ECONOMIC COMMISSION FOR LATIN AMERICA
Subregional Headquarters for the Caribbean
CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE
Meeting on Trade Procedures in the Caribbean
La Habana, Cuba
24-27 October 1983

PRELIMINARY DRAFT
NATIONAL TRADE OPERATIONS AND PROCEDURE GUIDE
(SAINT VINCENT AND THE GRENADINES)
This 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

Saint Vincent and the Grenadines is a Windward multi-island state 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 27 October 1979, is also a signatory of the Convention of Lome II (see annex II).

Its tariff system is based on the Customs Cooperation Council Nomenclature (CCCN). During 1976—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-à-vis all third countries. As signatory to the ECCM and CARICOM Common Market, St. Vincent 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 St. Vincent is a member of the Caribbean Common Markets, duties and other tariff regulations will continue to change in order to conform with this trading area's CET.

St. Vincent levies a package tax—at a rate of ECS 0.15—on all packages landed in the islands for home consumption. Excise duties are levied on all spirits and rum. Most imports are subject to a stamp tax of 5 percent of the c.i.f. value.

In accordance with the "Consumption Tax (Amendment) Act 1970", the Government of St. Vincent imposes a consumption tax, at various rates, on a wide range of goods, including, inter alia, certain foods, alcoholic beverages, medicinal and pharmaceutical products, fuels, footwear, china, crystals, airconditioners, vehicles, perfumery and cosmetics, chocolate, wigs, certain petroleum products, clothing, etc.
2. Trade Requirements

Exchange control is administered by the Ministry of Finance and applies to all countries outside the East Caribbean Currency Authority area. The Ministry delegates to authorized dealers the authority to approve some import payments and certain other outward payments. Settlements with residents of member countries of CARICOM must be made either through External Accounts (in Eastern Caribbean Dollars) or in the currency of the CARICOM country concerned. Settlements with other countries may be made in any foreign currency other than the EC dollar or through External Accounts in EC dollars.

Payments for authorized imports are permitted upon application and submission of documentary evidence and the import license, when required. Advance payments for imports require prior approval by the Ministry of Finance.

There is a 1 percent charge on sales of foreign exchange.

Perishable biological materials are prohibited to St. Vincent on the regular mail service.

Generally speaking, imports of live animals, plants, parts of plants and foodstuffs are to be accompanied by health certificates. Drugs and pharmaceuticals require prior approval.

1.2.1. Import permit or License

Other than provided for CARICOM or ECCM origin goods:

Import licenses are issued by the Ministry of Foreign Trade. All imports from South Africa are prohibited. Most goods may be freely imported under general license.

Certain other commodities require individual licenses, unless imported from CARICOM countries. Goods which compete with locally-produced goods are sometimes prohibited.

In cases where specific licenses are required, they are usually valid for six months; in any event, the goods must arrive before the end of the year.

1.2.2. Invoices

(i) Commercial invoice

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

The CARICOM invoice is required (see annex I, section 4). Alternatively the ECE format invoices may be used. Invoices should be made up at least in...
duplicate and sent separately from the goods. Exporters should be cautious when completing questions regarding charges and expenses. Shippers should state whether each item is included or excluded in the selling price.

(ii) **Consular invoice**

Chamber of Commerce certification and consular legalization are not required.

(iii) **Pro forma invoice**

May be requested by importer to substantiate license or advance payment application or as the first step in negotiating 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 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 concerns danger and restricted goods.

 Mail and parcel post 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.- In other cases a green customs 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. Insured parcels must and ordinary parcels may be sealed.

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

-Of origin

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).

In the case of other countries, usually not required. If requested by the importer or letter of credit clause, then 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 a Chamber of Commerce (which will require an additional notarized file copy).

-Of Insurance

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

-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.

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

Advertising material for gratuituos distribution is generally free of duty, whether sent as printed matter, parcel post or by express or freight. Electrotypes, stereotypes, matrices, cliches, etc. are dutiable.

1.2.7. Labelling

In the case of labels with English wording which might be misleading as to the true origin of the goods, these should have a mark of origin, e.g.
"Made in (name of country)".

Exporters to St. Vincent 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.

1.2.8. Brands or Trade Marks

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

1.2.9. Packing

Except in the case of hazardous and/or restricted materials, where it should be ascertained whether St. Vincent 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 six days in St. Vincent after their arrival in port or charges will accrue. If the documents are not available, the Treasurer 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 six days, they may be transferred to a Queen's warehouse where most articles may remain for two years, 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 temporarily admitted 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

All imports from South Africa are prohibited in St. Vincent.

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.
1.6 Distribution Channels
There are some "duty free" shops catering to the tourist trade.

1.7 Agents and representatives
Commercial travellers to St.Vincent are subject to a tax of EC$120 per year.
2. EXPORT REGIMES

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 1, section 2. For exports to the EEC, subject to the second Lome Convention, see annex 11, 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 1. See also restrictions under the Second Lome Convention (annex 11, section 4) for trade with the EEC.

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

2.3. Export Incentives

As member of the CARICOM and ACP countries, incentives provided under these agreements are applicable in this country, under the industrial and investment promotion scheme (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 customs 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, whether destined to the export market or not.

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 1 shows the method for measuring local value added contribution). For the award of benefits, enterprises are classified into three groups:

- Group 1.- Enterprises whose local value added in respect of the approved products amounts to 50 percent or more 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 30 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 ADC government in CARICOM may grant relief from income tax and customs duties.

<table>
<thead>
<tr>
<th>Enterprise Group</th>
<th>Maximum number of years</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>15</td>
</tr>
<tr>
<td>II</td>
<td>12</td>
</tr>
<tr>
<td>III</td>
<td>10</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 ES$ 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 EECM (sales to other CARICOM members) 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 2 |
|---|---|
| Maximum export allowances granted |
| Share of profits from exports to third countries in total profits of approved product 1/ | 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 |

1/ 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 1, section 1(a) where specimen is provided).

The Lome 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 certificates 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 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 1, 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 St.Vincent.

3.2 Multilateral

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

3.3 Integration Schemes

St.Vincent 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).

4. AGENCIES AND INSTITUTIONS INVOLVED IN FOREIGN TRADE

COMPTROLLER OF CUSTOMS AND EXCISE
Custom House
Kingstown

DEVELOPMENT CORPORATION
P.O. Box 641
Kingstown

5. NATIONAL AND INTERNATIONAL FAIRS

None are organized by the Government of St.Vincent

6. CHAMBERS AND ASSOCIATIONS OF COMMERCE

ST. VINCENT CHAMBER OF COMMERCE
Kingstown