

DOING BUSINESS WITH SAINT LUCIA



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1. GENERAL INFORMATION

Official Name: Saint Lucia

Capital: Castries

Area: 616 sq km (238 sq miles)

Population: 170,649 (July 2007)

Population growth index: 1.297
percent (2007 est.)

Population density: 275 inhabitants
per kilometer sq.

Official language: English (official);
a French patois is common throughout
the country.

Currency: Saint Lucia's currency is
the Eastern Caribbean Dollar (EC\$), a
regional currency shared among
members of the Eastern Caribbean
Currency Union (ECCU). The Eastern
Caribbean Central Bank (ECCB) issues
the EC\$, manages monetary policy, and
regulates and supervises commercial
banking activities in its member
countries. The ECCB has kept the EC\$
pegged at EC\$2.7=U.S. \$1.

Exchange rate: EC\$2.70 = U.S.
\$1

Climate: St Lucia, like all
Caribbean islands, has a hot, tropical
climate throughout the year, tempered by
sea breezes and prevailing northeastern
trade winds. The average temperature
year round is between 77°F (25°C) and
80°F (27°C). The driest period on the
island is from about February to May,
though short showers can occur

throughout the year, and the wet season
is usually from June to September. The
rain forest in the interior of the island
receives more than double the average
annual precipitation on the north and
south coasts.¹

Principal Cities and Population: (2005 est.)

Castries	10,634
Bexon	7,119
Babbonneau	5,138
Cicéron	3,577
Dennerly	3,051

Airports: Saint Lucia has two
airports: Hewanorra International
Airport (UVF), located in the southern
town of Vieux Fort (approximately 40
miles south of Castries), and George
Charles Airport (SLU) located in
Castries, the capital city of Saint Lucia.
Most international jet flights land at
Hewanorra, which is the larger of the
two, and smaller flights from within the
Caribbean region land at George Charles
Airport.

Ports: The main sea port is
Castries. There is an additional deep
water anchorage for cargo and container
ships at Vieux Fort in the south near the
airport. Pointe Seraphine is the port of
entry for cruise ships.

Holidays:

New Year	Jan 01-02
Independence Day	Feb 22
Good Friday	Apr 06

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<http://www.climateandweather.com/Climate/Countries/St+Lucia/>

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Easter Monday	Apr 09
Labour Day	May 01
Whit Monday	May 28
Corpus Christi	Jun 07
Emancipation Day	Aug 01
Thanksgiving Day	Oct 02
National Day	Dec 13
Christmas Day	Dec 25
Boxing Day	Dec 26

Quality of Life

Life Expectancy: Total Population - 74.08 years

Literacy Rate: Total Population - 94.8 percent

Local Time: UTC-4 (1 hour ahead of Washington, DC during Standard Time)

Telephone Codes: Country code 758

Health:

Facilities

Several options for health care are available namely hospitals, pharmacies and private doctors.. In an emergency, 911 can be dialed for an ambulance to take you to either Victoria or St. Jude's Hospital.

Immunizations

Vaccinations are not required for entry into Saint Lucia unless an individual is coming from an area that has been infected, and in that case individuals are required to be vaccinated at least six days prior to arrival.²

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<http://stlucia-guide.info/travel.basics/health.and.medical/>

2. THE ECONOMY

2.1 Structure of the Economy

Changes in the EU import preference regime and the increased competition from Latin American bananas have made economic diversification increasingly important in Saint Lucia. The island nation has been able to attract foreign business and investment, especially in its offshore banking and tourism industries. Tourism is the main source of foreign exchange, with more than 700,000 arrivals in 2005. The manufacturing sector is the most diverse in the Eastern Caribbean area, and the government is trying to revitalize the banana industry. Economic fundamentals remain solid, even though unemployment needs to be cut.³

2.2 Recent Economic Performance

GDP (2005): US\$825.2 million.
GDP growth rate (2005): 5.1%.
Per capita GDP (2005): US\$4,986
Unemployment 15.7% (2006)

Saint Lucia's economy depends primarily on revenue from tourism and banana production, with some contribution from small-scale manufacturing. All sectors of the economy have benefited from infrastructure improvements in roads, communications, water supply, sewerage, and port facilities. These improvements, combined with a stable political environment and educated work

force, have attracted foreign investors in several different sectors. Although Saint Lucia enjoys a steady flow of investment in tourism, the single most significant foreign investment is Hess Oil's large petroleum storage and transshipment terminal. In addition, the Caribbean Development Bank funded an extensive airport expansion project.

Although banana revenues have helped fund the country's development since the 1960s, the industry is now in a terminal decline, due to competition from lower-cost Latin American banana producers and soon-to-be reduced European Union trade preferences. The country is encouraging farmers to plant crops such as cocoa, mangos, and avocados to diversify its agricultural production and provide jobs for displaced banana workers.

Tourism recovered in 2004, following the post-September 11, 2001 recession, and continued to grow in 2005, accounting for more than 48 percent of Saint Lucia's GDP. The hotel and restaurant industry grew by 6.3 percent during 2005. Stay-over arrivals increased by 6.5 percent, and the United States remained the most important market, accounting for 35.4 percent of these arrivals. Yacht passengers rose by 21.9 percent. Redeployment of cruise ships, remedial berth construction, and high fuel costs prevented higher growth rates. However, several investors have planned new tourism projects for the island, including a large hotel and resort in the southern part of the island.⁴

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<https://www.cia.gov/library/publications/the-world-factbook/geos/st.html>

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<http://www.state.gov/r/pa/ei/bgn/2344.htm>

2.3 Balance of payments

The current account deficit of the balance of payments (BOP) is estimated to have deteriorated significantly in 2006 to US\$933.6 million, representing 37.4 percent of GDP, up from 18.1 percent in 2005. This downturn was largely due to a widening of the goods account coupled with the weakening of the services and income accounts, even with increased inflows in current transfers.

On the capital and financial account, net inflows more than doubled to 33.2 percent of GDP in the review period, compared to 15.3 percent in 2005. This performance was influenced primarily by the activities of the central government, commercial banks and foreign direct investment. In 2006, net inflows to the central government rose by 3.8 percent of GDP compared to 0.8 percent in the previous year. In the review period, the commercial banks drew down on their net foreign assets in the magnitude of 9.3 percent of GDP relative to 7.3 percent in 2005.

Preliminary data indicate that real output in the economy grew by an estimated 5.4 percent in 2006, primarily led by robust activity in the construction sector. Following growth of 4.6 percent in 2005, Saint Lucia recorded its fifth consecutive year of real growth driven by increased value-added in the construction, road transport, electricity and banking sectors. In contrast to the positive growth and contribution by most sectors to this general economic expansion, the tourism sector is estimated to have contracted by

2.7 percent while maintaining a leading share of GDP.

At the end of 2006, net inflows on the BOP exceeded net outflows and provided an overall surplus of US\$48.6 million, in contrast to the net deficit of US\$41.2 million in the previous year. This accumulation of financial assets was reflected in the reserve position of the ECCB.⁵

2.4 Overview of Trade

Buoyed by robust economic activity in 2006, the value of total merchandise imports advanced by 22.7 percent to US\$1,406.6 million, building on the 14.4 percent growth in 2005. As a ratio of GDP, total visible imports over the review period was equivalent to 55.7 percent compared to 48.1 percent in 2005. This outcome was largely due to higher outlays on imports of fuel, capital goods and construction materials. After recording growth of 13.3 percent in 2005, the value of non-oil imports expanded by 24.2 percent to US\$1,225.4 million over the review period.⁶

2.4.1 Exports

Exports of goods as a whole increased in value terms at an annual average rate of 7.2% between 2001 and 2005. The share of agricultural exports in total exports decreased to 46.3% in 2005 from 70.9% in 2001 reflecting mainly the continued decline in banana exports; their share in the total fell from 46.8% to

⁵ Saint Lucia Economic Review 2006, Domestic Economic Developments, page 8.

⁶ Saint Lucia Economic Review 2006, page 59.

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24.2%. Manufactured exports increased over the period, accounting for 36% of total exports in 2005 compared with 29.1% in 2001; exports of machinery and transport equipment accounted for half of the total.

The United Kingdom remains the main single destination for St. Lucia's exports, accounting for some 26% of the total in 2005, but down from 47.2% in 2001. Other export markets include, Trinidad and Tobago, United States, Barbados, and Grenada.⁷

2.4.2 Imports

The United States is the main source of Saint Lucia's imports with around 44% of the total, followed by the CARICOM area with some 25%, and the European Communities with some 14% of the total. Imports from Asia gained some market share during the period under review, accounting for some 10% of the total in 2005.

In 2005, some 60.8% of imports were manufactured goods, comprising mainly machinery and transport equipment, other semi-manufactures, chemicals, and other consumer goods.

2.5 Saint Lucia's Trade with CARICOM

In 2005, Saint Lucia's imports were EC\$324 million while exports to CARICOM were a mere EC\$98 million

leading to a trade deficit of EC\$117 million.

There has been a substantial increase of exports from Saint Lucia to other OECS and CARICOM countries in the last ten years. In 2005, CARICOM accounted for over 56% of St. Lucia's total exports, up from 30% in 2001.

Saint Lucia's top exports from CARICOM in 2005 included; fresh bananas, pasta, beer liqueurs and cordials, corrugated paperboard, and pebbles, gravel and crushed stones. The top imports included petroleum products, biscuits (sweetened and unsweetened), poultry feed, building cement and flour.

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<http://www.state.gov/r/pa/ei/bgn/2344.htm>

3. GENERAL MARKETING FACTORS

3.1 Distribution and Sales Channels

Manufacture agents/distributors is the most widely used form of importing goods into Saint Lucia, since the small size of the market does not merit establishment of a distributor network. There is normally no specific legislation in this regard. Contracts normally state that the agent is not to be regarded as an employee or partner of the principal.

3.2 Transportation

The Saint Lucia Sea and Air Port Authority is responsible for the provision of cargo services and all activities related to the ports, including pilotage services, and for the determination of port charges. The Ministry of Communications, Works, Transport, and Public Utilities is responsible for formulation and management of maritime transport policy.

Under the GATS, St. Lucia made market access commitments in maritime transport services with respect to international passenger transportation services, and freight transportation services. Saint Lucia also made commitments with respect to the provision of some auxiliary services, namely trans-shipment services and free zone operations

3.2.1 Sea Transport

Saint Lucia has regular shipping links with all major ports in Europe, the United States, Canada, and Asia. A number of international lines serve St. Lucia's ports, but there is no domestic shipping line.

In volume terms, the vast majority of cargo trade (exports and imports) is via maritime rather than by air transport. In 2006, just over 3 million kg. of goods cargo was passed through St. Lucia's two airports .

Saint. Lucia has six official ports of entry: the main commercial ports are Vieux Fort in the south of the island, and Castries in the north of the island. Other smaller ports are Rodney Bay, Marigot Harbour, Soufrières, and Cul-de-sac (which is an oil terminal).⁸

3.2.2 Air transport

Operating licences are required for the operation of air transport services in St. Lucia. These licences can be obtained from The Ministry of Tourism and Civil Aviation which is in charge of civil aviation and has responsible for safety matters and for issuing operating licences. Airports are under the control of the St. Lucia Air and Sea Ports Authority (SLASPA). The main legislation governing air transport is the Civil Aviation Act.

In 2006, there were a total of 409,489 passenger arrivals by air to St. Lucia, significantly more than most other OECS Member states, with the

⁸ SLASPA online information. Viewed at: <http://www.slaspa.com>.

exception of Antigua and Barbuda. Most carriers operating flights in and out of St. Lucia were from the region, from the United States, United Kingdom, and Canada.⁹ St. Lucia has two airports: Hewanorra in Vieux Fort, which handles most long-haul international flights; and G.F.L. Charles in Castries, which handles mainly regional flights.

3.2.3 Local Transportation

Buses are available in Northern Saint Lucia, around the capital city of Castries and at Gros Islet. Bus service runs until approximately about 10:00pm, and a little later on Friday nights. However, there is no scheduled timetable. Bus fares range from EC\$1.50 – EC\$7.00 dependent on the destination from Castries to the north coast or south coast areas.

Visitors can also take taxis, which are available at designated taxi stands, while cabs can also be called for pickup by telephone. Minibuses, which can accommodate up to 10 persons, can be hired as taxis for small groups. Taxicab fare from Castries to Hewanorra Airport is about EC\$120 (could be as high as EC\$160 one way from the airport in the north to the international airport in the south), and from Castries to Rodney Bay is about EC\$40. Up to four persons can ride for the price of one.¹⁰

⁹ For a list of the regional and international airlines flying to and from St. Lucia, see SLASPA online information. Viewed at: <http://www.slaspa.com/Airports.htm>.

¹⁰ <http://www.tripadvisor.com/Travel-g147342-s303/St-Lucia:Caribbean:Public.Transportation.html>

4. MARKET ACCESS CONDITIONS

4.1 Customs Tariffs

All goods imported into Saint Lucia are subject to customs duties. Duties are levied *ad valorem* except on seven HS items that carry specific duties.¹¹ There are no seasonal tariffs, nor goods subject to tariff quotas. Tariff rates range from 0 to 70%.

Agricultural products are subject to a rate of 40%. The maximum applied rate arms and ammunition is 75%, 50% for alcoholic beverages and cigarettes, and 40% for motor vehicles.

Import duty exemptions are available for beneficiary industries under Saint Lucia's incentives schemes. The Government grants banana farmers 100% exemption from import duty and consumption tax on most production inputs.

St. Lucia grants duty-free access to imports from other CARICOM countries that satisfy the rules of origin, in accordance with treaty obligations, except those where exceptions are granted under the safeguard provisions of the CARICOM Treaty. Preferential imports are, however, subject to the customs service charge.

¹¹ HS0701.90 certain potatoes, EC\$1.65 per 100 kg; 0703.102 shallots, EC\$65 per 100 kg; 0710.10 potatoes (cooked or uncooked) frozen, EC\$0.88 per 100 kg; 0901.21 coffee not decaffeinated, EC\$0.44 per kg; 0901.22 coffee decaffeinated, EC\$0.44 per kg; 1701.999 other (icing sugar), EC\$6.60 per 100 kg; 2203.001 beer, EC\$10 per liquid gallon.

4.1.2 Other levies and charges

Customs Service Charge

St. Lucia applies a customs service charge (CSC) of 5% on the c.i.f. value of most imports, with specific exemptions.

The CSC is authorized by the Customs (Service Charge) Act No. 10 of 1989, as amended in 1994, 1995, and 1999. The Act provides a schedule of exempted articles, including an exemption for all classes of raw materials and packaging materials imported by local manufacturers, certified as such by the Ministry of Commerce for use in the manufacture of goods.

Other exemptions concern goods imported by the Government and certain related institutions (e.g. public libraries); diplomatic missions and certain goods of OECS officials; newspapers, trade catalogues, and advertising matter; and certain goods used by approved airlines.

The CSC is applied to CARICOM imports. Charitable institutions are eligible for exemptions from both import duties and the CSC; some of these organizations are scheduled as exempt in the law (e.g. the Saint Lucia Red Cross Society and the Save the Children Fund), while others may obtain such treatment upon the advice of Cabinet.

Consumption Tax

Most goods, are subject to a general consumption tax (GCT). The GCT applies mostly to non-agricultural goods and is applied on the c.i.f. value of imports plus the tariff.

Food and essential items are zero-rated. For most other items, the rates vary between 5% and 35%.

Special rates are set for cigarettes containing tobacco (70%); aerated and malt beverages in metal containers (a specific duty of EC\$3.17 per container); and wine, vermouth, or grape must (a specific duty of EC\$5 per litre).

Excise Taxes

Excise taxes are regulated by Excise Tax Act No. 29 of 1999. The excise tax on imports is determined on the c.i.f. value. The tax must be paid before the goods enter St. Lucia. The excise tax is levied on the wholesale price of domestically produced goods or services. Goods subject to the tax are spirits, motor vehicles and parts, and propellant powders. Rates may be specific (in the case of spirits) or *ad valorem* (in the case of propellant powders and motor vehicles). Rates for motor vehicles rates range from 30.5% to 85%, as amended by S.I. 63 of 2004.

Customs duties consist of Import Duty, Consumption Tax, Customs Service Charge (5%), Environmental Levy (1.5%) and Excise Duty¹².

Environmental Levy

The Environmental Protection Levy Act No.15 of 1999, as amended in 2002, imposes a tax on most imports, but does not apply to domestically produced goods. Specific rates are set for motor vehicles, tyres, used refrigerators and freezers, and batteries. A general rate of

1.5% is applied on the c.i.f. value of goods in containers of plastic, glass, metal, or paperboard, and on empty containers made of those materials. All other imports, except for clothing, footwear, foodstuffs, and pharmaceuticals, are subject to a rate of 1%. In the 2007-2008 Budget Address, the Government proposed to retain the current rate of EC\$1,000 on new vehicles, but to reduce and consolidate the taxes on used vehicles from the current EC\$6,000-12,000, depending on age, to a single rate of EC\$4,000.¹³

Import licensing

The import-licensing system is regulated principally by the Customs. However, other types of import licences (for health and safety reasons) are administered by other agencies. Import licenses include automatic and non-automatic licences.

Licences applications are usually presented within 24 hours of arrival of goods, but may be presented before clearing customs; they are usually processed within 48 hours. All persons, firms, and institutions are eligible to apply for licences. No licensing or administrative fees are charged, and there is no deposit or advance payment requirement. Licences are non-transferable.

4.2 Import Documentation

Imports require up to seven documents. The c.i.f. value of the goods imported must be stated, and accompanied by bills of lading or airway bills. An importer of

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<http://www.customs.gov.lc/index2.htm>

¹³ Government of St. Lucia (2007).

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goods is also required to file a commercial invoice and the single administrative document (SAD). CARICOM goods require a certificate of origin. Where necessary, the appropriate import or export licence, certificates required under the Plant Protection Act, the Pesticide Control Act, or health and meat inspection certificates must also be attached to the SAD.

Common documents used:

- Form 19 (CARISAD)
- Invoices
- Documents of Title (Airway bill/ Bill of Lading)
- Certificate of Origin (for goods manufactured from another Caricom country)
- Form 61 (For individual items exceeding a customs value of \$2500.00),
- Import Licenses/Import Permits (where applicable)
- Phytosanitary Certificate
- Bill of Sight (in the absence of proper invoices)

Under the Customs Control and Management Act No. 23 of 1990 persons importing goods by air are required to submit a customs entry within seven (7) days of importation of those goods, by sea this document must be submitted within fourteen (14) days of importation. Exempt from the above are fresh fish (including shell fish) caught by Saint Lucia fishermen and imported by them in their vessel, passenger's accompanied baggage.

Saint Lucia Customs and Excise Department reserves the right to refuse to accept any entry of goods if they are

dissatisfied that those goods were imported at the time of presentation of the customs entry.

Where an error is found on the submitted entry an importer may be granted a period of ten (10) days to account for it. If after final submission the department is still dissatisfied with the entry the person will become liable to penalties under the law.

Note: Persons submitting incorrect and false information on the submitted entry are liable to penalties and seizure of the related goods.¹⁴

4.3 Prohibited and Restricted Imports

Prohibited imports are those items that are considered detrimental to the general welfare of the country. Prohibited imports will be immediately seized by Customs and the importer may be liable to severe penalties.

- Counterfeit currency and coins.
- Food unfit for human consumption
- Indecent or obscene prints, paintings, photographs, books, cards, lithographic or other engravings, pornographic records, videos or any other indecent articles or matter.
- Matches which contain white or yellow phosphorus.
- Prepared opium and pipes or other utensils for use in connection with the smoking of opium or other narcotic drugs.

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<http://www.customs.gov.lc/index2.htm>

- Opium, morphine, cocaine, LSD, marijuana and other narcotic drugs.
- Preparations of opium or other narcotic drugs for smoking.
- Any pistol or other apparatus in the form of a stylographic pen or pencil capable of firing any kind of shot cartridge whatsoever there from; and any cartridge containing gas.
- Fictitious stamps and any die, paint instrument or materials capable of making any such stamps.
- Condoms manufactured by MONKOK LATIX of South Korea.
- Flick knives and blades, night sticks, ratchet knives and other similar and familiar knives with flying blades.
- Shaving brushes made in or exported from Japan.
- All publications, articles or other matter associated with black magic, secret magic obeah, witchcraft or other magical arts and occultism.
- Goods the importation of which is prohibited by any other enactment of the State.

Restricted imports are those items which may be allowed entry into Saint Lucia but under specific approval and conditions of the relevant authority. E.g. animals, plants and parts therefore are to be accompanied by the relevant Phyto/Vet certificates from the country of origin or export. Upon arrival into Saint Lucia, Customs officials at the point of entry will detain these goods for inspection by the relevant authority, which will determine whether they are suitable for entry. Most cooked and processed products are allowed.¹⁵

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http://www.customs.gov.lc/travellers_hints_pro_imports.htm

4.4 Standards

The Saint Lucia Bureau of Standards (SLBS) was established under the Standards Act (#14) of 1990, and commenced operations on 1 April 1991. The Standards Act gives the Bureau the responsibility to develop and promote standards for products and services for the protection of the health and safety of consumers and the environment as well as for industrial development, in order to promote the enhancement of the economy of Saint Lucia.

The SLBS is responsible for developing, adopting and promoting the maintenance of standards. Implementation of the Bureau's mandate falls under the following programmes: Standards Development, Product Certification, Compulsory Standards Compliance, Verification and Calibration of Weights and Measures, Information Services and Training.

The Bureau also administers the Metrology Act No. 17 of 2000. This legislation gives the Organization the responsibility to regulate all weights and measures activities on the island and coordinate metrication of Saint Lucia.

The Bureau has forged partnerships with many regional and international standard setting bodies such as ISO, CROSQ (the Caricom Regional Organization for Standards and Quality), the IEC and ASTM. The SLBS, through CARICOM (as signatory to the CIPM MRA), is an

Associate of the CGPM. The Bureau also serves as the WTO/TBT Enquiry Point and the national CODEX contact point.

The SLBS is a statutory body operating under the jurisdiction of the Ministry of Commerce, Tourism, Investment and Consumer Affairs. The affairs of the Bureau are directed by a broad based 15 member Standards Council, which is the policy making body. The Director of the Bureau is the Chief Executive, who manages the day-to-day administration of the institution.¹⁶

4.5 Product Certification

A key function of the Saint Lucia Bureau of Standards is to verify quality through inspection, testing and certification.

In an effort to stimulate Saint Lucian producers and service providers to raise the quality of their products and services to levels set in the international arena, the Saint Lucia Bureau of Standards' Certification Department issues certificates that provide testimony that a product or process is in conformance to a relevant national/regional/international standard. In addition, this Department is responsible for the issuance of the Certificate of Free Sale which provides testimony that the sale of a particular product is not in contravention of the Standards Act and Regulations.

The Certification Department is further responsible for maintaining and co-

ordinating the Bureau's Quality Management System.

Certification provides a written assurance that products, materials, services and systems measure up to the requirements of relevant standards, regulations and/or other specifications.

With so much trade taking place across borders, a written assurance that products, materials, services and systems measure up to the requirements of relevant standards, regulations and/or other specifications has become an important component of the world economy. Moreover, in addition to enhancing customer confidence in a particular product/service, independent or third-party certification reduces the costs to the consumer, by minimizing multiple testing to determine conformity. Other benefits include:

- Competitive advantage of products/services
- Enhancement of customer satisfaction
- Reduction of operating costs
- Enhancement of staff productivity

Certification Services Offered:

- Product certification
- Process certification
- Certificate of Free Sale
- Other certificates of conformity¹⁷

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http://www.iso.org/iso/about/iso_members/iso_member_body.htm?member_id=1840

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http://www.slbs.org.lc/services_certification.html

Sanitary and phytosanitary measures

The Ministry of Agriculture, Fisheries and Forestry is responsible for the implementation of sanitary and phytosanitary measures. The Veterinary and Livestock Division of the Ministry is responsible for sanitary issues, while the Plant Protection Division is responsible for phytosanitary issues. The Environmental Health Department of the Ministry of Health and Labour Relations deals with environmental issues, and the SLBS provides food safety certificates for certain foods.

4.6 Free Trade Agreements

The development of Saint Lucia's infrastructure systems and the number of regional and international trade agreements have enable it to trade effectively with the countries of the Caribbean (CARICOM), Canada, Europe, Japan, United Kingdom, and the United States of America. These trade agreements are summarized below:

Caribbean Community (CARICOM)

Saint Lucia is a member of the Caribbean Community and Common Market (CARICOM). The country hosts the headquarters of the Organization of Eastern Caribbean States (OECS).¹⁸

Saint Lucian manufacturers have preferential access to a regional market of fifteen countries whereby goods manufactured may be imported duty free into any of the CARICOM countries.

Caribbean Basin Initiative (CBI)

Saint Lucia is a beneficiary of the U.S. Caribbean Basin Initiative. Specific products made or assembled in Saint Lucia are allowed to enter the United States duty free.

Caribbean/Canada Trade Agreement (CARIBCAN)

Duty free access to the Canadian market for all imports from the Commonwealth Caribbean countries and measures to encourage Canadian investment and other forms of industrial cooperation.

CARICOM/Venezuela Trade Agreement

An agreement with the fundamental objective of strengthening trade and economic relations.

CARICOM/Columbia Trade Agreement

An agreement with the fundamental objective of strengthening trade, economic and technical cooperation.

Lomé Agreement

Qualified goods exported from members of the African, Caribbean and Pacific States (ACP) to countries of the European Union are granted duty free status.¹⁹

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<http://www.state.gov/r/pa/ei/bgn/2344.htm>

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http://www.visitslu.com/doing_business/biz_env/iron/trade_activity.html

5. INVESTMENT PROFILE

5.1 Investment Incentives Schemes

Changes are made to Saint Lucian tax law each year and the incentives are generous in order to facilitate serious investment which will result in overall economic growth while improving the socioeconomic well being of the residents of Saint Lucia.

5.1.1 Business Tax Overview

1. Corporate Income Tax

Saint Lucian companies ordinarily resident (both public and private) pay tax at a flat rate of 33.3 percent on income accruing in Saint Lucia or elsewhere, whether received in Saint Lucia or not.

2. Income Tax- International Financial Services

Companies licensed under the Registered Agent and Trustee Licensing Act pay a blanket rate between 50 - 100 percent on all profits.

3. Property Tax

Stamp duty is payable on the conveyance, transfer or sale of any immovable property. The purchaser pays 2 percent ad valorem and the vendor pays between 2.5 - 10 percent ad valorem, which is based on whether the individual or the entity is a citizen of Saint Lucia, a registered company, or not.

4. Hotel Tax

A combined hotel occupancy tax of 18 percent which accounts for accommodation and service charge.

5. Import and Excise Duty

This amount ranges from 0 – 100 percent.

6. Personal Income Tax

This amount ranges between 10 – 30 percent of taxable income.

5.1.2 Fiscal Incentives

These are available to various categories and types of enterprises planning to invest, particularly in the tourism and manufacturing sectors. Incentives offered to an industrial investor may vary according to the value of the enterprise's contribution to the local and regional economy; usually measured in terms of local value added. Whereas, an investor in the tourism sector is not subject to similar local value added requirements. Some of the incentives offered by the government, under three legislative Acts include:

- Tax Holiday up to a maximum of fifteen years.
- Exemptions from Income Tax, applicable to tourism investment operations.
- Waiver of Import Duty and Consumption Tax on imported plant, machinery and equipment, raw and packing materials from outside CARICOM.
- Tax relief on export earnings
- Unrestricted repatriation of all Profits and Capital
- Lower corporate taxes for investors in special development areas²⁰

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http://www.visitslu.com/doing_business/biz_env/iron/taxation.html

5.2 Foreign Investment Regime

Saint Lucia has an open economy which is heavily dependent on foreign trade and investment and therefore, welcomes foreign investment as a necessary input in the development strategy and economic modernization of the country. The economy was once oriented around agriculture, particularly the production and exportation of bananas, however, there has been significant progress made towards the diversification of this particular sector. Currently, the tourism sector plays a major role in the country's economic growth, ranking as the highest foreign exchange earner and in 2001, the largest single contributor towards the country's Gross National Product (GNP) of 12.7 percent.

In keeping with the economic changes within our global environment which continues to influence the country's economic development, the Government of Saint Lucia has identified the following as priority areas for investment opportunities:

- Financial Services
- Informatics and Information Technology
- Hotel and Resort Development
- Agriculture, Aquaculture and Agro Processing
- Manufacturing

5.3 Free Trade Zones

5.3.1 Free Zone Regime

The Saint Lucia Free zone is an enclosed area treated for customs purposes as lying outside the customs territory of the island. Goods of foreign origin may be held pending eventual transshipment, re-exportation and, in some cases, importation into the local market, without payment of customs duties.

In accordance with the Free Zone Act, No. 10 of 1999, imported merchandise entering a free zone for commercial purposes is duty free, and is not subject to quotas or any import restrictions. Import-licensing requirements do not apply, in general, to free zones, with the exception of goods restricted for safety or health reasons.

Other benefits include: tax credits in accordance with the number of nationals employed on a continuous basis; exemption from income tax during the first five years of operations and the possibility to carry forward total net losses accrued during this five-year tax holiday and deduct them against profits in the three years following the tax holiday.

Goods available include sanitary ware and tiles, generators and related equipment, computers and accessories, alcohol, tobacco and perfumes, electrical goods, catering equipment, furniture, construction equipment and souvenirs.²¹

There are two main industrial free-zone areas in St. Lucia, both located in Vieux Fort; only one is active. A third free zone, located in Cul-de-Sac, is devoted

²¹ <http://www.stluciafreezone.com/>

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exclusively to the import and transshipment of petroleum products.

6. ESTABLISHMENT OF BUSINESSES

6.1 Establishing an Office

It is easy to set up a business in Saint Lucia. The various forms of business organizations are recognized in Saint Lucia are provided below.

6.1.1 Types of Organizations

1. Incorporated:

Each company requires a memorandum and articles of association and requires to be registered under the Commercial Code. Registration is normally handled by a Lawyer based in Saint Lucia.

2. Partnership:

A partnership is formed by an agreement between two or more persons to carry on a trade, profession or business together under a joint name. The partners are jointly and severally liable for its obligations. All profits and losses are allocated to the partners for tax purposes. Partners are free to agree amongst themselves as to distribution of profit and allocation of loss.

3. Branch:

A foreign enterprise can apply to the government for permission to establish a branch in Saint Lucia which is subject to the regulations of the Companies Act. A branch established in Saint Lucia is subject to the laws of Saint Lucia. In general, the tax rules applying to a limited company apply to a branch.

4. Sole Trader:

The sole trader is an individual who wishes to carry on business in his own right. The name of the business must be

registered and need not be that of the individual who remains liable for all his business debts and commitments.

6.1.2 Trade Licences

All foreign individuals and companies who intend to conduct business in Saint Lucia and own more than 49 percent of the company shares require a Trade Licence. This is usually obtained annually, for a fee, from the Ministry of Commerce, Tourism, Investment and Consumer Affairs.²²

6.2 Work Permit Requirements

Under the Foreign National and Commonwealth Citizens (Employment) Regulation, all non-nationals who wish to conduct a business or be gainfully employed in St. Lucia must apply for a work permit. Applications can be obtained from the Labour Department of the Ministry of Legal Affairs, Home Affairs and Labour. A Work Permit is valid for one (1) year, and should be renewed every year²³.

Work permits are however not required for CARICOM nationals covered by the CARICOM Free Movement of Skilled Persons Act. The St. Lucia's Caribbean Community (Free Movement of Skilled Persons) Act applies only to national of a qualifying CARICOM state whose

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http://www.visitslu.com/doing_business/biz_environ/set_up.html

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http://www.visitslu.com/doing_business/biz_environ/workpermits.html

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laws provide for reciprocal treatment for
St Lucia citizens.

7. CULTURAL PRACTICES

7.1 Business Customs

Standard working hours are from 8:30 a.m. to 4:30 pm for government and most other businesses.

A shirt and tie is recommended for business meetings, whereas suits are reserved for formal business events including award ceremonies and meetings with senior government officials.

Appointments should be made in advance.

Many hotels offer conference and business centres.

International courier deliveries are available via FedEx and DHL. Local and international express delivery services are available via the national mail service.²⁴

Business Hours: Business hours in Saint Lucia are from 8:30 am to 12:30 pm and 1:30 pm to 4:30 pm during the weekdays. Bank hours are from 8:30 am to 3:00 pm Mondays to Thursdays; up to 5:00 pm on Fridays. Many shops are opened from 8:00 am to 12:00 noon on Saturdays however, most supermarkets and shopping centres stay open later.

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http://www.visitslu.com/doing_business/biz_traveller/tips.html

7.2 Entry/Exit Requirements:

Visitors must carry a valid passport except citizens of the United States of America and Canada who may enter Saint Lucia with adequate proof of citizenship (a birth certificate or a photo ID, e.g. drivers licence).

Citizens of the Organization of Eastern Caribbean States (OECS) may enter with their drivers licence, identification card or passport.

Visitors from all other Commonwealth countries require a valid passport. Visas are not required for the citizens of those countries, however, they are issued an immigration form which is valid (when completed) for a period of stay of up to six months.

Visitors may apply for an extension at the immigration department at the Police Headquarters in Castries. Without exception, an onward or roundtrip ticket and proof of sufficient funds for your stay is required.

It is important to note that overstaying your visit without permission from the local authorities is an offence, including taking any form of paid employment without a work permit.²⁵

All visitors over 12 years old, leaving Saint Lucia through either of the island's two airports, are required to pay a departure tax of EC \$68 (US \$35). CARICOM nationals are required to pay EC \$35 (US \$13). In general, it is

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http://www.visitslu.com/travellers_essentials/entry.html

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required for visitors who spend more than 24 hours on the island. Automatic Banking facilities (ABM/ATM) are available at Hewanorra International Airport and George F.L. Charles Airport for your convenience. Credit cards are not accepted.²⁶

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http://www.visitslu.com/travellers_essentials/facts.html