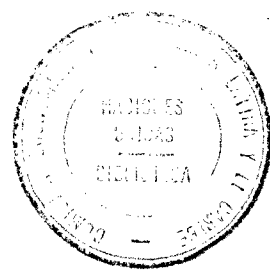


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ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN
Subregional Headquarters for the Caribbean
CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE



TRADE PROCEDURE GUIDE (PART XI)

GRENADA



UNITED NATIONS
ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN
Subregional Headquarters for the Caribbean



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GRENADA

1. IMPORT REGIME

1.1. Customs duty policy

Grenada is a signatory to the Caribbean Common Market (CARICOM) and the Organization of Eastern Caribbean States (OECS) Treaties. Independent since 7 February 1974, Grenada is also a signatory to the Convention of Lomé II (see Part II of the present document).

Its tariff system is based on the Customs Co-operation Council Nomenclature (CCCN). During 1975, -in accordance with the obligations under the Lomé Convention- a single-tier tariff was introduced and implemented, eliminating preferences and at the same time using a single tariff rate vis-à-vis third countries. As signatory to the ECCM and the CARICOM Common Market Treaties, Grenada enforces a separate tariff schedule for duties applicable to imports from the ECCM and CARICOM Countries, subject to schedule IV of the Annex to the CARICOM Treaty.

1.1.1. Import duties

Generally speaking, most goods are taxed 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 Market, duties and other tariff regulations will continue to change in order to conform with this trading area's 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 levied 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 Laws no. 3 of 1981, 11 of 1981, 47 of 1981, 5 of 1982 and 2 of 1983. In compliance with these regulations, 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, jewellery; manufactures of metal; headgear made of straw; phonograph records and matches.

1.2. Trade Requirements

1.2.1. Foreign Exchange Regulations

Trade and exchange controls are administered by the Ministry of Planning, Finance, Industry 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.

1.2.2. Import Permit or Licence

Other than as provided for CARICOM or ECCM origin goods, imports from South Africa, Chile and South Korea are prohibited. Most goods may be imported under open general licence. 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 licence issued by this Board.

1.2.3. 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

This may be required by importer to substantiate licence or advance payment application or as the first step in negotiation of an import contract.

(iv) Packing list

Provision of packing list will facilitate customs clearance and classification.

1.2.4. Bill of lading (or Air waybill)

There are no special regulations. "To Order" bills are acceptable. the air waybill 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 freight and other charges, number of bills of lading in full set, and the date and signature of the carrier's official acknowledgment receipt on board of the goods for shipment. Information should correspond to what appears 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 special documents concerning dangerous 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 Air waybill 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 letter mail, subject to the maximum weight and size permitted. ^{1/} Insured parcels must and ordinary parcels may be sealed.

1.2.5. Certificates

(i) Of Origin

For Grenada, all certifications of origin must be handsiged. 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.

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

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

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 the 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.

(ii) Of Insurance

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

(iii) 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 for imports of frozen, chilled, salted or canned meats.

(iv) Of Value

Shipments to Grenada require a certificate of value. Exporters should consult importers for detailed information on this document.

1.2.6. Technical specifications

For most goods 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 (Système International); therefore these nations have currently a mixture of the metric and imperial systems.

1.2.7. Advertising material

Advertising material, even for gratuitous distribution, is dutiable if it is deemed to have commercial value.

1.2.8. Labelling

Exporters to Grenada should ascertain whether or not this country is currently adhering to the United Nations recommendations for the labelling and packing of hazardous and/or restricted materials in a standardized manner and style. ^{2/}

1.2.9. Brands or trade marks

There are no special regulations concerning the use of brands or trade marks except for an ordinance providing for the registration in Grenada of trade marks registered in Great Britain.

1.2.10. Packing

Except in the case of hazardous and/or restricted materials, where it should be ascertained whether Grenada is currently adhering to the United Nations 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 - Port and Warehousing Procedures

Goods should be entered and cleared within five days after their arrival in port or charges will accrue. If the documents are not available, the Comptroller of 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 five days, they may be transferred to a Queen's warehouse where most articles may remain for

^{2/} In 1965 the Inter-Governmental Maritime Consultative Organization (IMCO, now IMO), adopted the International Dangerous Goods Code, which includes the United Nations labelling system. It is now partially adhered to 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 met by the shipper.

three months awaiting entry, before they are subject to sale at auction, unless the importer decides to re-warehouse in which case they can remain for up to two years.

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 re-exportation 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. They include 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 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, a fee of EC\$120 per annum if the agent is resident in Grenada 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 licence (See specimen of Licence 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 Part I, section 2 of this document. For exports to the EEC, subject to the Second Lomé Convention, see Part II, section 3 of this document.

2.2. Exports subject to special requirements

In accordance with 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 per cent of the amount by which the net price exceeds 28 cents per lb. of cocoa; 12 cents per cwt. plus 20 per cent of the amount by which the net price exceeds 14 cents per lb. of nutmegs; 24 cents per cwt. plus 20 per cent of the amount by which the net price exceeds 44 cents per lb. of mace; 24 cents per hundred coconuts; and six cents per cwt. plus 20 per cent of the price received in excess of five cents per lb. of copra. Other products dutiable on export include cotton (including seed), limes (juice, raw and concentrated, whole and oil), nutmeg oil, and live animals which are dutiable per head at rates that range from six cents per head of poultry to EC\$2.50 per head of cattle, calves and asses, and EC\$5 per head of horses and mules.

For exports of selected agricultural commodities, oils and fats, and cane sugar, to other members of CARICOM, see Part I of this document. See also restrictions under the Second Lomé Convention (Part 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

The schemes of incentives under both the CARICOM Treaty and the Lomé Convention are applicable in Grenada. (See Parts I and II of this document).

Under the Caribbean Common Market Treaty 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. This Treaty 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.

The Government of Grenada under the Investment Code Incentive Law of 1983 is committed to the principle of economic development and social transformation through a tripartite effort involving the public, co-operative and private sectors.

A more active public sector role in the economy, joint ventures with local and foreign investments and the provision of the necessary incentives to investors are some of the measures considered feasible to accelerate the pace of industrial, tourism and other development activities.

The Government stands ready to give active support and encouragement to investors in a wide range of activities provided that such activities are compatible and identifiable with the overall economic policy and national interest.

2.3.1. Direct incentives

Under the CARICOM harmonized incentive scheme, the maximum number of years for which benefits may be granted varies with the percentage of local value added (section 3 of Part I of this document) 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:

(i) Group I

Enterprises whose local value added in respect of the approved products amounts to 50 per cent or more of the value of the sales, ex factory, of the product;

(ii) Group II

Enterprises whose local value added in respect of the approved products amounts to 25 per cent or more but less than 50 per cent of the receipts from sales ex factory; and

(iii) Group III

Enterprises whose local value added in respect of the approved product amounts to at least ten per cent or more but less than 25 per cent of the receipts from sales ex factory.

The following table shows the maximum number of years for which Grenada and any other CARICOM LDC may grant relief from income tax and customs duties.

TABLE 1

MAXIMUM PERIOD OF TAX CONCESSION ELIGIBILITY	
<u>Enterprise Group</u>	<u>Maximum number of years</u>
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.

The Caribbean 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.

Dividends tax exemption

Under the CARICOM Treaty, approved enterprises are granted exemption of income tax on the profits earned from the production of the approved products. There is also the provision that dividends 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 income is not exempt from tax in the hands of the recipient.

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.

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 ECCM (except to Barbados) of the product for which export allowance is being sought, the greater the relief afforded.

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

TABLE 2

MAXIMUM EXPORT ALLOWANCES GRANTED	
<u>Share of profits from exports to third countries in total profits of approved product ^{1/}</u>	<u>Maximum income tax relief of tax chargeable on the approved product (%)</u>
10 to less than 21 per cent	25
21 to less than 41 per cent	35
41 to less than 61 per cent	45
61 per cent or more	50

^{1/} As a general rule, the share of exports on total sales is taken as the share of profits made.

This relief is not granted to an enterprise in respect of a traditional export product of Grenada. The provision was designed to encourage local enterprises to increase the share of export 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:

- (i) The enterprise has been enjoying such benefits only for the first five years after the expiry of the tax holiday or customs rebate period;
- (ii) 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

The granting of export credits (rebates) to suitably qualified enterprises producing an approved product exclusively for export is contemplated in the Fiscal Incentives Act of 1974.

2.3.1.3 Certificates

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

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

No tax refund certificate or tax compensation certificate is 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.

(i) Initial allowance

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

(ii) Special bonus for using local labour

In order to encourage the greater use of local labour and to contribute to the relief of unemployment, a weighting device related to the use of local labour is used to increase the length of the tax holiday to which an enterprise may become eligible. The device inflates local value added by wages paid to local labour.

2.3.3. Free zones

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

3. 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 Lomé Convention (see Part II of this document). Grenada has a de facto application to the GATT.

3.3. Integration schemes

Grenada is part of the ECCM and signatory to the OECS Treaty as well as member of the CARICOM since April 1974. Grenada has also joined the Latin American Economic System (SELA).^{3/}

4. AGENCIES AND INSTITUTIONS INVOLVED IN FOREIGN TRADE

COMPROLLER OF CUSTOMS AND EXCISE

The Pier

St. George's

MINISTRY OF TRADE

Scott St.

St. George's

MINISTRY OF FINANCE

- Exchange Control Department

- Customs and Excise Department

MARKETING AND NATIONAL IMPORTING BOARD (MNIB)

GRENADA COCOA ASSOCIATION

GRENADA CO-OPERATIVE NUTMEG ASSOCIATION

GRENADA BANANA CO-OPERATIVE SOCIETY

MINOR SPICES CO-OPERATIVE

GRENADA NATIONAL INSTITUTE OF HANDICRAFT

5. NATIONAL AND INTERNATIONAL FAIRS

None is organized by the Government of Grenada.

^{3/} 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-à-vis other regions, blocs and integration systems.

6. CHAMBERS AND ASSOCIATIONS OF COMMERCE
GRENADA CHAMBER OF COMMERCE
Melville St.
St. George's



1
2
3



4
5
6

