make it more similar to the actual customs tariff. This measure brought more items subject to this tax, with a standard rate of 5% established for many goods rates for most other items bearing 10%, 15% and 20% and a few items levied at the rate of 30%. The tax is based on the c.i.f. value plus the import duty.

The motor vehicle tax has been incorporated into the consumption tax - for administrative purposes.

As for a means to encourage local and CARICOM industry consumption tax on blended whiskey and blended brandy has been reduced to $10.00 BDS per litre in each case.

Imports of specified fishing gear, boat fittings and products for use in the agriculture industry are exempt from duty.

1.2 Trade Requirements

The use of import licensing requirements and quantitatives restrictions are the chief tools of Barbados external commercial policy, since tariff policy is pre-empted by CARICOM. Trade controls are administered by the Ministry of Agriculture, Food and Consumer Affairs. Trade is prohibited with South Africa and Zimbabwe and certain imports originating outside of the CARICOM area require individual licensing. The importation of various foodstuff and beer not produced within the CARICOM are prohibited. The importation of certain garments is totally prohibited if the product is below a minimum c.i.f. value. Other items may be imported under general open license.

Payments for authorized imports are permitted upon application and submission of documentary evidence - invoices and customs warrants - to authorized dealers. Advance payments for imports require prior approval by the Central Bank. Payments for all commercial transactions are permitted freely when the application is supported by appropriate documentary evidence.

The Barbados Marketing Corporation is the main importer of various agricultural products.
1.2.1 Import Permit or License

Import licenses are obtainable from the Ministry of Agriculture, Food and Consumer Affairs. While most commodities may be imported under open general license arrangements, some imports are subject to the special licensing requirements and quantitative restrictions. While some imports are imported freely, others are subject to seasonal restrictions.

There is a negative list for the importation of certain garments up to a specific c.i.f. value. Individual licenses are also required for commodities subject to the provision of the Oils and Fats Agreement between the Government of Barbados, Dominica, Grenada, Guyana, St. Lucia, St. Vincent and Trinidad and Tobago, whether the goods are being imported from CARICOM countries or from elsewhere. The trading of agricultural commodities require special licensing arrangements subject to the Agricultural Marketing Protocol (AMP) of CARICOM.

The validity of licenses depends on the items in question and ranges from six weeks to six months.

Import Permits: Obtainable in advance - are required for certain goods, including plants and plant parts (bulbs, cuttings, aerial plants, seeds, tubers, rooted plants and similar plant parts) which can be used for planting; cotton seed, seed cotton and cotton lint, seed coconuts, dried plants and plant parts of sugar cane and other materials related to propagation are prohibited importation into Barbados.

Under "the Health Services (Control of Drugs) Amendment Regulations, 1974" any drug may now only be imported under license issued by the appropriate Barbados Ministry and may only be sold at any level of trade by those licensed or permitted such activities under the terms of the regulations.

The Narcotics Drugs Act, 1973/38 controls the importation, exportation, sale and use of such drugs. At the same time the Pesticides Control Act 1973/36 provides for the control of the importation, sale, storage and use of pesticides in Barbados.

1.2.2 Invoices

All shipping documents should be forwarded separately from the shipments as it is important that the importer or his agent may be able to present them promptly upon the arrival of the goods themselves.

1) Commercial Invoices

As customs duties are levied on the c.i.f. value, it is essential that the c.i.f. value be shown on the invoice. All discounts and deductions should be stated plainly, otherwise duty may be assessed on the total value. In invoicing textiles, the number of square yard (meters) and weight must be shown.
and in the case of mixed fabrics, the percentage of each constituent (component) must be given. All information regarding charges and expenses should be carefully completed, further all invoices should contain a careful description of the merchandise and all necessary detailed charges and expenses to c.i.f. value.

A minimum number of two copies is required, however, the actual number must be based on terms of transactions. The CARICOM invoice is required (see annex I, section 4). Alternatively the UN Layout Key (formerly ECE Layout Key) may be used. Exporters planning to use a format other than that shown on the specimen invoice should ensure that all information requested by CARICOM is included. It is required that a declaration must be made regarding the origin of the goods. A declaration should be signed to attest to the accuracy of the information on the invoice.

ii) Consular Invoice

Not required.

iii) Pro-forma Invoice

May be requested by the importer to substantiate the application for a license or as the first step in negotiating an import contract.

iv Invoice of Goods Shipped (packing list)

This is not a mandatory document. However, it facilitates the clearance of goods. Information on this document should be the same as the data on other documents.

1.2.3 Bill of Lading

There are no regulations specifying the form or number of bills of Lading required for any particular shipment, however, it must contain at least an indication of receipt of goods for shipment, name of shipper, name and address of consignee, port of discharge, final destination of shipment, description of goods and a statement of itemized charges. The number of bills of lading in the full set, and date and signature of the carrier's official acknowledging receipt on board of the goods for shipment must also be shown. The information should correspond with that shown on the invoices and packages. "To order" bills are also accepted. Freight charges generally must be prepaid.

Air cargo shipments require airway bills - in place of bills of lading - with the number of copies issued based on requirements of the importer and of the airline used, subjected to the rules and regulations of ICAO and IATA governing labelling and packaging of dangerous or restrictive goods.
Mail and parcel post shipments require postal documentation in place of bills of lading. For each letter or package containing dutiable merchandise, prints and small packages must have affixed on the address side of mail to it a green customs label CI Form 2976 "Authority for Customs to Open International Mail"

If the value of the goods exceed $120US or if the sender does not want the description of the contents to be shown on the package then only the upper portion of CI Form 2976 should be offered to the outside of the package. However, a customs declaration C2 Form 2976A "Customs Declaration" must be completed and enclosed inside of the package.

Dutiable merchandise is permitted in mail or parcel post of Barbados subject to a maximum weight of 22 lbs and maximum length of 31/2 feet and 24 inches in girth. Insured parcels must, and ordinary parcels may, be sealed. One Customs Declaration, Form 2966-A must accompany all postal packages and one despatch Note - Form 2972.

1.2.4 CERTIFICATES
- of origin

Shipments of CARICOM origin should be covered by a certificate of origin (see annex 1, section 1) to be given special Common Market treatment.

This is not a mandatory document for shipment from other countries. However, it may be requested by importer/bank/letter of credit clause. When required, three copies are necessary - available from commercial printers - showing the same data as on other documents. This certificate must be signed by a responsible member of the firm and certified by a chamber of Commerce (usually one additional notarised file copy).

- of insurance

Although normal commercial practices prevail adherence to the Barbados Insurance Code of 1978 must be observed. Under the Code's new Section 22A(1), effective March 1978, "no person shall, except in the case of re-insurance, place or caused to be placed with an insurer not registered under this Act, insurance in respect of - (c) goods being imported in Barbados". Insurance would be permitted to be taken abroad if it is not possible to obtain similar protection at a comparable cost from an insurer registered under the Act. Insurance companies in other CARICOM countries all treated as local companies for purposes of this provisions.
- Animal and/or Botanic Health

i) Certificate indicating that all pork products are processed prior to entry into Barbados.

ii) Sanitary certificate: an official inspection certificate is required on all shipments of fresh fruits and vegetables grown in Florida stating that they have been fumigated and are free from Mediterranean fruit fly. All other imports of fruits and vegetables from other parts of USA passing through Florida must be accompanied by proof of origin.

iii) Cargo from a ship transporting seed cotton, cotton lint, or cotton seed which is not consigned to Barbados will not be permitted to enter unless it has been disinfected or treated. Manufactured articles and dried seed or grain are subject to inspection upon arrival; plants and plant products may be inspected on arrival and are subject to disinfection, destruction, or refusal of entry if not free of injurious pests or disease.

1.2.5 Technical Specifications

For most industries, compliance with the US or British technical standards is accepted.

Electric current is A.C. 50 cycles, 110/200 and 120/208 volts, 1, 3 phases, 2, 3, 4 wires.

Effective December 31, 1978, Metric became the official system of weights and measures.

1.2.6 Advertising Material

Trade catalogues and advertising matter of no commercial or negligible value are duty free. An official estimate would be made to determine whether samples are of negligible value based on the value of individual samples or on the aggregate value of samples in one consignment. It may be necessary to deface samples to destroy their commercial value without impairing their usefulness as samples. Consignments are considered separately.

1.2.7 Labelling and Marking

Goods should be marked "Made in ........(name of Country)". Goods from the US must be marked "Made in U.S.A." when English wording appears on the package. The Barbados National Standards Institution has produced a draft standards specification for the general labelling of commodities in Barbados.

There are no regulations stipulating how goods should be marked. In general, all identifying marks, including the consignee's mark with port marks, should be plainly enscribed on the packages to facilitate arrival of the shipment. Packages should be numbered unless the contents are such that they can be readily identified without numbers.
Exporters to Barbados should ascertain whether or not Barbados is currently adhering to the UN recommendation for the labelling and packing of hazardous and/or restricted materials in a standardized manner and style.

1.2.8 Brands or Trademarks

They must be registered with the Barbados National Standards Institution in order to be legally recognised in the country.

1.2.9 Packing

Except in the case of hazardous and/or restricted materials where it should be ascertained whether Barbados is currently adhering to the UN recommendations, (see footnote / supra). The weight of packing is not a factor in the payment of duties on goods dutiable by weight. However, packages must show the specific quantity of such article - by label or mark- if enclosed in a package. If the net weight of contents does not appear on the package, then duty will be calculated on the gross weight of the package and its contents.

1.3 Fines and Penalties

Penalties may be assessed for misrepresentation of the weight or value of imports and for fraudulent action of any sort to avoid the payment of customs duty. Import restrictions may be imposed if it is ascertained that the country is being affected by dumped or subsidized imports.

Goods must enter customs within five (5) days of the arrival of the vessel, or they will begin to accrue storage costs. If after fourteen (14) days, the goods are not entered into customs, then the consignment may be sent to a Queen's Warehouse at the consignee's expense. However, Bank guarantees may in some cases be accepted in place of missing documents until the documents themselves accrue.

1.4 Specimens, Samples

Samples of no commercial value are admitted duty free. In determining whether samples are of negligible value the Comptroller of Customs may consider the aggregated value of all the samples in one consignment. However, this does not include a consignment to different consignees or if the samples are made useless - lent not to destroy their usefulness as samples.

Saleman's samples may be imported temporarily duty free under deposit of bond, on the condition that they are not sold without prior approval and payment of duty.

/ In 1965 the Inter-Government Maritime Consulting Organization (IMCO, now IMO) adopted the International Dangerous Goods Code, which includes the UN labelling System. It is now adhered, partially or totally, by more than thirty countries. If goods are going by air, IATA and/or ICAO regulations regarding packing labelling and documentation must be met. For goods going by boat, the latest IMO requirements usually have to be met at the request of the shipper.
1.5 **Shipment Restrictions**

All imports from Zimbabwe (Rhodesia) and South Africa are prohibited.

1.6 **Distribution Channels**

The Barbados Marketing Corporation is responsible for the importation and marketing of various agricultural products. Distribution of most other commodities are generally handled by the private sector. There are also a number of "duty-free" shops, assisted by the government, catering for the tourist trade.

1.7 **Agents or Representatives**

There is in force a Commercial Traveller's Tax, whereby a license fee of BDS$500.00 is paid for six (6) months. As agent or representative must also be registered under provisions of the "Profession, Trade and Business Registration Act".
2. EXPORT REGIME

2.1 Export Procedures

Any company or legal person in the country which makes export sales payable in foreign currency, is subject to the currency exchange controls which require the compulsory surrender of foreign currency to the Central Bank.

For exports to members of the CARICOM member countries, 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 special requirements

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 Goods Code (see footnote _/).

2.3 Export Incentives

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

As part of the harmonization of the Caribbean Common Market, the main benefits which can be given to an exporter are exemption from income tax and relief from custom duties, over a stated number of years. The Common Market agreement sets out the maximum benefits which can be given under the scheme by any signatory government in respect of an approved product. Additional benefits exist under the Fixed Incentives Act, 1974.

2.3.1 Direct 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 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 percent 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
receipts from sales *ex* factory.

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

**TABLE I**

<table>
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<th>Enterprise Group</th>
<th>Maximum number of years</th>
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<tr>
<td>I</td>
<td>10</td>
</tr>
<tr>
<td>II</td>
<td>8</td>
</tr>
<tr>
<td>III</td>
<td>6</td>
</tr>
</tbody>
</table>

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$ 50 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 (as against its intra-CARICOM and domestic sales) of the product for which export allowance is given, the greater the relief afforded.

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 II

<table>
<thead>
<tr>
<th>Share of profits from exports to third countries in total profits of approved product&lt;sup&gt;1/&lt;/sup&gt;</th>
<th>Maximum income tax relief of tax chargeable on the approved product (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 to less than 21 percent</td>
<td>25</td>
</tr>
<tr>
<td>21 to less than 41</td>
<td>35</td>
</tr>
<tr>
<td>41 to less than 61</td>
<td>45</td>
</tr>
<tr>
<td>61 percent or more</td>
<td>50</td>
</tr>
</tbody>
</table>

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 state of

<sup>1/</sup> As a general rule, the share of exports on total sales is taken as the share of profits made.
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 1, section 1(a) where specimen is
provided).

The Lomé Convention also requires certification of origin for exports
from ACP states into the EEC (see annex 2, section 5). Same is required by the
United States 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 other allowances given to approved enterprises
on the expiry of the tax holiday. The existence of National Export Awards
provides an additional incentive to export manufacturers.

(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 exists, 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

Barbados has signed bilateral trade agreements with several countries in Latin America and the United States, Canada and in Europe.

3.2. Multilateral

Barbados is a member of the Commonwealth of Nations, a signatory to the Second Lomé Convention (see annex II) and a contracting party to the GATT. Guyana is a founding member of CARICOM (see annex I), and also a member of the Latin American Economic System (SELA).

3.3. Integration Schemes

Barbados is a member of CARICOM (see annex I).

4. Agencies and Institutions Involved in Foreign Trade

The Barbados Government has set up an Export Promotion Corporation that would incorporate trade promotion activities and closely linked to the Industrial Development Corporation (IDC).

It is administered by the Ministry of Trade, Industry and Corporation. All agricultural goods are entered through the Barbados Marketing Corporation.

1. Central Bank of Barbados
   Bridgetown

2. Barbados Industrial Development Corporation
   Industrial Park, Bridgetown

3. Ministry of Tourism, Information and Public Relations
   Marine House, Hartings, Christ Church, Barbados

4. Ministry of Trade, Industry and Commerce
   Harbour Industrial Park, Bridgetown

5. Customs and Excise Department
   Harbour Industrial Park, Port Authority Building, Bridgetown

6. Barbados Chamber of Commerce
   P. O. Box 189, Bridgetown

7. Barbados National Standards Institution

8. Barbados Export Promotion Division

9. Barbados Employer's Confederations

5. National and International Fairs

There is an Export Awards Scheme for local exporters.

6. Chambers and Association of Commerce

6.1. Barbados Chamber of Commerce is a member of the Caribbean Association of Industry and Commerce (CAIC).

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