

ANNEX 4 – SAINT KITTS AND NEVIS

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1 ECONOMIC ENVIRONMENT

1.1 Recent economic developments

1.1.1 Real economy

1.1. Saint Kitts and Nevis is a medium- to high-income economy. GDP per capita peaked at USD 22,531 in 2019, before declining due to the sharp recession caused by the COVID-19 pandemic. GDP per capita in 2020 was almost USD 18,000.

1.2. The economy of the Saint Kitts and Nevis is highly dependent on services, in particular tourism, and financial services, although it also has a small manufacturing sector. Services are the major contributor to GDP, accounting for 75% in 2021 at current prices. Construction accounted for some 17.4% of GDP in the same year, manufacturing for 4.7%, agriculture for 0.7%, and water and electricity for 1.2%.¹ Tourism is the most important activity in terms of jobs and foreign exchange, and direct and indirect contribution to GDP. Other contributing services activities include real estate, banking and insurance, wholesale and retail trade, and transportation, as well as services provided by the Government. The share of agriculture remained stable during the period under review (including livestock and forestry) (Table 1.1). The sector shrank permanently after the demise of the sugar industry; increase in the production of other crops has not been sufficient to compensate (Section 4.1).

Table 1.1 Selected economic indicators, 2014-21

	2014	2015	2016	2017	2018	2019 ^a	2020 ^a	2021 ^a
GDP (current XCD million)	2,574	2,584	2,721	2,860	2,908	2,991	2,388	2,324
GDP (current USD million)	953	957	1,008	1,059	1,077	1,108	884	861
Real GDP growth (% change)	7.6	0.7	3.9	0.0	2.1	4.0	-14.5	-0.9
GDP per capita (USD)	19,872	19,863	20,806	21,763	22,020	22,531	17,953	17,531
GDP by economic activity (% of current GDP)								
Agriculture, livestock and forestry	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.7
Crops	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Bananas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nutmeg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sugar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other crops	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Livestock	0.2	0.3	0.3	0.2	0.2	0.2	0.3	0.3
Forestry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fishing	0.4	0.4	0.3	0.5	0.5	0.4	0.8	1.0
Mining & quarrying	0.1	0.1	0.1	0.1	0.2	0.1	0.2	0.2
Manufacturing	6.9	6.5	5.7	5.4	5.4	5.5	5.1	4.7
Sugar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	6.9	6.5	5.7	5.4	5.4	5.5	5.1	4.7
Electricity & water	1.1	1.1	1.1	0.9	1.0	1.0	1.2	1.2
Electricity	0.6	0.7	0.7	0.5	0.6	0.6	0.7	0.7
Water	0.5	0.5	0.4	0.4	0.4	0.4	0.5	0.5
Construction	13.3	14.9	17.6	19.8	18.0	18.7	16.7	17.4
Wholesale & retail trade	6.0	5.9	6.1	5.6	6.0	5.9	5.7	5.7
Hotels & restaurants	9.1	8.4	8.0	8.1	8.4	8.1	3.7	2.9
Hotels	8.9	8.2	7.8	7.9	8.2	7.9	3.6	2.9
Restaurants	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Transport, storage and communications	9.8	10.1	9.4	9.8	10.0	10.3	10.5	8.9
Transport and storage	6.2	6.0	5.6	6.1	6.3	6.7	5.8	4.2
Road transport	3.7	3.2	2.9	3.1	3.4	3.7	3.2	2.2
Sea transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Air transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supporting and auxiliary transport activities	2.5	2.8	2.5	2.9	2.8	3.0	2.5	1.9
Communications	3.6	4.1	3.9	3.7	3.7	3.6	4.7	4.8
Financial intermediation	6.9	7.4	7.2	6.8	6.8	6.6	6.9	7.3
Banks	5.1	5.6	5.3	4.9	4.9	4.7	5.0	5.3
Insurance	1.1	1.1	1.0	1.0	1.0	1.0	0.9	0.9
Activities auxiliary to financial intermediation	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.1
Real estate, renting and business activities	9.8	10.0	9.1	8.7	8.8	8.8	10.3	10.5
Owner occupied dwellings	4.5	4.4	4.2	4.0	3.9	3.9	4.9	5.1
Real estate activities	3.8	3.9	3.0	2.9	3.0	2.9	3.5	3.6
Renting of machinery and equipment	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

¹ Total shares do not add to 100% since financial intermediation services indirectly measured (FISIM) must be subtracted, which includes total property income receivable by financial intermediaries minus their total interest payable.

	2014	2015	2016	2017	2018	2019 ^a	2020 ^a	2021 ^a
Computer and related activities	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Business services	1.3	1.4	1.5	1.4	1.6	1.7	1.6	1.6
Public administration, defence & compulsory social security	7.8	8.1	8.7	8.4	8.5	8.7	10.7	10.9
Education	11.2	9.6	10.0	10.2	10.4	10.0	11.2	11.7
Public	2.5	2.3	2.5	2.5	2.4	2.5	3.0	3.1
Private	8.7	7.2	7.5	7.7	7.9	7.6	8.1	8.6
Health and social work	2.1	2.1	2.2	2.2	2.3	2.3	2.8	2.9
Public	1.6	1.5	1.6	1.6	1.6	1.6	2.0	2.1
Private	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8
Other community, social & personal service	1.8	2.0	2.0	1.9	1.9	1.8	2.2	2.3
Activities of private households as employers	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Less: FISIM	1.1	1.0	1.0	0.9	1.0	1.0	1.1	0.8
GVA in basic prices	86.0	86.5	87.2	88.3	87.9	88.0	87.6	87.9
Plus: Product taxes	14.0	13.5	12.8	11.7	12.1	12.0	12.4	12.1
Less: Subsidies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Labour force (persons)	..	..	22,146	..	..	..	..	..
Labour force participation rate (%)	..	..	74.9	..	..	..	..	..
Employment (persons)	..	..	21,697	..	..	..	..	..
Employment-to-population ratio (%)	..	..	73.4	..	..	..	..	..
Unemployment rate (%)	..	..	2.0	..	..	..	..	..
Employment by industry (%)	..	..	..	..	..	..	..	..
Agriculture, forestry and fishing	..	..	2.5	..	..	..	..	..
Mining and quarrying	..	..	0.0	..	..	..	..	..
Manufacturing	..	..	7.7	..	..	..	..	..
Electricity, gas and water supply	..	..	1.9	..	..	..	..	..
Construction	..	..	9.7	..	..	..	..	..
Wholesale and retail trade, repair of motor vehicles and motorcycles	..	..	11.9	..	..	..	..	..
Transport, storage and communications	..	..	5.3	..	..	..	..	..
Accommodation and food service activities	..	..	10.3	..	..	..	..	..
Financial and insurance activities	..	..	4.3	..	..	..	..	..
Real estate, renting and business activities	..	..	8.5	..	..	..	..	..
Public administration and defence; compulsory social security	..	..	15.8	..	..	..	..	..
Education	..	..	11.2	..	..	..	..	..
Human health and social work activities	..	..	4.4	..	..	..	..	..
Other community, social and personal service activities	..	..	3.2	..	..	..	..	..
Activities of households as employers	..	..	1.1	..	..	..	..	..
Not stated	..	..	2.3	..	..	..	..	..
Prices, money and interest rates	..	..	..	..	..	..	..	..
Inflation (% end of period)	-0.5	-2.4	0.0	0.8	-0.8	-0.8	-1.2	1.9
Inflation (% period average)	0.2	-2.3	-0.7	0.7	-1.0	-0.3	-1.2	1.2
Money supply (M1) (% growth)	11.7	7.1	-9.0	-0.5	-2.1	14.7	-7.9	-2.2
Monetary liabilities (M2) (% growth)	14.2	2.7	-4.2	-3.4	-1.7	5.1	-1.3	-2.4
Deposit interest rate (%)	2.5	2.1	1.9	1.8	1.7	1.7	2.0	1.9
Lending interest rate (%)	8.6	8.5	8.6	8.4	8.1	7.9	7.0	6.8
Memorandum:	..	..	..	..	..	..	..	..
Population (persons)	48,011	48,252	48,493	48,735	48,978	49,221	49,319	..
Exports of goods and services (% of GDP, current prices)	63.9	57.5	51.8	50.7	59.2	61.3	36.7	..
Imports of goods and services (% of GDP, current prices)	55.1	57.0	57.2	54.4	57.5	59.2	48.0	..
Exchange rate (XCD per USD)	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Real effective exchange rate (Index)	99.7	102.3	102.5	101.0	97.0	96.6	93.8	88.5

.. Not available.

a Preliminary data.

Source: Department of Statistics, Ministry of Sustainable Development of Saint Kitts and Nevis; Eastern Caribbean Central Bank (ECCB); and International Monetary Fund (IMF).

1.3. Saint Kitts and Nevis has a small manufacturing sector, which is of economic importance as a source of investment and employment. The sector consists mainly of: (i) light manufactures including beverages (beer, malt, rum, bottled water, and other soft drinks), with production oriented towards the domestic and international markets; and (ii) industries that assemble electrical or electronic components, and traps for the cable industry, mainly for export to the United States. The manufacturing sector is the major contributor to domestic merchandise exports. Saint Kitts and Nevis continues to be the leading Organisation of Eastern Caribbean States (OECS) exporter of electronics components to the US market. Manufacturing employs some 7.7% of the employed labour force, according to the latest available information (data for 2016). Construction expanded

rapidly during the review period, gaining market share as investment in new hotel facilities, housing, and public sector projects increased.

1.4. The tourism (hotels and restaurants) sector's estimated share in GDP averaged declined from 8.1% in 2019 to just 2.9% in 2021, due to the negative effects of the COVID-19 pandemic. The tourism sector has been recovering some in 2022, but it is still below its pre-pandemic level. Tourism is the largest single private-sector employer, accounting for an estimated 10.3% of the employed labour force (2016 data).

1.5. After GDP growth of over 7% in 2014, the economy of Saint Kitts and Nevis entered a period of relatively slower growth between 2015 and 2018, when GDP growth fluctuated between 0.7% and 3.9%. In 2019, GDP expanded by some 4.2%, before experiencing a large contraction in 2020, estimated by the Eastern Caribbean Central Bank (ECCB) in 14.5%. Following the unprecedented economic contraction in 2020, activity remained weak in 2021, as COVID-19 and associated containment measures continued to weigh on the economy. Estimates by the ECCB point to a downturn of 3.9%, reflecting declines in major sectors of the economy. In accordance with ECCB estimates, value added in the hotels and restaurants sector is estimated to have contracted by 23.5% in 2021, reflecting a further decline in visitor arrivals, partially due to travel restrictions and containment measures imposed to contain the COVID-19 virus. This development had negative effects in supporting sectors including transport, storage, and communication; and wholesale and retail, which are estimated to have contracted by 16.0% and 2.7%, respectively.²

1.6. The decline in economic activity in 2021 was, however, moderated by positive developments in some sectors. More specifically, value added in the fishing; and agriculture, livestock, and forestry sectors are estimated to have increased by 25.0% and 8.3%, respectively, reflecting continued government investment. Growth was also recorded in the value added for financial intermediation, public administration, and construction, among others.³

1.7. Based on the recovery of the tourism and the construction sector, as well as increased investment, the Government estimates GDP growth of 10.3% for 2022 and 12.4% in 2023. Investment projects may benefit from income tax, VAT, and import duty incentives under the Small Business Act, the (reformed) Fiscal Incentives Act, the Hotel Aids Act, and the Special Resorts Development Act. Investment flows also benefit from the investment requirements of the Citizenship by Investment (CBI) programme. The IMF projects GDP growth of 10% in 2020 and 4.2% in 2023.⁴

1.8. According to the IMF, there is room to strengthen productivity growth, economic competitiveness, and human capital. Reforms might boost productivity growth and export competitiveness, including using the CBI programme to attract investment beyond the tourism sector, upgrading skills through focused training programs, better aligning the education system with the needs of the labour market, and facilitating access to credit to small firms, including through reforms that facilitate use of non-fixed asset as loan collateral.⁵

1.9. During most of the 2014-19 period, inflation, as measured by the increase in the Consumer Price Index (CPI), was in negative territory. This continued in 2020, when due to the slack in demand, the CPI increased by 1.2%. In 2021, however, following international trends, namely commodity price increases and supply shortages, inflationary pressures emerged, and the CPI increased on average by 1.2%, ending the year 1.9% higher than at the end of 2020. Inflationary pressures were underpinned by an increase in the prices of transport (6.8%); housing, utilities, gas, and fuels (0.5%); and food and non-alcoholic beverages (0.1%).⁶

² ECCB (2022), *2021 Annual Economic and Financial Review: Saint Christopher (St Kitts) and Nevis*. Viewed at: <https://www.eccb-centralbank.org/documents/19#>.

³ ECCB (2022), *2021 Annual Economic and Financial Review: Saint Christopher (St Kitts) and Nevis*. Viewed at: <https://www.eccb-centralbank.org/documents/19#>.

⁴ IMF, *St Kitts and Nevis*. Viewed at: <https://www.imf.org/en/Countries/KNA>.

⁵ IMF (2021), *St Kitts and Nevis: Staff Report for the Article IV Consultation*, IMF Country Report No. 21/236. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2021/10/28/St-Kitts-and-Nevis-2021-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-500804>.

⁶ ECCB (2022), *2021 Annual Economic and Financial Review: Saint Christopher (St Kitts) and Nevis*. Viewed at: <https://www.eccb-centralbank.org/documents/19#>.

1.1.2 Fiscal policy

1.10. The Minister of Finance is responsible for fiscal policy formulation and implementation in Saint Kitts and Nevis. As Saint Kitts and Nevis does not have an independent monetary policy as a consequence of the common currency and the exchange rate peg to the US dollar, fiscal policy is the main domestic instrument used by the authorities to counter the effects of external shocks and to stabilize income. The Nevis Island Assembly has the power to make laws relating to the mobilization of loan and grant financing and economic planning and development on Nevis.

1.11. Tax revenue accounted for some 18.8% of GDP in 2021. There is still high dependency on taxes on foreign trade for revenue; they represented some 5% of GDP in 2021. VAT revenue was equivalent to some 5.1% of GDP in the same year. During the period under review, there was a sharp increase in non-tax revenues, which in 2021 were the main source of revenue, that was equivalent to 27.6% of GDP. The revenue stemming from the CBI programme (Section 2 for a description) became the largest source of income in 2021, when it was equivalent to 23.7% of GDP.

1.12. During the period under review, Saint Kitts and Nevis continued making efforts to improve its fiscal accounts and showed a current account surplus in every year of the period (Table 1.2). The primary and overall accounts were in surplus every year, except in 2020, due to the economic package to face the COVID-19 pandemic recessionary effects (see below).

Table 1.2 Central government fiscal accounts, 2014-21

(% of GDP at market prices)

	2014	2015	2016	2017	2018	2019	2020	2021
Current revenue	34.5	34.3	28.1	26.2	36.6	36.6	33.4	46.3
Tax revenue	18.4	19.6	18.3	17.4	18.5	18.5	18.8	18.8
Taxes on goods and services	9.0	8.1	7.4	6.8	6.9	7.1	7.5	7.2
<i>Of which: Licences</i>	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Stamp duties	1.8	1.6	1.3	0.9	0.8	1.0	1.0	1.1
Value added tax	6.3	5.5	5.1	5.0	5.1	5.0	5.4	5.1
Taxes on income and profits	3.9	5.2	4.9	4.9	5.6	5.6	5.4	5.9
Taxes on property	0.6	0.8	0.6	0.5	0.6	0.5	0.5	0.7
Taxes on international trade and transactions	4.9	5.5	5.5	5.0	5.4	5.4	5.4	5.0
<i>Of which: Customs service charge</i>	1.6	1.7	1.6	1.5	1.6	1.6	1.6	1.5
Non-tax revenue	16.1	14.7	9.8	8.9	18.1	18.2	14.6	27.6
<i>Of which: Citizenship by Investment</i>	12.6	11.3	6.4	5.5	14.3	14.8	11.3	23.7
Capital revenue	1.3	0.4	0.2	0.3	1.2	0.3	0.5	0.8
Grants	2.7	2.2	3.3	3.0	2.0	2.1	3.5	3.1
Current expenditure	24.1	24.7	23.8	22.8	26.4	27.4	32.4	33.1
Goods and services	6.2	6.5	5.1	5.2	7.5	7.3	8.6	8.5
Interest payments	3.0	1.8	1.6	1.4	1.3	1.2	1.3	1.2
Domestic interest payments	2.4	1.3	1.2	1.1	1.0	0.9	1.0	0.9
External interest payments	0.6	0.6	0.4	0.3	0.4	0.3	0.4	0.3
Personal emoluments	10.0	10.0	10.8	10.2	10.6	10.7	12.8	13.8
Transfers and subsidies	4.9	6.4	6.3	6.0	6.9	8.2	9.7	9.5
Capital expenditure	5.0	5.6	4.1	4.8	10.4	11.1	7.5	9.9
Capital expenditure and net lending	5.0	6.4	3.3	4.8	10.4	11.1	7.5	9.9
Current account balance	10.4	9.6	4.3	3.4	10.2	9.2	1.0	13.3
Primary balance (after grants)	12.4	7.5	6.1	3.2	4.3	1.8	-1.1	8.4
Overall balance (after grants)	9.4	5.7	4.5	1.8	3.0	0.6	-2.5	7.2
Total financing	-9.4	-5.7	-4.5	-1.8	-3.0	-0.6	2.5	-7.2
Domestic financing	-6.2	1.0	-2.6	-0.9	-2.2	-0.1	3.2	-6.7
Commercial banks	2.7	-31.9	-1.7	1.0	-5.9	1.1	9.9	-7.5
ECCB	0.8	2.9	-0.9	-0.1	-0.4	1.6	-0.4	1.7
Other	-9.7	30.0	0.0	-1.8	4.1	-2.8	-6.4	-0.9
External financing	-3.2	-6.7	-2.0	-0.8	-0.8	-0.4	-0.7	-0.5
Arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Eastern Caribbean Central Bank (ECCB).

1.13. A fiscal adjustment programme targeting the achievement of significant primary fiscal surpluses has been in place for more than a decade now. Apart from achieving a sustainable fiscal position and engaging in debt restructuring, the fiscal reforms aimed to significantly reduce the debt service burden and help set the public debt-to-GDP ratio firmly on a downward path towards the Eastern Caribbean Currency Union (ECCU) debt target of 60% of GDP by 2020; this target was achieved ahead of schedule. However, due to the negative effect of the pandemic (increased expenditure and a sharp GDP contraction), the share of public debt to GDP increased again in 2020 and 2021. According to IMF estimates, in 2021, it was expected to have been equivalent to 60.8%

of GDP.⁷ This goal was, however, not met as a consequence of the economic contraction and increase in expenditure triggered by the pandemic. The target was consequently revised, and now the Government is aiming to achieve the 60% goal by 2035.

1.14. After several years of surpluses, an overall deficit of XCD 58.9 million or 2.5% of GDP was registered in 2020. This deficit reflected both an increase in spending and a decrease in revenue due to the recessionary effects of the pandemic and the measures put in place to counter them. Box 1.1 provides a summary of the measures put in place. Initial measures were applied in 2020 and a new package was introduced with the 2021 Budget.⁸

1.15. The Government's fiscal operations returned to its trend of a surplus position in 2021. An overall surplus of XCD 168.3 million, or 7.2% of GDP was recorded. Current revenue is estimated to have increased by 36.3% to XCD 1,087.6 million (46.3% of GDP), associated with an 85.3% expansion in non-tax revenue, mainly driven by a more than doubling of CBI receipts. However, the authorities consider that the COVID-19 pandemic continued to constrain tax revenue, which fell by 1.9% to XCD 440.6 million, remaining well below its pre-pandemic levels. Current expenditure rose by only 0.3% to XCD 776.3 million (33.1% of GDP). This led to a widening of the current account surplus to XCD 311.4 million, or 13.3% of GDP, from XCD 24.3 million (1.0% of GDP) in 2020. Capital account expenditure increased by 30% to XCD 233.3 million (9.9% of GDP).⁹

Box 1.1 Support measures implemented to counter the effects of the COVID-19 pandemic

The authorities of St Kitts and Nevis implemented a number of support measures to help the population and businesses cope with the negative effects of the pandemic, which included a virtual stop of some of the main economic activities, including tourism.

Some of the main measures put in place by the Ministry of Finance in 2020 included:

- Provision of income support of up to XCD 1,000 per month for affected workers through the Social Security Board.
- Injection of XCD 10 million to boost production in agriculture and ensure greater food security.
- Provision of additional funds to support the Poverty Alleviation Programme.
- Provision of additional resources to capitalize the Severance Payment Fund.
- Provision of XCD 30 million in funding through the Development Bank of St Kitts and Nevis for mortgage loans to citizens.
- Moratorium on payments of mortgages held with the National Housing Corporation (NHC) and the Development Bank of St Kitts and Nevis.
- Moratorium on payments for electricity services for April to June 2020 by the St Kitts Electricity Company (SKELEC) and the Nevis Electricity Company (NEVLEC).
- Postponement of the payment of property tax from June to September 2020.
- Reduction of the Corporate Income Tax rate from 33% to 25% from April to December 2020 for businesses that retain at least 75% of their employees.
- Reduction of the Unincorporated Business Tax rate by 50% (from 4% to 2%) from April to December 2020.
- Waiver of payments for the consumption of water from April to December 2020 for individuals affected by COVID-19.
- Waiver of payments for the consumption of water by farmers for nine months (April to December 2020).

⁷ IMF (2021), IMF Country Report No. 21/236. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2021/10/28/St-Kitts-and-Nevis-2021-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-500804>.

⁸ Ministry of Finance (2021), *St Christopher and Nevis, Budget Address 2021*. Viewed at: <https://www.mof.gov.kn/wp-content/uploads/2021/01/2021-Budget-Address.pdf>.

⁹ ECCB (2022), *2021 Annual Economic and Financial Review: Saint Christopher (St Kitts) and Nevis*. Viewed at: <https://www.eccb-centralbank.org/documents/19#>.

<ul style="list-style-type: none"> • Removal of VAT and Import Duty on additional hygiene items such as hand sanitizers, disinfectant sprays, rubbing alcohol, and latex gloves, and removal of Import Duty and Customs Service Charge on selected food items for nine months.
<ul style="list-style-type: none"> • Continuation of the Fresh Start Programme with an injection of XCD 5 million to provide access to capital to fund small and medium-sized business projects.
<ul style="list-style-type: none"> • Provision of additional financial resources to the Ministry of Health.
<ul style="list-style-type: none"> • Provision of additional financial resources to the Ministry of Education.
<ul style="list-style-type: none"> • Provision of additional financial resources to the Ministry of National Security.
The measures introduced or continued for 2021 included:
<ul style="list-style-type: none"> • Removal of VAT and Import Duty until June 2021 on additional hygiene items such as hand sanitizers, hand sanitizer dispensing machines, disinfecting wipes, rubbing alcohol, gloves, masks, and protective gowns.
<ul style="list-style-type: none"> • Removal of Import Duty and Customs Service Charge until June 2021 on vegetables, fruits, fruit juices, cough and cold preparations, and vitamins.
<ul style="list-style-type: none"> • Waiver of payments for consumption of water until June 2021 for individuals who have been laid off by businesses or experienced a reduction in earnings as a consequence of COVID-19.
<ul style="list-style-type: none"> • 24% reduction of the Corporate Income Tax rate from 33% to 25% until June 2021 for businesses that retain at least 75% of their employees.
<ul style="list-style-type: none"> • Reduction of the Unincorporated Business Tax rate by 50% from 4% to 2% until June 2021.
<ul style="list-style-type: none"> • Injection of an additional XCD 5 million stimulus over two years to boost production in the agriculture sector and ensure greater food security for the Federation. Overall, this would result in a total stimulus of XCD 15 million for the agricultural sector.
<ul style="list-style-type: none"> • Waiver of payments for the consumption of water by farmers until June 2021.
<ul style="list-style-type: none"> • Provision of an additional XCD 3 million above the amount provided in the 2020 Estimates to support the Poverty Alleviation Programme.
<ul style="list-style-type: none"> • Provision of additional resources in the region of XCD 7 million to further capitalize the Severance Payment Fund in 2021 and facilitate the payment of severance claims as they become due.

Source: Government of Saint Kitts and Nevis, *Budget Address 2022*. Viewed at: <https://www.sknis.gov.kn/wp-content/uploads/2022/01/Budget-Address.pdf>.

1.16. Analysing the implementation of these measures, according to the authorities, as at end-November 2020, the Social Security Board had provided income support in the amount of XCD 22.6 million. At the same date, XCD 28.4 million had been provided through the Poverty Alleviation Programme (PAP). The Government also spent an additional XCD 14 million on health, education, and national security, and XCD 6.5 million was invested in the agriculture sector. The Ministry of Finance estimated that taxes waived and the impact of deferred taxes were in excess of XCD 26 million. In 2021, the Government extended the period of implementation of certain elements of the stimulus package until June 2021. The resources for the PAP were scaled up to address the needs of those individuals whose household income had fallen below the monthly XCD 3,000 threshold as a result of the COVID-19 pandemic. As at November 2021, the Government had expended XCD 86.2 million on the PAP since its inception in December 2018. Some XCD 6.1 million was spent in direct support of households that were affected by COVID-19. In 2021, some XCD 8 million was paid to beneficiaries of the Income Support Programme.¹⁰

1.17. The authorities consider that the strategy that the Government deployed to deal with the economic effects of the pandemic helped to set the stage for a recovery, and that, by the second half of 2021, there were already signs of a rebound in the domestic economy.¹¹

1.18. After increasing in 2020, the total disbursed outstanding public sector debt decreased by 2.0% to XCD 1,590.3 million (67.8% of GDP) at the end of December 2021.

¹⁰ Government of St Kitts and Nevis, *Budget Address 2022*. Viewed at: <https://www.sknis.gov.kn/wp-content/uploads/2022/01/Budget-Address.pdf>.

¹¹ Government of St Kitts and Nevis, *Budget Address 2022*. Viewed at: <https://www.sknis.gov.kn/wp-content/uploads/2022/01/Budget-Address.pdf>.

1.19. The IMF has noted that Saint Kitts and Nevis entered the COVID-19 pandemic from a position of fiscal strength following nearly a decade of budget surpluses. A significant part of the large CBI revenues had been saved, reducing public debt below the regional debt target of 60% of GDP and supporting the accumulation of large government deposits. The IMF considers that the response measures applied effectively mitigated the pandemic's human cost, but that the impact on the economy was severe. The tax waivers, deferrals, incentives, and unemployment benefits to affected insured workers, in parallel with temporary measures, such as loan moratoria, that supported liquidity, effectively mitigated the pandemic's financial system impact. Nonetheless, the pandemic has resulted in a sharp decline in GDP, and the general Government's first fiscal deficit since 2010, financed by drawing down sizeable deposit buffers.¹²

1.1.3 Balance of payments, and monetary and exchange rate policy

1.20. Saint Kitts and Nevis' current account of the balance of payments generally shows a deficit. Merchandise imports of goods largely exceed exports, and the surplus in services, although considerable, is not enough to cover the difference. Current account deficits, although large (except in 2014 when a small surplus was posted), fluctuated widely during the period under review, ranging between 7% and 12.5%. The merchandise trade balance shows a traditional large deficit, as imports are almost 10 times the value of exports (Table 1.3). The services balance is largely positive, due to income from tourism and the CBI programme (Table 1.4). Current account deficits have been financed largely by sizeable capital transfers.

Table 1.3 Balance of payments, 2014-21

(USD million)

	2014	2015	2016	2017	2018	2019	2020	2021
1. Current account	3.0	-79.7	-123.7	-111.8	-59.2	-25.0	-78.5	-61.0
1.A Goods and services	82.3	4.2	-52.3	-37.1	16.4	-4.0	-49.4	-32.7
1.A.a Goods	-233.6	-276.2	-310.0	-303.2	-328.5	-315.1	-262.4	-251.6
Exports	56.7	34.3	24.4	29.2	26.5	34.6	28.4	26.6
Imports	290.3	310.4	334.3	332.4	355.0	349.8	290.8	278.2
1.A.b Services	315.9	280.3	257.6	266.2	344.9	311.1	213.0	218.9
Exports	528.6	496.4	478.9	476.1	571.4	563.7	354.7	381.9
Imports	212.7	216.1	221.2	209.9	226.5	252.6	141.8	163.0
1.B Primary income	-67.6	-64.8	-58.7	-48.9	-47.1	-22.5	-13.9	-19.9
1.B.1 Compensation of employees	9.2	9.0	9.5	9.2	10.1	10.4	11.6	10.3
1.B.2 Investment income	-76.8	-73.8	-68.1	-58.1	-56.9	-32.9	-25.5	-30.3
1.B.2.1 Direct investment	-80.5	-77.4	-70.9	-63.0	-63.9	-40.3	-29.9	-34.6
1.B.2.2 Portfolio investment	4.0	7.4	6.2	6.7	7.3	4.4	5.5	5.4
1.B.2.3 Other investment	-0.2	-3.8	-3.4	-1.9	-0.3	3.0	-1.0	-1.0
1.B.3 Other primary income	0.0	0.0	0.0	0.0	-0.3	0.0	0.0	0.0
1.C Secondary income	-11.8	-19.1	-12.7	-25.8	-28.6	1.5	-15.2	-8.3
1.C.1 General government	5.7	0.0	10.6	-3.0	-4.2	10.4	0.7	0.0
1.C.2 Financial corporations, nonfinancial corporations, households, and NPISHs	-17.0	-18.9	-23.1	-22.5	-24.0	-8.4	-15.6	-8.0
1.C.3 Adjustment for change in pension entitlements	-0.4	-0.2	-0.2	-0.3	-0.4	-0.4	-0.3	-0.3
2. Capital account	80.1	49.9	48.6	44.2	52.8	57.3	42.8	78.3
2.2 Capital transfers	80.1	49.9	48.6	44.2	52.8	57.3	42.8	78.3
2.2.1 General government	14.0	3.8	18.6	20.2	19.2	8.0	3.1	5.2
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	66.1	46.1	30.0	24.0	33.6	49.3	39.7	73.1
Net lending (+) / net borrowing (-) (balance from current and capital account)	83.0	-29.8	-75.1	-67.6	-6.5	32.3	-35.7	17.3
3. Financial account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net lending (+) / net borrowing (-) (balance from financial account)	61.2	-77.0	-100.2	-61.5	-16.4	50.5	-57.8	2.4
3.1 Direct investment	-151.3	-133.2	-124.4	-42.1	-11.5	-36.2	-10.0	-43.3
3.2 Portfolio investment	39.9	63.8	39.6	37.1	10.2	113.5	40.9	-8.1

¹² IMF (2021), IMF Country Report No. 21/236. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2021/10/28/St-Kitts-and-Nevis-2021-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-500804>.

	2014	2015	2016	2017	2018	2019	2020	2021
3.3 Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4 Other investment	144.3	30.9	-47.8	-100.5	-13.4	-17.8	-98.1	89.7
3.4.2 Currency and deposits	90.4	-48.4	-189.5	-101.4	-11.1	-6.8	-86.9	95.5
3.4.3 Loans	45.0	56.1	33.0	-0.5	2.6	-8.3	0.1	5.4
3.4.4 Insurance, pension, and standardized guarantee schemes	0.4	-0.1	0.6	-0.3	-0.6	2.9	2.4	0.0
3.4.5 Trade credit and advances	-9.3	16.1	3.0	4.0	-3.0	-2.1	7.3	-3.8
3.4.6 Other accounts receivable/payable	17.7	7.2	105.1	-2.3	-1.3	-3.5	-21.0	9.3
3.4.7 Special drawing rights (Net incurrence of liabilities)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.8
3.5 Reserve assets	28.3	-38.5	32.4	44.1	-1.7	-9.1	9.4	-35.9
3.5.2 Special drawing rights	1.2	-0.5	-1.2	0.0	0.0	0.0	0.0	17.1
3.5.3 Reserve position in the IMF	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0
3.5.4 Other reserve assets	27.1	-38.0	32.4	44.1	-1.6	-9.1	9.4	-53.0
Net errors and omissions	-21.9	-47.2	-25.1	6.2	-10.0	18.2	-22.2	-14.9
Memorandum								
Current account as a share of GDP (%)	0.3	-8.3	-12.3	-10.5	-5.5	-2.3	-8.9	-7.0

Source: ECCB online statistics. Viewed at: <http://www.eccb-centralbank.org>.

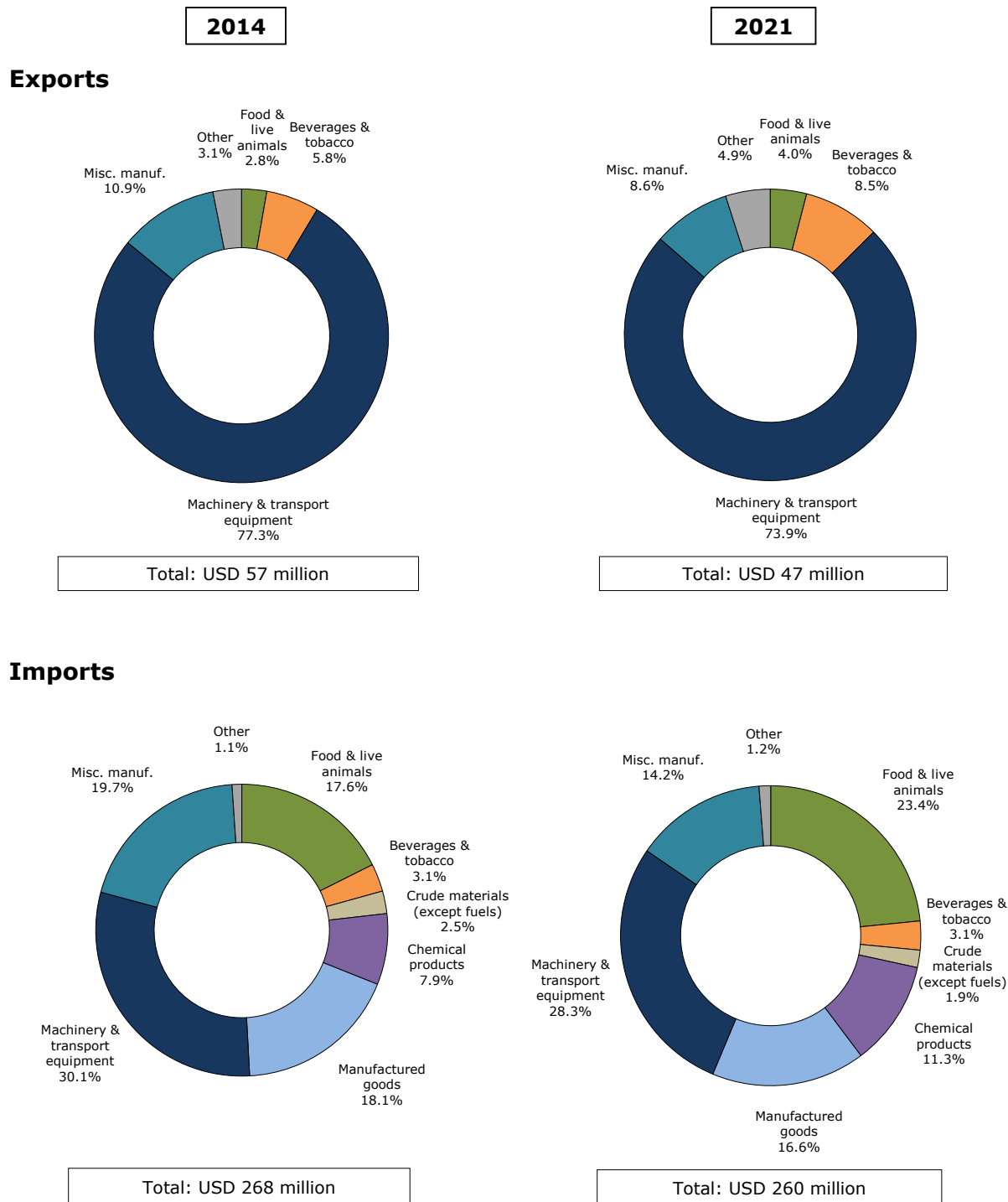
1.21. Saint Kitts and Nevis does not have an independent monetary policy. Saint Kitts and Nevis is a member of the ECCU. The Monetary Council of the ECCB is responsible for monetary policy for the whole OECS, including two territories that are not WTO Members (Anguilla and Montserrat). The exchange rate followed by the ECCB is a peg to the US dollar, at a rate of XCD 2.70 per USD 1.

1.22. After declining in some of the previous years, broad money liabilities (M2) rose by 8.9% to XCD 3,017.1 million at the end of 2021. This reflects an increase in deposits in national currency, foreign currency deposits, and currency in circulation. Domestic claims (credit) expanded by 2.8% to XCD 631.9 million at the end of 2021, more than double the average domestic claims recorded over the past five years.¹³

1.2 Trends and patterns in merchandise and services trade

1.23. Exports of goods are limited and are highly concentrated on a few manufactured goods. Products such as switches, relays, fuses, and electrical capacitors (SITC 7) accounted for about 74% of total exports in 2012; beverages accounted for some 8.5%; and other manufactured products for 8.6% (Table A1.1). Exports of agricultural products accounted for 4% of total exports. Some 23.4% of all imports are foodstuff and other agricultural products; imports of machinery of transport equipment accounted for some 28.3% of total imports in 2021, while other manufactured goods (SITC 6 and 8) accounted for another 14.2% (Table A1.2 and Charts 1.1 and 1.2).

¹³ ECCB (2022), *2021 Annual Economic and Financial Review: Saint Christopher (St Kitts) and Nevis*. Viewed at: <https://www.eccb-centralbank.org/documents/19#>.

Chart 1.1 Merchandise trade by SITC section, 2014 and 2021

Source: ECCB online statistics. Viewed at: <http://www.eccb-centralbank.org>.

1.24. Saint Kitts and Nevis' main trading partner continues to be the United States, which was the destination for some 80% of exports in 2021, and the origin of some two thirds of imports. No exact data per trading partner were available for this Review. The second-largest partner is Trinidad and Tobago, followed by the United Kingdom, Antigua and Barbuda and other OECS countries, Jamaica, and Canada

1.25. Saint Kitts and Nevis runs a trade surplus in services, principally on account of tourism receipts (travel and transportation), but also of financial services exports (Table 1.4). Due to the

negative effects of COVID-19, exports of services declined sharply in 2020 and 2021, mainly due to the strong contraction in travel and transportation, but are expected to increase again starting in 2022.

Table 1.4 Trade in services, 2014-21

(USD million)

	2014	2015	2016	2017	2018	2019 ^a	2020 ^a	2021 ^b
Services trade balance	315.9	280.3	257.6	266.2	344.9	311.1	213.0	218.9
Export of services	528.6	496.4	478.9	476.1	571.4	563.7	354.7	381.9
Maintenance and repair services, n.i.e.	0.2	0.2	0.1	0.1	0.0	0.0	0.1	0.1
Transportation	13.1	16.5	17.7	17.2	18.2	20.7	7.2	7.1
Sea transport	5.4	7.9	7.6	8.6	8.5	7.9	3.5	3.4
Passenger	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Freight	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	5.4	7.9	7.6	8.6	8.5	7.9	3.5	3.4
Air transport	6.3	6.7	6.7	6.4	7.4	10.6	2.4	2.4
Passenger	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Freight	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	6.3	6.7	6.7	6.4	7.4	10.6	2.4	2.4
Other transport	0.8	0.8	0.8	0.8	0.8	0.9	0.3	0.3
Postal and courier services	0.6	1.1	2.5	1.4	1.5	1.3	1.0	1.0
Travel	342.8	316.8	331.6	351.9	365.6	352.8	98.3	96.4
Construction services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction in the compiling economy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance services	3.1	3.0	3.6	3.8	3.8	3.8	5.0	4.9
Direct insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reinsurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary insurance services	3.1	3.0	3.6	3.8	3.8	3.8	4.9	4.8
Pension and standardized guarantee services	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Financial services	17.5	20.7	19.5	21.6	27.1	9.7	9.9	10.3
Charges for use of intellectual property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Telecommunications, computer and information services (combined)	6.4	5.1	4.5	4.5	4.0	4.0	3.8	3.8
Other business services	6.3	8.2	10.5	10.2	8.3	9.1	10.4	10.2
Professional and management consulting services	0.4	0.4	0.4	0.4	0.5	0.6	0.3	0.3
Technical trade-related and other business services	5.9	7.8	10.1	9.8	7.8	8.5	10.0	9.9
Personal, cultural, and recreational services	0.0	0.0	0.0	0.0	0.0	0.0	112.1	35.9
Government services, n.i.e.	121.2	109.4	65.6	58.8	136.4	155.4	100.9	206.3
Embassies and consulates	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6
Other government services	120.5	108.7	64.9	58.1	135.7	154.7	100.3	205.8
Import of services	212.7	216.1	221.2	209.9	226.5	252.6	141.8	163.0
Maintenance and repair services, n.i.e.	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0
Transportation	45.9	50.4	52.2	50.9	55.7	55.6	39.0	37.5
Sea transport	33.0	35.3	37.3	36.3	40.3	39.7	33.0	31.6
Passenger	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Freight	33.0	35.3	37.3	36.3	40.3	39.7	33.0	31.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Air transport	12.7	15.0	14.8	14.5	15.3	15.7	5.8	5.8
Passenger	12.3	14.5	14.3	14.0	14.7	15.1	5.5	5.5
Freight	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0
Other	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Postal and courier services	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Travel	36.6	37.4	37.5	41.5	40.6	52.3	6.7	31.2
Construction services	1.6	4.0	4.7	1.9	1.9	2.0	1.2	1.2
Construction abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction in the compiling economy	1.6	4.0	4.7	1.9	1.9	2.0	1.2	1.2
Insurance services	13.9	17.5	16.1	16.8	16.7	18.6	17.4	16.9
Direct insurance	11.7	15.3	13.6	14.8	14.2	16.4	14.1	13.7
Reinsurance	1.8	1.8	2.0	1.8	2.1	1.5	2.2	2.1
Auxiliary insurance services	0.2	0.3	0.5	0.1	0.2	0.5	1.0	1.0
Pension and standardized guarantee services	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1
Financial services	3.7	3.9	7.7	3.6	6.4	7.6	8.9	8.7
Charges for use of intellectual property	3.0	2.6	2.7	1.5	2.0	3.2	2.4	2.4

	2014	2015	2016	2017	2018	2019 ^a	2020 ^a	2021 ^b
Telecommunications, computer and information services (Combined)	6.1	7.5	7.7	8.0	8.7	7.4	7.9	7.8
Other business services	97.7	91.8	92.3	85.4	94.3	105.7	57.6	56.6
Professional and management consulting services	23.6	21.7	19.2	17.7	19.1	23.7	20.1	19.7
Technical trade-related and other business services	74.1	70.1	73.1	67.7	75.2	82.1	37.6	36.9
Personal, cultural, and recreational services	3.3	0.1	0.0	0.0	0.0	0.1	0.1	0.1
Government services, n.i.e.	0.8	0.7	0.2	0.2	0.1	0.1	0.6	0.6
Embassies and consulates	0.0	0.4	0.2	0.2	0.1	0.1	0.6	0.6
Other government services	0.8	0.3	0.0	0.0	0.0	0.0	0.0	0.0

a Preliminary data.

b Estimates.

Source: ECCB and Central Statistical Office.

2 TRADE AND INVESTMENT POLICY FRAMEWORK

2.1 General framework

2.1. The Federation of Saint Kitts and Nevis has a legal system based on English common law. The Constitution is the supreme law, and all other laws must conform to it and are void to the extent of any contradiction or inconsistency with the Constitution. Changes to the Constitution require at least a two-thirds majority vote in the National Assembly and may also necessitate a referendum, depending on the matter.

2.2. Saint Kitts and Nevis is a federation; constitutionally it is a single state, but the Constitution grants significant autonomy to Nevis, which has a semi-autonomous Island Assembly, an Island Administration, and a Premier. The Federation of Saint Kitts and Nevis has a Westminster-style parliamentary system. The English monarch, represented by the Governor General on the island, is the Head of State. The exercise of the executive power is vested on the Cabinet of Ministers, which is headed by the Prime Minister, appointed by the Governor General after each election. The appointed Prime Minister is the elected Member of the National Assembly who commands the support of the majority of elected members. The Cabinet is appointed by the Governor General on the advice of the Prime Minister and is collectively accountable to the National Assembly.

2.3. The Cabinet of Ministers has the power to conclude and sign international treaties and trade agreements. International agreements to which Saint Kitts and Nevis is a party must be enacted into domestic law to become enforceable. They are not automatically part of domestic law. In this respect, only WTO Agreements that have been explicitly incorporated into the laws of Saint Kitts and Nevis are part of domestic legislation and may be invoked by private individuals before national courts.

2.4. Law-making responsibility is shared between the National Assembly in Saint Kitts and the Nevis Island Assembly, depending on the scope and nature of the law. The National Assembly has exclusive authority to enact laws of federal concern, including on defence or foreign relations, while the Nevis Island Assembly is empowered to enact ordinances related to a range of specified matters. The Nevis Island Assembly is restricted by the Constitution from enacting laws that are inconsistent with the general policy of the Government or relating to matters that are of national concern, without prior approval of the Prime Minister. In the event of inconsistencies between the provisions of laws enacted by the National Assembly and those of the Nevis Island Assembly, the provisions of the former prevail. The National Assembly is composed of 11 elected representatives and 3 senators, 1 appointed by the Governor General on the advice of the leader of the opposition, and 2 appointed on the advice of the Prime Minister. Parliamentary elections are due every five years but may be called sooner; the last elections were held in August 2022.

2.5. The legislative process at the federal level starts with the introduction of a bill by a Minister in the National Assembly, generally after the draft has been approved by the Cabinet of Ministers. Each bill goes through three readings; during the second reading the bill is debated by members of the National Assembly and, where necessary, amendments are introduced. The bill is put to a vote in the third reading. Bills become law after having received the assent of the Governor General; they enter into force after publication in the Gazette.

2.6. The judiciary is independent from the Executive and the National Assembly. Minor civil and criminal cases are dealt with by Magistrate courts. More serious criminal matters, civil cases involving claims above XCD 5,000, and questions of interpretation of the Constitution are dealt with by the High Court. The Eastern Caribbean Supreme Court, an itinerant court based in Saint Lucia, is the first level of appeal (Common Report).¹⁴ Despite having signed, with other Caribbean Community and Common Market (CARICOM) member States, the Agreement to establish the Caribbean Court of Justice (CCJ), which has been functioning since 2005, the final court of appeal for Saint Kitts and Nevis remains the Judicial Committee of the Privy Council (JCPC), based in London.¹⁵ Accession to

¹⁴ For more information on the Court, see the Eastern Caribbean Supreme Court website. Viewed at: <http://www.eccourts.org/>.

¹⁵ For more information on the Council, see the JCPC website. Viewed at: <https://www.jcpc.uk/about/role-of-the-jcpc.html>.

the appellate jurisdiction of the CCJ could involve a constitutional amendment and possibly a referendum. Final appeals are currently still made to the JCPC.

2.2 Trade policy formulation and objectives

2.7. The Ministry of International Trade, Industry, Commerce and Consumer Affairs (MITICCA), currently dependent on the Office of the Prime Minister, is responsible for overseeing the formulation, development, implementation, and management of trade policies in Saint Kitts and Nevis. The Ministry has responsibility for all WTO, international, and regional trade issues and is in charge of matters related to anti-dumping, subsidies, technical barriers to trade, and competition policy. Work is carried by the Ministry's three departments: the Trade Policy Division; the Saint Kitts and Nevis Bureau of Standards; and the Consumer Affairs Department. The Trade Policy Division is responsible for the coordination, management, development, and implementation of all trade policy issues. The Consumer Affairs Department is in charge of ensuring fair trade competition, while the Saint Kitts and Nevis Bureau of Standards is responsible for standards, metrology, and conformity assessment services. The Bureau is also the National Codex Contact Point, the enquiry point for the WTO TBT Agreement.

2.8. Trade policy is developed in the context of Saint Kitts and Nevis' participation in the OECS and in CARICOM, with the involvement of the private sector and labour. The main agencies that participate in the formulation of trade policy are the MITICCA; the Ministries of Finance, Sustainable Development, and Information Technology; the Customs and Excise Department; the Ministry of Foreign Affairs; the Ministry of Legal and Justice; the Ministry of Agriculture and Marine Resources; the Saint Kitts Investment Promotion Agency; the Ministry of National Security; and the Chamber of Industry and Commerce. The Customs and Excise Department is responsible for tariffs and customs valuation and participates in the formulation of policy relating to services and to foreign direct investment.

2.3 Trade agreements and arrangements

2.3.1 WTO

2.9. Saint Kitts and Nevis has been a WTO Member since 21 February 1996 and grants at least MFN treatment to all of its trading partners. Preferential market access is granted to imports from other CARICOM countries and to a number of products from the European Union under the Economic Partnership Agreement (EPA). As there is no umbrella law to enact the Uruguay Round Act, the WTO Agreements are only part of domestic legislation insofar as specific laws for their implementation have been put in place. Private individuals may invoke WTO provisions before national courts only to the extent that the Agreements are incorporated into national legislation.

2.10. Under the GATS, Saint Kitts and Nevis made specific commitments on tourism, recreational, communications, financial, and maritime transport services. It did not participate in the extended WTO negotiations on telecommunications or on financial services.

2.11. Saint Kitts and Nevis does not have a national representation to the WTO in Geneva; however, it is represented by the Permanent Delegation of the Organisation of Eastern Caribbean States to the United Nations Office and other international organizations in Geneva. Saint Kitts and Nevis is member of the following groups in the Doha Development Agenda (DDA) negotiations: G-90 (ACP + least-developed countries); small, vulnerable economies (SVEs)-non-agricultural market access (NAMA); G-33, also called Friends of Special Products, in agriculture (coalition of developing countries pressing for flexibility for developing countries to undertake limited market opening in agriculture); W52 sponsors (sponsors of TN/C/W/52, a proposal for "modalities" in negotiations on geographical indications). It also participates in the micro, small, and medium-sized enterprises (MSME) initiative.

2.12. Saint Kitts and Nevis is not a party to the Information Technology Agreement (ITA). It did not participate or present offers in the WTO extended negotiations on telecommunications, nor in the extended negotiations on financial services.

2.13. During the period under review, Saint Kitts and Nevis notified to the WTO its intellectual property legislation and submitted responses to the Checklist of Issues on (intellectual property

rights) Enforcement. It also made a new and full notification pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Subsidies and Countervailing Measures Agreement (SCM Agreement), as well as its acceptance of the Agreement on Trade Facilitation (TFA) (Table 2.1). There were no notifications in other areas; according to the authorities, this is due to the absence of specialized staff to deal with the issue or to institutional shortcomings, such as the lack of legislation or regulations. To date, Saint Kitts and Nevis has not made any notifications to the TBT and SPS Committees, nor has it notified support measures in agriculture.

Table 2.1 WTO notifications 2014–September 2022

WTO Agreement	Description	Document symbol of most recent notification
SCM Agreement Article 25 and GATT XVI.1	New and full notification pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the SCM Agreement	G/SCM/N/284/KNA, G/SCM/N/290/KNA, G/SCM/N/299/KNA, G/SCM/N/315/KNA, 13 July 2018
Article 18.5 of the Agreement on Implementation of Article VI of the GATT 1994 and Article 32.6 of the SCM Agreement	Notification of Laws and Regulations under Articles 18.5 and 32.6 of the Agreements	G/ADP/N/1/KNA/1, G/SCM/N/1/KNA/1, 4 March 2021
SCM Agreement, Articles 25.11 and 25.12	No action taken	G/SCM/N/202/KNA, 14 January 2010
Article 22 of the Agreement on Implementation of Article VII of the GATT 1994	Notification of laws and regulations under Article 22 of the Agreement on Implementation of Article VII of the GATT 1994	G/VAL/N/1/KNA/1, 25 February 2021
TRIPS Agreement Article 63.2	Notification of laws and regulations	IP/N/1/KNA/1, IP/N/1/KNA/C/1, 2 December 2016
TRIPS Agreement Article 63.2	Notification of laws and regulations	IP/N/1/KNA/2, IP/N/1/KNA/T/1, 2 December 2016
TRIPS Agreement Article 63.2	Notification of laws and regulations	IP/N/1/KNA/3, IP/N/1/KNA/P/1, 2 December 2016
TRIPS Agreement Article 63.2	Notification of laws and regulations	IP/N/1/KNA/4, IP/N/1/KNA/L/1, 2 December 2016
TRIPS Agreement	Checklist of Issues on Enforcement. Responses from Saint Kitts and Nevis	IP/N/6/KNA/1, 2 December 2016
Preparatory Committee on Trade Facilitation	Notification of Category A Commitments under the Agreement on Trade Facilitation	WT/PCTF/N/KNA/1, 2 June 2015
Trade Facilitation Agreement	Notification of Category Commitments under the Agreement on Trade Facilitation	G/TFA/N/KNA/1, 17 August 2017
Trade Facilitation Agreement	Notification of Category Commitments under the Agreement on Trade Facilitation. Addendum	G/TFA/N/KNA/1/Add.1, 8 October 2020
Trade Facilitation Agreement	Notification under Article 22.3 of the Agreement on Trade Facilitation (contact point)	G/TFA/N/KNA/2, 1 April 2019
Trade Facilitation Agreement	Notifications under Articles 1.4, 10.6.2 and 12.2.2 of the Agreement on Trade Facilitation	G/TFA/N/KNA/3, 1 April 2019

Source: Compiled by the WTO Secretariat based on WTO documents.

2.14. Saint Kitts and Nevis accepted the 2005 Protocol Amending the TRIPS Agreement on 27 July 2015, and the 2014 Protocol concerning the Trade Facilitation Agreement on 17 June 2016. On 2 June 2015, Saint Kitts and Nevis submitted its Notification of Category A Commitments under the TFA. In August 2017, it submitted its category A, B, and C commitments. In October 2020, Saint Kitts and Nevis notified that, due the COVID-19 pandemic, it was postponing the implementation of commitments in categories B and C (Table 2.2). By June 2021, Saint Kitts and Nevis' rate of commitment implementation stood at 69.7%, with a time-frame spanning from February 2017 to December 2024. Saint Kitts and Nevis has requested technical assistance with respect to eight measures.¹⁶

¹⁶ WTO Trade Facilitation database. Viewed at: <https://tfadatabase.org/members/saint-kitts-and-nevis>.

Table 2.2 Saint Kitts and Nevis Category B and C commitments under the Trade Facilitation Agreement, and dates of implementation, 2022

Provision	Heading/ description	Category	Previously notified definitive date for implementation	New definitive date for implementation requested	Reasons for extension
Article 1.1	Publication	B	31 December 2021	31 December 2022	COVID-19 mitigation measures
Article 1.3.2	Enquiry Points	B	31 December 2021	31 December 2021	n.a.
Article 3	Advance Ruling	C	31 December 2021	31 December 2021	n.a.
Article 5.3	Test Procedures	C	31 December 2021	31 December 2023	COVID-19 mitigation measures
Article 6.2	Specific Disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation	C	31 December 2023	31 December 2024	COVID-19 mitigation measures
Article 7.2	Electronic Payment	C	31 December 2021	31 December 2021	
Article 7.4	Risk Management	C	31 December 2021	31 December 2022	COVID-19 mitigation measures
Article 7.6	Average Release Time	B	31 December 2021	31 December 2021	
Article 7.7	Trade Facilitation measures for Authorized Operators	C	31 December 2021	31 December 2023	COVID-19 mitigation measures
Article 10.4	Single Window	C	31 December 2021	31 December 2023	n.a.
Article 12.7	Customs Cooperation	C	31 December 2021	31 December 2021	n.a.
Article 12.8	Customs Cooperation	B	31 December 2021	31 December 2021	n.a.
Article 12.9	Customs Cooperation	C	31 December 2021	31 December 2021	n.a.

n.a. Not applicable.

Source: WTO document G/TFA/N/KNA/1/Add.1, 8 October 2020; and WTO TFA database. Viewed at: <https://tfadatabase.org/members/saint-kitts-and-nevis/breakdown-by-measure/article-12>.

2.15. Saint Kitts and Nevis has not been a complainant or a defendant in any case before the DSB. It has been a third party in three cases, all prior to the review period.

2.3.2 Regional trade agreements

2.3.2.1 OECS

2.16. Saint Kitts and Nevis has been a member of the Organisation of Eastern Caribbean States (OECS) since its creation by the Treaty of Basseterre in 1981. The OECS reinforced its integration process through the signature of the Revised Treaty of Basseterre Establishing the OECS Economic Union (RTB) in June 2010, which established new institutional arrangements, and created a single financial and economic space within which goods, services, people, and capital move freely, and monetary and fiscal policies are harmonized. The RTB, which entered into force on 21 January 2011, transferred power from national parliaments to the OECS Authority and the Council of Ministers on certain issues, in particular those dealing with the common market and customs union, monetary policy, trade policy, maritime jurisdiction and maritime boundaries, and civil aviation. The main organs of the Economic Union are: (i) the OECS Authority of Heads of Government of the member States; (ii) the Council of Ministers; (iii) the OECS Assembly; (iv) the Economic Affairs Council; and (v) the OECS Commission.

2.3.2.2 CARICOM

2.17. Saint Kitts and Nevis also participates in other regional agreements and arrangements: it has been a member of CARICOM since 1974 and is a participant in the Caribbean Single Market and Economy (CSME), created as a consequence of the revision of the Treaty of Chaguaramas in 1989. CARICOM has 15 participants: Antigua and Barbuda; the Bahamas; Barbados; Belize; Dominica;

Grenada; Guyana; Haiti; Jamaica; Montserrat; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Suriname; and Trinidad and Tobago. The Bahamas is a full member of CARICOM but not of the CSME; Turks and Caicos Islands, the British Virgin Islands, and Bermuda are associate members. The more developed countries (MDCs) of CARICOM are the Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago. All OECS member States together with Belize and Haiti make up the less developed countries (LDCs) within CARICOM.¹⁷

2.18. As a CARICOM member State, Saint Kitts and Nevis applies CARICOM's Common External Tariff (CET), with the exceptions allowed, which are included in List A and List C for all countries. These lists are national: for each country, the rates applied for products may vary. As at end-2022, tariff schedules across CARICOM members still differed considerably. The Revised Treaty of Chaguaramas contains safeguard provisions that allow, in case of serious balance of payments and external financial difficulties, the adoption, on a non-discriminatory basis and for a maximum of six months, of quantitative restrictions on imports, and of restrictions to the right of establishment, the provision of services and the movement of capital.

2.19. Saint Kitts and Nevis also participates in the CARICOM Regional Organization for Standards and Quality (CROSQ) and the Caribbean Health and Food Safety Agency (CAHFSA), established in Suriname in 2011, and which is mandated to coordinate the establishment of a regional sanitary and phytosanitary (SPS) regime.¹⁸ CAHFSA operates in the areas of animal health, plant health, and food safety.

2.20. Saint Kitts and Nevis has signed, through its participation in CARICOM, bilateral trade agreements with the Bolivarian Republic of Venezuela, Colombia, Costa Rica, Cuba, and the Dominican Republic. The OECS was established in 1981 through the Treaty of Basseterre, with Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines as members, and Anguilla and the British Virgin Islands are associate members. Saint Kitts and Nevis, together with the other OECS countries is a member of the Association of Caribbean States (ACS), a forum for economic and trade policy coordination at the regional level, comprising 25 Caribbean Basin countries.

2.3.2.3 CARIFORUM-EU EPA

2.21. Saint Kitts and Nevis, through its participation in CARIFORUM (a negotiating group involving CARICOM and the Dominican Republic) signed an EPA with the European Union in 2008 (Common Report). The EPA, although in force, is still in the process of full implementation on the part of Saint Kitts and Nevis and other OECS countries, as a number of legal and institutional changes are required. To facilitate the implementation of the EPA, in July 2012, the Government established the EPA Unit within the MITICCA. The EPA Unit became permanent in 2018.

2.22. The EPA is based on the principle of asymmetric reciprocity: the European Union guaranteed CARIFORUM countries MFN treatment with respect to any more favourable concession or improvement or relaxation of rules of origin offered to any third country in trade in goods, but CARIFORUM countries must only provide MFN treatment to EU products in cases of FTAs signed with major trading economies.¹⁹ The European Union removed at the outset all tariffs and quotas on CARIFORUM exports except for arms and ammunition, sugar, and rice. CARIFORUM States committed to more gradual tariff reductions over a period of up to 25 years, excluding certain sensitive products. The main exclusions and lengthier implementation periods apply to sensitive products, including poultry and other meat; dairy products; certain fruits and vegetables; fishery products; sauces; ice cream; syrup; beverages; ethanol; rum; vegetable oils; paints and varnishes; perfumes; cosmetics; soaps; shoe polish; glass or metal polishes; candles; disinfectants; furniture and parts; and some apparel, such as cotton pullovers/jerseys/cardigans.

2.23. According to information by the European Union, Saint Kitts and Nevis had provisionally implemented (there was no statutory provision) all the tariff reductions it had committed to by 2019:

¹⁷ St Kitts and Nevis, as a CARICOM LDC, may invoke Chapter 7 of the Revised Treaty of Chaguaramas, in particular Article 150 (Safeguard Measures), which allows a country classified as an LDC to limit imports of goods from other CARICOM members, for up to three years.

¹⁸ CAHFSA. Viewed at: <https://www.cahfsa.org/14-mission/1-mission>.

¹⁹ Under the EPA, a major trading economy is defined as a country or group of countries with a share of world merchandise trade exceeding 1% or 1.5%, respectively.

tariff liberalization planned for 1 January 2011, implemented in 2013; liberalization planned for 1 January 2013 in 2014; and the liberalizations for 1 January 2015, 2017, 2018, and 2019 in the corresponding year.²⁰ Some 5.6% of Saint Kitts and Nevis' tariff lines were duty-free on an MFN basis in 2010. Following the Agreement's provisional application, Saint Kitts and Nevis liberalized an additional 17.5% of tariff lines. At the end of 10 years of implementation in 2019, 57.9% of Saint Kitts and Nevis' tariff lines were expected to be duty-free for imports from the European Union. Tariff liberalization continues until 2033, at which point 86.6% of Saint Kitts and Nevis' tariff lines will be duty-free.²¹ The authorities confirmed this information and noted that the tariff reductions had been incorporated into the ASYCUDA system. The reductions are applied administratively through a decision by the Minister of Finance, since no legislation has been introduced to this end.

2.24. The EPA provides for a standstill of other duties and charges applied on imports, leading to a phase-out starting 7 years after signature with a complete elimination within 10 years. This has, however, not occurred. Saint Kitts and Nevis continues to apply its Customs Service Charge (CSC) on imports.

2.25. The EPA also covers trade in services, public procurement, intellectual property rights, and environmental protection. Saint Kitts and Nevis made partial commitments in professional services, computer services, research and development services, rental/leasing services without operators, and other business services. In some subsectors of rental/leasing without operators, enterprises with initial investment of less than USD 1 million may be reserved for nationals. With respect to communication services, it made full commitment in modes 1 to 3 of courier services and a number of new commitments in telecommunications services. Saint Kitts and Nevis also undertook commitments in construction and related engineering services and in environmental services. In financial services, it undertook limited commitments, including partial commitment in reinsurance and retrocession services; no commitments were undertaken in banking services except registration of offshore financial companies and trusts (excluding insurance companies and banks) to do offshore business. Further areas where some commitments were undertaken include health and related social services; tourism and travel related services; recreational, cultural, and sporting services; maritime transport; internal waterways; air transport; and rail transport.²²

2.3.2.4 CARIFORUM-UK EPA

2.26. Following the departure of the United Kingdom from the European Union, Saint Kitts and Nevis and other CARIFORUM countries subscribed a preferential trading relationship agreement with the United Kingdom, which was governed previously by the EPA. The CARIFORUM-UK EPA covers trade in goods, including rules of origin, preferential tariffs, and quotas, as well as investment and trade in services. This agreement was notified to the WTO on 31 December 2020 and entered into force on 1 January 2021.²³ However, it was decided that trade between the United Kingdom with Saint Kitts and Nevis would continue on preferential terms on the basis of Memoranda of Understanding pending completion of domestic procedures for provisional application or ratification.

2.3.2.5 Other agreements

2.27. Through its membership of CARICOM, Saint Kitts and Nevis has bilateral trade agreements with Colombia, Costa Rica, Cuba, the Dominican Republic, and the Bolivarian Republic of Venezuela.

2.28. The CARICOM-Colombia Agreement on Trade, Economic and Technical Cooperation, signed in 1994 and re-negotiated in 1997 is reciprocal only for CARICOM MDCs. Saint Kitts and Nevis and other OECS countries benefit from unilateral preferences, and the scope of the agreement remains limited. The CARICOM Free Trade Area agreement with Costa Rica, which entered into force on 1 March 2004, is also reciprocal only with respect to CARICOM MDCs, and grants unilateral to all OECS members. Under the agreement, tariffs on 95% of products have been phased out. Duty

²⁰ European Commission, Directorate-General for Trade (2021), *Ex-post Evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States: Implementation Report*. Viewed at: https://trade.ec.europa.eu/doclib/docs/2021/january/tradoc_159354.pdf.

²¹ WTO document WT/REG255/1, 31 May 2018.

²² European Commission, Directorate-General for Trade (2021), *Ex-post Evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States: Implementation Report*. Viewed at: https://trade.ec.europa.eu/doclib/docs/2021/january/tradoc_159354.pdf.

²³ WTO document WT/REG420/N/1, 7 January 2021.

continues to apply for CARICOM, on meat, dairy products, fruit, and vegetables, and a few manufactured goods, such as furniture, some paints, bottles, and candles. The CARICOM-Cuba Trade and Economic Agreement, which entered into force in 2006, provides for duty-free access for a list of goods agreed by both sides. However, OECS members do not grant preferences to Cuba under this agreement. The CARICOM-Dominican Republic Free Trade Agreement, which entered into force in 1999, has granted bilateral duty-free access for a number of products since 1 January 2004. Tariff concessions under the agreement are reciprocal between CARICOM MDCs and the Dominican Republic, but OECS countries benefit from unilateral preferences. The CARICOM-Venezuela Agreement on Trade and Investment, which entered into force on 1 January 1993, is a one-way preferential agreement through which most CARICOM exports to the Bolivarian Republic of Venezuela are granted preferential or duty-free access. Tariffs were eliminated on 22% of products (mostly fresh produce, confectionery, cosmetics, jams and jellies, medicines, wooden furniture, horticultural products, spices, processed foods, and toilet preparations), while 67% of products benefit from tariff reductions.

2.29. Saint Kitts and Nevis joined the Brazil-Guyana Partial Scope Agreement (PSA) in May 2012. Administrative procedures are being put in place to effect the agreement for Saint Kitts and Nevis. The agreement is of particular importance for Saint Kitts and Nevis' expanding electronic components industry due to the country's rules of origin, which allow for regional cumulation.

2.3.2.6 Non-reciprocal agreements

2.30. Saint Kitts and Nevis and other OECS members also benefit from the US Caribbean Basin Initiative, and from the Caribbean-Canada Trade Agreement (CARIBCAN), both of which are non-reciprocal and unilateral.

2.31. Under the Caribbean Basin Initiative, in effect since 1984 as part of the Caribbean Basin Economic Recovery Act (CBERA) and with no expiration date, all OECS countries are eligible for duty-free access to the US market subject to rules of origin. To meet the Initiative's eligibility standards, products must contain at least 35% local value added, of which US materials must comprise 15% of the value of the finished product. Articles assembled from 100% US components, with certain exceptions, are also given duty-free treatment.

2.32. Under CARIBCAN, implemented in 1986, exports originating in the OECS and other CARICOM countries are granted duty-free treatment by Canada: the eligible products exclude textiles, clothing, footwear, luggage and other leather goods, lubricating oils, and methanol. To qualify for duty-free access, 60% of the ex-factory price of eligible products must originate in a beneficiary country or in Canada.

2.33. Saint Kitts and Nevis and other OECS members are also eligible for the Generalized System of Preferences (GSP) schemes of Armenia (since 2016), Australia, Japan, Kazakhstan (since 2016), New Zealand, Norway, the Russian Federation, Switzerland, and the United States.

2.4 Investment regime

2.34. Each of the islands comprising the Federation of Saint Kitts and Nevis has its own investment regime and agencies. In Saint Kitts, investment, including foreign investment, is regulated by the Companies Act No. 22 of 1996, which governs the incorporation and registration of companies in Saint Kitts. In Nevis, company incorporation and registration are regulated by the Nevis Island Business Corporation Ordinance No. 3 of 1984. In both islands, enterprises must register in the respective Companies Registry. All registered companies must have a registered office in the Federation. National treatment is applied to foreigners with respect to incorporation and registration of a company: once a company is registered in the Federation, it is considered national, no matter where its capital or shareholders originate. There are no nationality restrictions for directors in a company, and foreign investors are allowed to own 100% of the capital of a company.

2.35. Because Saint Kitts and Nevis is a small, open economy, highly dependent on tourism, taxation relies to a large extent on indirect taxes. With respect to direct taxes, Saint Kitts and Nevis' main provisions regarding direct taxation are contained in the Income Tax Act, Cap 20.22 (Income Tax Act, No. 17 of 1966 as amended). Income tax is applied only to companies: corporate tax is 33% of net profits. Corporate income tax is not levied on trusts, limited partnerships, and exempt

companies, or on enterprises that have been granted a tax concession. There is no personal income tax. There is a social security contribution of 5% of an employee's earnings paid by the employer and a 1% levy for employment injury benefits. The ceiling on wages for social security contributions is XCD 6,500 per month. The maximum contribution on behalf of any single employee in any month is XCD 715 for an employee between the ages of 16 to 63 years. The employer also pays 1% of an employee's wage for severance payments. A Housing and Social Development Levy is payable on all wages above XCD 1,083.33 per month. The employer's contribution to the levy is 3% of the wage.²⁴ Profits or gains derived from a sale of assets located in Saint Kitts and Nevis are subject to a capital gains tax of 20% if the sale takes place within one year of acquisition. Land property tax rates depend on the size and nature of the land concerned.

2.36. In accordance with Section 35 of the Income Tax Act, Cap 20.22, a withholding tax of 15% is applied on remittances of certain categories of income abroad, including profits; administration, management, or head office expenses; technical services fees; accounting and audit expenses; royalties; non-life insurance premiums; and rent. Withholding tax does not apply to profits of an approved enterprise enjoying benefits under the Fiscal Incentives Act (see below), nor to exempt trusts, limited partnerships, companies, or foundations.

2.37. Value Added Tax (VAT) is charged on the value of imports and on the value added (mark-up) on goods and services supplied by one business to another or to the final consumer. The standard VAT rate is 17%. A special rate of 10% is extended to hotels, restaurants, and tour operators.

2.38. In accordance with the Unincorporated Business Act (Act No. 5 of 2010), businesses that are not registered under the Companies Act, including any business, profession, trade, venture, or undertaking, must pay a tax of 4% of the tax base relating to the supply of goods and services.²⁵

2.39. Offshore companies may open bank accounts onshore and may hold shares in onshore or offshore companies incorporated in Saint Kitts and Nevis. In Saint Kitts, offshore companies are regulated by the Companies Act, the same legislation than for domestically based companies. In Nevis, however, special provisions applied until 2018 (the Nevis Island Business Corporation Ordinance).

2.40. Nevis legislation allows offshore companies to be incorporated in Nevis as an International Business Company (IBC), a limited liability company (LLC), generally for professional services), or a trust. Traditional benefits from incorporating as an IBC or an LLC, provided all income was generated abroad, include (i) exemption from corporate tax, income tax, withholding tax, stamp tax, asset tax, exchange controls, or other fees or taxes based upon or measured by assets or income originating outside of Saint Kitts and Nevis or in connection with other activities outside of Saint Kitts and Nevis or with matters of corporate administration that may occur in Saint Kitts and Nevis; and (ii) exemption from withholding tax for dividends paid to its shareholders by a corporation that does not carry on business in Saint Kitts and Nevis.²⁶

2.41. Amendments to offshore company legislation were introduced in Nevis during the review period. New legislation with respect to IBCs and LLCs was introduced in Nevis in 2017, and amendments to it in 2018 and 2019.²⁷ The new laws repealed previous legislation and set a time

²⁴ Invest St Kitts, *Social Security*. Viewed at: <https://investstkitts.kn/social-security/>.

²⁵ The tax base is defined in the Act as the gross takings derived from the supply of goods for the month, reduced (but not below zero) by XCD 12,500, or the gross takings derived from the supply of services for the month, reduced (but not below zero) by XCD 2,000.

²⁶ According to Nevis legislation, no corporation shall be considered to be carrying on business in Nevis solely because it engages in one or more of the following activities: (i) maintaining bank accounts in Nevis; (ii) holding meetings of directors or shareholders in Nevis; (iii) maintaining corporate or financial books and records in Nevis; (iv) maintaining an administrative office in Nevis with respect to assets, business, or activities done outside of Nevis; (v) maintaining a registered agent in Nevis; (vi) investing in shares of a Nevis company, IBC, or LLC, or being a beneficiary of an international trust or a qualified foreign trust; or (vii) acquiring property in a local, industrial, or tourist facility situated in a project or development approved and authorized by the Nevis Island Administration.

²⁷ Nevis Island Act No. 1 of 2017, Nevis Business Corporation Ordinance, 2017; Act No. 2 of 2017, Nevis Limited Liability Company Ordinance 2017, Nevis Island Act No. 2017, SRO No. 2 of 2017, Nevis Business Corporation (Forms and Fees) Regulations 2017; SRO No. 3 of 2017, Nevis Limited Liability Company (Forms and Fees) Regulations 2017; Act No. 6 of 2018, Nevis Business Corporation (Amendment) Ordinance, 2018; Act No. 7 of 2018, Nevis Limited Liability Company (Amendment) Ordinance 2018; Act No. 6 of 2019, Nevis

limit to the benefits previously enjoyed by IBCs and LLCs. In 2018, a limit was set for any corporation wishing to carry on business as an IBC or LLC: they could do so only if incorporated in Nevis on or before 31 December 2018. However, trusts continue to be exempt from taxes, and their beneficiaries are exempt from property taxes. The legislation introduced in 2019 put an end to the tax exemptions for IBCs and LLCs as of 30 June 2021. Trusts, however, continue to benefit from tax exemptions.

2.42. Foreign investors seeking to purchase property for residential or commercial purposes must obtain an Alien Landholders Licence at a cost of 10% of the value of the land or of the interest in the real estate to be purchased. Licences are granted only after submission to the Cabinet for consideration and payment of the licence fees. Foreign investors do not need to pay a fee for a landholding licence for the purchase of land in certain parts of the island, such as Frigate Bay or the Southeast Peninsula. OECS nationals are exempted from fees.

2.43. There are two investment promotion agencies in Saint Kitts and Nevis, one on each island. Investment policy, including foreign investment, and investment promotion are the responsibility of the Saint Kitts Investment Promotion Agency (SKIPA) and the Nevis Investment Promotion Agency (NIPA) with input from the MITICCA, the Ministry of Finance, and the Ministry of Sustainable Development.

2.44. The Government offers a range of incentives to potential investors, particularly in the areas of tourism and hotel accommodation, and manufacturing. Fiscal incentives for foreign investment are granted under the Fiscal Incentives Act of 1974, the Fiscal (Amendments) Act of 2019, the Hotel Aids Act, as amended (the latest in 2019, Section 3.3.1), and under different investment laws in the tourism sector. Beneficiaries of the Hotel Aids Act may be exempted from the 15% withholding tax applied to remittances to persons or entities abroad.

2.45. For several years, Saint Kitts and Nevis has been running a Citizen by Investment (CBI) programme, which has its legal basis in Section 3 of the Citizenship Act of 1984. The CBI grants the right of citizenship, by investment, but without voting rights. The Citizenship by Investment Unit (CIU) in the Office of the Prime Minister is in charge of managing the programme through appointed authorized persons, who must be approached by the applicant.²⁸ Applicants must provide comprehensive personal information, a full medical certificate, and evidence of the source of funds. The authorities note that due diligence is conducted on all applicants.

2.46. Effective 1 January 2017, the Government approved the use of registered International Marketing Agents, which are global entities authorized to market and distribute promotional information about CBI. International Marketing Agents are required to renew annually their authorization and are further required to list their subagents and their websites. Applications to benefit from CBI generated by International Marketing Agents must be submitted to the CIU through an authorized person.

2.47. There are currently three options for foreign individuals wishing to obtain citizenship through CBI: (i) the real estate option; (ii) investment in the Sustainable Growth Fund, which replaced Sugar Industry Diversification Foundation (SIDF); and (iii) the Alternative Investment Option (AIO), under the CBI programme, which was introduced in 2021. Until March 2018, investors could also invest in the Hurricane Relief Fund.

2.48. To qualify for citizenship under the real estate option, applicants must invest in a pre-approved real estate project, which may include hotel shares, villas, and condominium units. A list of approved real estate developments is published under by the CIU. The minimum real estate investment required by law is USD 200,000 (resalable after seven years) or USD 400,000 (resalable

Business Corporation (Amendment) Ordinance, 2019; and Act No. 7 of 2019, Nevis Limited Liability Company (Amendment) Ordinance 2019. Viewed at: <https://www.nevisfsrc.com/services/>.

²⁸ Authorized person means a person licensed by the Financial Services Regulatory Commission (FSRC) of St Kitts and Nevis licensed to conduct corporate or trust services in St Kitts and Nevis. Authorized persons must be appointed by a main applicant by way of Limited Power of Attorney to act on their behalf in relation to all matters regarding their CBI application. The authorized person engages the CIU and acts a point of contact for all matters surrounding the application. Authorized persons are required to renew annually both their FSRC and CBI authorizations. There were 45 authorized agents as at June 2021. CIU, *Authorised Persons*. Viewed at: <https://www.ciu.gov.kn/agents/authorized-persons/>.

after five years) for each main applicant. Upon submission of an application, non-refundable due diligence and processing fees must also be paid. These fees amount to USD 7,500 for the main applicant, and USD 4,000 for each dependent of the main applicant who is over the age of 16 years. Additionally, on approval in principle of an application made through a real estate investment, a government fee must be paid: USD 35,050 for the main applicant; USD 20,050 for the spouse of the main applicant; and USD 10,050 for any other qualified dependent of the main applicant regardless of age. In addition to these fees, there are purchase costs, including compulsory insurance fund contributions and conveyance fees. A fee of USD 25,000 usually applies if an International Marketing Agent is used.

2.49. The second option is through the Sustainable Growth Fund (SGF), which was introduced in March 2018 as a replacement for the SIDF.²⁹ It has been identified by the Government as the most secure and straightforward route to second citizenship in Saint Kitts and Nevis.³⁰ To obtain citizenship, the applicant must make a contribution to the SGF; family members including spouse, children, parents and grandparents can be included in the application. In the case of a single applicant, a non-refundable contribution of USD 150,000 is required. In the case of a family, consisting of a main applicant with up to three dependents (for example, a spouse and two children), a non-refundable contribution of USD 195,000 is required. For any additional dependents, regardless of age, a contribution of USD 10,000 is required. Upon submission of an application, non-refundable due diligence and processing fees must be also paid. These fees amount to USD 7,500 for the main applicant, and USD 4,000 for each dependent of the main applicant who is over the age of 16 years.

2.50. The SGF continued to review applications in 2021 during the COVID-19 pandemic, through online procedures by authorized persons. To facilitate procedures, in 2020 the authorities temporarily reduced by USD 45,000 the required contribution for a family of up to three dependents, setting it at USD 150,000, the same contribution as for an individual alone. In March 2021, they decided to maintain this temporary reduction.

2.51. The SGF, managed by the Ministry of Finance, is funded by CBI proceeds and any other contributions that the Government may decide. The SGF can be used to finance education expenditure, infrastructure projects (in particular, port facilities), promote economic growth and competitiveness, finance SMEs, support sectoral development (agriculture, fisheries, export-oriented manufacturing, financial services, technology development, etc.), develop medical facilities, promote tourism, and preserve culture and heritage.³¹

2.52. Prior to the SGF, the second option for the acquisition of citizenship was investment in the SIDF. This option required a contribution to the SIDF, of a minimum total of USD 250,000 for a single applicant, USD 300,000 for an applicant with up to three dependents, USD 350,000 for an applicant with up to five dependents, and USD 450,000 for an applicant with up to seven dependents. Due diligence fees of USD 7,500 were charged for the main applicant and of USD 4,000 for each dependent over the age of 16 years.

2.53. A third option under the Citizenship by Investment Programme was introduced in 2021: the AIO. The AIO is geared to provide the Government with the means of achieving its capital investments goals without having to take on additional debt. Potential projects under the AIO are identified and listed by the Government or can be brought forward by private individuals with access to financing who approach the Government with projects that are not included in the Government's infrastructure list. The asset resulting from completion of the project may be operated by the investor for a reasonable period of time to allow for a reasonable return on investment but must be eventually turned over to the Government, which maintains ownership. When evaluating projects on the Government's infrastructure list, the Government will seek to take into account the maximization of local employment and the transfer of technology and capacity-building. There are two categories of AIO: (i) a Public Good Project Developer (PGPD), where the State owns the asset at the end of an agreement; these projects are fully funded by the PGPD and locked in "up front"

²⁹ Saint Christopher and Nevis Citizenship by Investment (Amendment) (No. 2) Regulations, SRO No. 7 of 2018. *Official Gazette* (2018), No. 18, 29 March 2018. Viewed at: https://www.ciu.gov.kn/wp-content/uploads/2017/01/SRO_No._7_of_2018-Sustainable-Growth-Fund.pdf.

³⁰ CIU, *Sustainable Growth Fund (SGF)*. Viewed at: <https://www.ciu.gov.kn/the-sustainable-growth-fund/>.

³¹ Saint Christopher and Nevis Citizenship by Investment (Amendment) (No. 2) Regulations, SRO No. 7 of 2018. *Official Gazette* (2018), No. 18, 29 March. Viewed at: https://www.ciu.gov.kn/wp-content/uploads/2017/01/SRO_No._7_of_2018-Sustainable-Growth-Fund.pdf.

and require a minimum unit of investment is of USD 175,000; and (ii) a Private Enterprise Developer (PED), where the built or funded asset is privately owned. In this option, the minimum unit of investment is USD 200,000 and standard real estate government fees will apply.³²

2.54. The application processing time through each one of the routes is about 3 or 4 months. To shorten this, in October 2016, the Government approved an Accelerated Application Process (AAP), which allows applications with the CIU to be accelerated to a 60-day processing period.³³ Investors who wish to make use of the AAP are subject to the payment of AAP Process Fees (inclusive of Due Diligence Fees), of USD 25,000 for the main applicant, and of USD 20,000 for each dependent older than 16. In addition to the processing fees, an additional fee of USD 500 per person is applicable for the processing of the Saint Kitts and Nevis passport for any dependents under the age of 16.

2.55. Saint Kitts and Nevis has not signed any bilateral investment agreements. It has double taxation agreements with Canada, Denmark, Monaco, New Zealand, Norway, San Marino, Sweden, Switzerland, the United Kingdom, and the United States.³⁴

³² CIU, *Alternative Investment Option*. Viewed at: <https://www.ciu.kn/investment-options/alternative-investment/>.

³³ CIU, *60-Day Accelerated Pass*. Viewed at: <https://www.ciu.gov.kn/60-day-accelerated-process/>.

³⁴ Ministry of Finance, *Double Taxation Conventions (DTCs)*. Viewed at: <https://www.mof.gov.kn/double-taxation-conventions-dtcs/>.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Customs procedures, documentation, and registration

3.1. Saint Kitts and Nevis' customs legislation was modernized during the period under review. This legislation is contained in the Customs Act, Cap 20.04, Act No. 19 of 2014, last revised in 2017. Saint Kitts and Nevis uses ASYCUDA World for electronic customs clearance. Saint Kitts and Nevis is not a member of the World Customs Organization (WCO). However, through membership in the Caribbean Customs Law Enforcement Council it may receive WCO capacity-building.

3.2. Goods imported into Saint Kitts and Nevis are subject to control by two agencies: Customs and the Port Authority. If importation is done via air transport, aircraft must submit the cargo manifest to Customs and the Port Authority 15 minutes after departure of the aircraft from origin as part of the general declaration. In the case of maritime transport of the imported goods, notice must be given to Customs and the Port Authority at least 24 hours prior to the arrival of vessels, along with an advance copy of the cargo manifest. Vessels are boarded upon arrival by Customs officials and a Vessel Report (including a cargo manifest) is submitted to Customs before the discharge of cargo. Cargo consignments transferred between Saint Kitts and Nevis remain under customs control if duty has not been paid.³⁵

3.3. A Customs entry or declaration is required for all consignments imported into Saint Kitts and Nevis. Hard copies of declarations are no longer required: invoices, air waybill/bill of lading, and a worksheet on the classification and value of the goods can be uploaded electronically. An importer's declaration form may be required if the invoice is unsigned or deemed insufficient by Customs. A Bill of Sight may also be used in instances where invoices are unavailable, and the Comptroller permits the goods to be inspected and valued for duty purposes.

3.4. The use of a customs broker is not mandatory. Customs entries and the supporting documents attached to the declaration are verified electronically to ensure that the items are properly classified, the value for duty purposes is correct, the relevant duties and taxes are accurately calculated, and that any other regulatory requirement is complied with. The entry is then finalized by Customs and an Assessment Notice is generated with the details of the customs duty to be paid. The Assessment Notice and Customs entries are collected by the importer or broker and taken to the Customs Cashier for payment of the Customs duty. The charges due to the Port Authority must also be paid to the Port Cashier and a receipt is issued. Following payment of the corresponding import duties and of the charges due to the Port Authority, Customs issues a document authorizing the release of the goods.³⁶

3.5. Since the introduction of a risk assessment system via ASYCUDA World, commercial cargo is no longer systematically inspected by a Customs Officer to ensure conformity with the Customs entry and the attached invoices. To decide on inspection, Customs classifies shipments according to risk: operations undertaken by importers with an import history in Saint Kitts and Nevis and arriving from countries not considered to pose risks are generally deemed low-risk and subject to a lower rate of inspection. Shipments to new importers and/or from countries deemed to pose higher risks are generally subject to physical inspection. If there are no discrepancies, the Customs Officer signs the release order to authorize the Port Authority to deliver the consignment to the importer or broker. Non-commercial cargo is inspected and valued for duty purposes before the Customs entry is completed. If inspection is required, cargo imported in full container loads (FCL) may be released from the port under customs control for inspection at the importer's premises; the inspection is done within 24 hours.

3.6. Saint Kitts and Nevis legislation allows for provisional admission, whereby an importer unable to present a proper entry form immediately may expedite the clearance of goods by filing a provisional entry, prior the payment of a deposit. The importer provides an estimate of the duty to be paid and Customs makes its own provisional estimate. If the duty provisionally estimated by

³⁵ In this case, a Customs entry using suspense regime along with an Application for Relief of Duty and Taxes form (C101) must be presented to the Administration Section of Customs for approval.

³⁶ St Kitts and Nevis Customs Department (2012), *Import & Export Procedures Manual*. Viewed at: <https://skncustoms.com/pdfs/SKB%20Import%20Procedures%20%20Final.pdf>.

Customs exceeds the duty calculated by the importer, the difference must be deposited with Customs in addition to the duty assessed by the importer. The final entry form must be presented within three months from importation, after which the final customs value and customs duty are estimated and the refund of any sum in excess of the duty payable is refunded.

3.7. The customs entry for a consignment to be cleared under a concession must be accompanied by an application for relief of duty and taxes (C101) form. The Customs and Excise Department currently using HS17 for the application of customs duties.

3.8. Two special facilities exist dedicated to the clearance of courier or express parcels imported into or exported from Saint Kitts and Nevis. Couriers clear all goods on behalf of the customer. A clearing list must be submitted up to three hours before the flight lands.

3.9. The usual time to clear Customs is one or two days. However, Customs may pre-release imports of perishables, inventory for factories, and some goods imported for government purposes, particularly health-related goods or urgent supplies. Other requests are dealt with on a case-by-case basis at the discretion of the Comptroller. Pre-releases are administered through the ASYCUDA World system. An ASYCUDA Pre-Release Module (APRM), available at the Customs website, must be filled in. The customs entry in respect of the transaction must be finalized within one week of the date of the release.

3.10. Saint Kitts and Nevis does not have a preshipment inspection system.

3.11. Customs does not have a Single Window for imports; in the TFA negotiations, Saint Kitts and Nevis committed to implement one by 31 December 2023. However, the Port Authority runs a Port Community System that facilitates the clearance of vessels coming in with cargo and passengers, although the system does not apply to the clearance of merchandise.

3.12. As noted above, Customs has an operational risk management system; in the TFA, it committed to implement one by 31 December 2022, but due to COVID-19, implementation was postponed to 31 December 2023. There is currently no authorized economic operators' scheme in place: Saint Kitts and Nevis is currently committed to implement such a scheme by 31 December 2023.³⁷

3.13. In the TFA negotiations, Saint Kitts and Nevis included the following in its Category A commitments, to be implemented in 2017 or 2018: Information Available Through Internet; Enquiry Points; Opportunity to Comment and Information before Entry into Force; Consultations; Procedures for Appeal or Review; Detention; General Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation and Penalties; Penalty Disciplines; Pre-arrival Processing; Separation of Release from Final Determination of Customs; Duties, Taxes, Fees and Charges; Expedited Shipments; Perishable Goods; Border Agency Cooperation; Movement of Goods intended for Import under Customs Control; Formalities and Documentation Requirements; Acceptance of Copies; Use of International Standards; Preshipment Inspection; Use of Customs Brokers; Common Border Procedures and Uniform Documentation; Requirements; Rejected Goods; Temporary Admission of Goods and Inward and Outward; Processing; Freedom of Transit; Measures Promoting Compliance and Cooperation; Exchange of Information; Verification; Protection and Confidentiality; Provision of Information; Limitations; Unauthorized Use or Disclosure; Bilateral and Regional Agreements.³⁸

3.14. Saint Kitts and Nevis postponed the implementation of five of its Categories B and C Commitments due to the COVID-19 pandemic: from 31 December 2021 to 31 December 2022 for Publication and for Risk Management, and to 31 December 2023 for Test Procedures and for Trade Facilitation Measures for Authorized Operators; and from 31 December 2023 to 31 December 2024 for the implementation of commitments with respect to Specific Disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation (Table 2.2).

³⁷ WTO Trade Facilitation database. Viewed at: <https://tfadatabase.org/members/saint-kitts-and-nevis/breakdown-by-measure/article-12>.

³⁸ WTO document WT/PCTF/N/KNA/1, 2 June 2015.

3.1.2 Customs valuation

3.15. Customs valuation is regulated by the Second Schedule of the Customs Act, Cap 20.04. Valuation under the Act is based on the WTO Customs Valuation Agreement (CVA). Consequently, in accordance with the Act, the customs value of imports must be the transaction value. If Customs cannot determine the transaction value or if the buyer and seller are related, then the other methods set out in the CVA are to be used. That is, according to the Customs Act, (i) the transaction value of identical goods sold for export to Saint Kitts and Nevis and exported at or about the same time as the goods being valued; (ii) the transaction value of similar goods sold for export to Saint Kitts and Nevis and exported at or about the same time as the goods being valued; (iii) the unit price at which the imported goods or identical or similar imported goods are sold in Saint Kitts and Nevis in the greatest aggregate quantity, at or about the time of the importation; and (iv) a computed value consisting of: (a) the sum of the cost or value of materials and fabrication or other processing employed in producing the imported goods; (b) an amount for profit and general expenses; and (c) costs including commissions, brokerage, the cost of containers, and the cost of packing, among others.

3.16. The Customs Act prohibits the use of minimum customs values for custom valuation purposes. Also prohibited are the use for valuation purposes of (i) the selling price in Saint Kitts and Nevis of similar locally produced goods; (ii) a system that provides for the acceptance for customs purposes of the higher of two alternative values; (iii) the price in the domestic market of the country of exportation; (iv) the price for export in a country other than Saint Kitts and Nevis; (v) the cost of production, other than computed values that have been determined for identical or similar goods in accordance with the CVA; or (vi) arbitrary or fictitious values. Price guidelines based on international price information are used for imports of used vehicles.

3.17. Decisions taken by Customs regarding the valuation of goods may be appealed at the administrative and court levels. In the case of administrative appeals, there are two instances: appeal to the Comptroller of Customs and appeal to the Customs Appeal Board. The Customs Appeal Commission deals with appeals regarding decisions on valuation, duties, and other customs issues. Before lodging an appeal at the administrative level, the importer must pay the amount in dispute under protest. An importer who disputes the amount of duty assessed, a valuation decision, or any decision of the Comptroller, may, within three months from the date of payment, file a written protest in respect of that entry requesting the Comptroller to reconsider the disputed decision. The appeal must be well documented. After investigating the matter, the Comptroller must make a decision to confirm the original assessment or substitute a new assessment for the original assessment may, within 90 days of the date of the original assessment. A person who is dissatisfied with a decision of the Comptroller may appeal against that decision to the Commission of Customs Appeals within 30 days of the date of the decision, but the Commission may extend the time for the appeal. Every appeal to the Commission is by way of a hearing *de novo*. If the appellant is not satisfied with the Commission's decision, the case may be taken to a high court or to the Eastern Caribbean Court of Appeal.

3.18. Saint Kitts and Nevis notified to the WTO its customs valuation regime in February 2021.³⁹ The notification included a copy of the relevant sections and schedules of the Customs Act 2014.⁴⁰ The authorities note that the sections and schedules therein will bring the valuation of goods in line with the provisions of the CVA.

3.1.3 Rules of origin

3.19. Saint Kitts and Nevis, like other OECS-WTO Members, applies the rules of origin of CARICOM's Revised Treaty of Chaguaramas. Duty-free treatment is accorded only to goods shipped between member States that satisfy CARICOM rules of origin, which were revised during the period under review to take into account the transposition of the CET to HS17.

3.20. In accordance with CARICOM rules of origin, goods moving from one member State to another are treated as being of CARICOM origin, where the goods: (i) have been wholly produced within CARICOM; or (ii) have been produced within CARICOM wholly or partly from materials imported

³⁹ WTO document G/VAL/N/1/KNA/1, 25 February 2021.

⁴⁰ Customs and Excise Department. Viewed at: <https://skncustoms.com/Customs%20Act%202014/Schedules.pdf>.

from outside CARICOM or from materials of undetermined origin by a process that effects a substantial transformation characterized by a change of tariff heading, or being subject to specific conditions as set in the List in Schedule I to the CARICOM Treaty.

3.21. Goods that have been consigned from one member State to another one for repair, renovation or improvement are, on their return to the member State from which they were exported, treated for the purposes of re-importation, in like manner as goods that are of CARICOM origin. For this, they must be reconsigned directly to the member State from which they were exported and the value of materials imported from outside CARICOM used in the process of repair, renovation, or improvement must not exceed: (i) 65% if the process took place in a CARICOM More Developed Country; or (ii) 80% for a CARICOM Less Developed Country.

3.22. The EPA with the European Union contains specific rules of origin (Common Report).

3.23. Saint Kitts and Nevis has not notified preferential or non-preferential rules of origin to the WTO.

3.1.4 Tariffs and other charges on imports

3.24. Imports into Saint Kitts and Nevis are subject to tariffs, a customs service charge (CSC), and VAT. Some imports are also subject to excise duties and an environmental levy. During the period under review, and despite the pandemic, international trade taxes, particularly on imports, continued to be a major source of fiscal revenue for Saint Kitts and Nevis. Taxes on international transactions raised XCD 158.28 million in 2020, and were estimated at XCD 192.75 million in 2021, accounting for 43.7% of the Government's tax revenue, and were equal to some 6.5% of GDP. The main components of these international taxes were the VAT on imports (14.8% of total tax revenue in 2021); import duties (14.2%); and the CSC (7.8%), which together provided 36.8% of government tax revenue (Table 3.1).

Table 3.1 Taxes on international trade and transactions, 2014-21

(XCD '000)

International trade/ transactions taxes	2014	2015	2016	2017	2018	2019	2020 ^a	2021	2021 (% of total tax revenue)
Total	173,712	176,237	178,429	172,151	187,669	193,631	158,278	192,753	43.7
Taxes on all imports									
Import duty	46,200	48,457	57,033	53,419	61,004	61,396	53,855	62,790	14.2
Customs service charge	33,671	36,246	36,643	33,866	36,679	36,604	30,701	34,502	7.8
VAT	71,311	58,250	57,411	56,677	59,855	62,056	53,649	65,184	14.8
Taxes on selected imports									
Environmental levy	2,749	5,089	6,813	5,969	5,450	6,169	5,453	6,255	1.4
Excise tax	11,906	18,686	13,016	13,467	13,376	13,259	10,084	14,902	3.4
Consumption tax	641	580	524	555	552	732	559	593	0.1
Other taxes									
Travel tax	2,669	3,260	2,942	2,832	4,206	6,868	1,540	2,382	0.5
Export/excise duty	0.0	102	--	--	--	--	--	--	0.0
Non-refundable duty-free store levy	4,413	5,524	4,007	2,248	6,383	6,545	2,229	6,145	1.4
Duty-free shop tax	152	43	40	117	2	3	209	-	0.0

a Approved.

Source: Saint Kitts and Nevis Government, *Estimates for the Year*, several issues (2016, 2017, 2018, 2019, 2020, 2021, 2022), Vol. 1. Viewed at: <https://www.mof.gov.kn/publications/#1544727947138-0f68685b-2c92>.

3.1.4.1 MFN applied tariff structure

3.25. Saint Kitts and Nevis' 2022 applied tariff is based on the HS17. It comprises 6,690 tariff lines at the seven-digit level. This is an increase of 399 lines compared to 2013. Saint Kitts and Nevis applies the CARICOM Common External Tariff (CET) with the exceptions allowed under CARICOM rules. Tariff rates in the CET Schedule range from 0 to 20% for industrial products, and up to 40% for agricultural products. Exceptions to the CET may exceed these rates.

3.26. CET rates depend on how a product is categorized. The CET categorizes products as: (i) inputs into the production of other products (primary and intermediate products and capital goods); or (ii) final goods. Within each category, products are classified as competing or non-competing. Imports are deemed to be competing goods where regional production or regional production potential from existing capacity amounts is in excess of 70% of regional demand for a particular product. Imports are categorized as non-competing if the level of regional production does not satisfy the 70% minimum. Apart from that, some products have been identified as sensitive, for which national exceptions to the CET may be granted; these include a group of agricultural and agro-industrial goods; goods with potential competitiveness, and others. Exceptions are classified under three lists of products, with rates in each list differing from the CET: List A, containing items on which suspension of the CET has been granted for an indefinite period subject to review, with the rates determined by member States; List C, containing items in respect of which minimum rates have been agreed showing the actual rates to be applied by individual member States; and List D, containing two parts – Part I, listing products of tariff headings ex 73.21, ex 84.18, and ex 85.16, for which suspension of the CET has been granted to Belize for an unspecified period; and Part II, containing products of tariff headings ex 30.03 and ex 30.04 (medicaments), for which suspension of the CET has been granted to Saint Kitts and Nevis, other OECS Member States, and Belize.

3.27. Products included in List A of the CET exceptions, mainly agricultural products, packaging material, ceramics, washing machines and dryers, and sanitary fixtures, may be subject to a maximum customs duty of 40%; Saint Kitts and Nevis applies rates generally below the CET. Products included in List C, which contains mainly alcoholic beverages, tobacco, oil products, jewellery, electrical appliances, and motor vehicles, generally face rates above the CET.

3.28. Saint Kitts and Nevis' average tariff in 2022 was 11.1%, up from 10.1% in 2013. One of the reasons for the higher rate is the increase in the number of tariff lines (399) due to the change in HS version, most of which were subject to rates above 10%. Agricultural products (WTO definition) faced a higher average tariff, of 17.4% in 2022, up from 15.0% in 2013, than non-agricultural products (WTO definition), which faced an average MFN tariff of 9.9% in 2022 (9.2% in 2013). Some 22.7% of tariff lines were granted duty-free treatment, compared to 24% in 2013. Some 64.3% of all tariff lines were subject to rates between 0 and 10% in 2020; 61.2% of lines were subject to tariffs between 0 and 5% (Chart 3.1). Some 29.7% of tariff lines are subject to international peaks, up from 24.8% in 2013, while 9% of lines were subject to domestic peaks, compared to 3.7% in 2013 (Table 3.2).

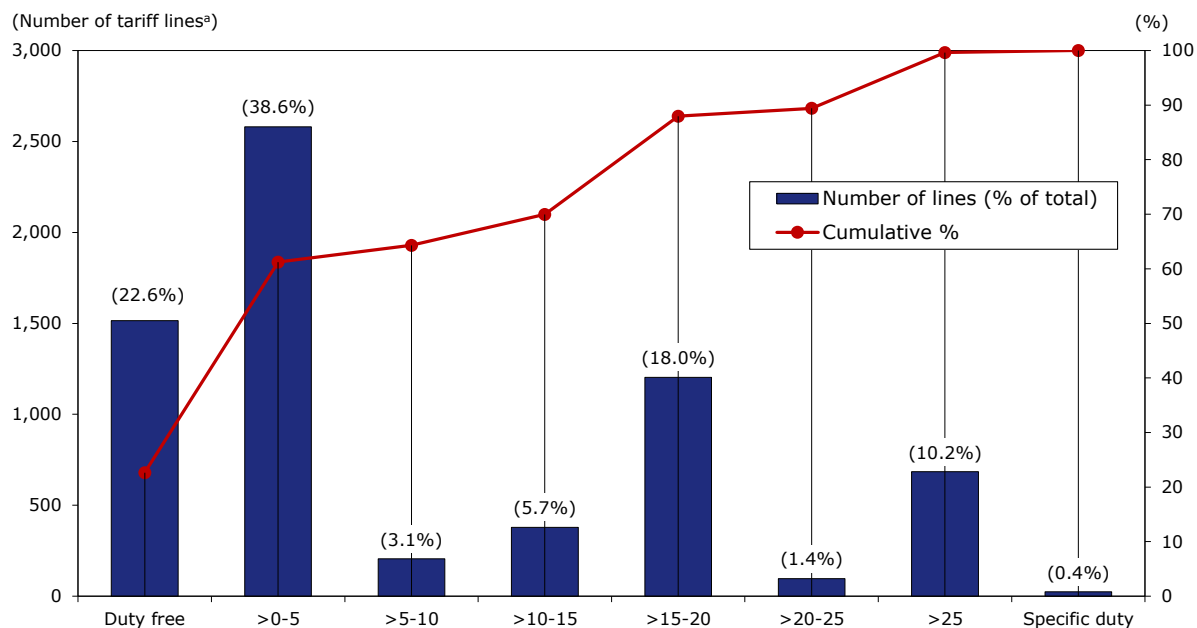
Table 3.2 Structure of the tariff schedule in Saint Kitts and Nevis, 2013 and 2022

	2013	2022
Total number of tariff lines	6,291	6,690
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	0.3	0.4
Non- <i>ad valorem</i> with no AVEs (% of all tariff lines)	0.3	0.4
Lines subject to tariff quotas (% of all tariff lines)	0.0	0.0
Duty-free tariff lines (% of all tariff lines)	24.0	22.7
Dutiable lines tariff average rate (%)	13.3	14.4
Simple average tariff (%)	10.1	11.1
WTO agriculture (%)	15.0	17.4
WTO non-agriculture (incl. petroleum) (%)	9.2	9.9
Domestic tariff "peaks" (% of all tariff lines) ^a	3.7	9.0
International tariff "peaks" (% of all tariff lines) ^b	24.8	29.7
Overall standard deviation	11.0	12.1
Bound tariff lines (% of all tariff lines)	97.3	95.7

a Domestic tariff peaks are defined as those exceeding three times the overall average applied rate.

b International tariff peaks are defined as those exceeding 15%.

Source: WTO Secretariat calculations, based on data provided by the authorities.

Chart 3.1 Frequency distribution of MFN tariff rates, 2020

a The total number of lines is 6,690.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.29. Saint Kitts and Nevis does not make use of seasonal tariffs. In 2022, some 99.6% of all tariff rates applied were *ad valorem*. Specific duties are applied on 25 tariff headings, accounting for some 0.4% of all tariff lines (all agricultural products); with the exception of one line, all of these products are included in Saint Kitts and Nevis' List C of CET Exceptions (Table 3.3). Tariff rate quotas are not used. The tariff is available online at Saint Kitts and Nevis's Customs website.⁴¹

Table 3.3 Saint Kitts – Lines with specific duties (from Lists A and C), and duty rates, 2022

HS code	Description	MFN duty	Duty source
17019990	- - - Other	XCD 6.60 per 100 kg	List A
22030020	- - - Stout	XCD 11.00 per liquid gallon	List C
22030010	- - - Beer	XCD 11.00 per liquid gallon	List C
22030090	- - - Other	XCD 11.00 per liquid gallon	List C
24021000	- Cigars, cheroots and cigarillos, containing tobacco	XCD 18.00 per kg	List C
24022000	- Cigarettes containing tobacco	XCD 18.00 per kg	List C
24029000	- Other	XCD 18.00 per kg	List C
24031100	- - Water pipe tobacco specified in Subheading Note 1 to this Chapter	XCD 18.00 per kg	List C
24031900	- - Other	XCD 18.00 per kg	List C
24039100	- - "Homogenised" or "reconstituted" tobacco	XCD 18.00 per kg	List C
24039910	- - - Snuff	XCD 18.00 per kg	List C
24039990	- - - Other	XCD 18.00 per kg	List C
22082010	- - - Brandy, in bottles of a strength not exceeding 46% vol	XCD 28.00 per liquid gallon	List C
22082090	- - - Other	XCD 28.00 per liquid gallon	List C
22083010	- - - In bottles of a strength not exceeding 46% vol	XCD 28.00 per liquid gallon	List C
22083090	- - - Other	XCD 28.00 per liquid gallon	List C

⁴¹ Customs and Excise Department, *Common External Tariff 2017*. Viewed at: <https://skncustoms.com/Show-Page.aspx?PageID=398>.

HS code	Description	MFN duty	Duty source
22084090	- - - Other	XCD 28.00 per liquid gallon	List C
22085010	- - - In bottles of a strength not exceeding 46% vol	XCD 28.00 per liquid gallon	List C
22085090	- - - Other	XCD 28.00 per liquid gallon	List C
22084010	- - - In bottles of a strength not exceeding 46% vol	XCD 28.00 per liquid gallon	List C
22071010	- - - Bioethanol	XCD 5.00 per liquid gallon	List C
22071090	- - - Other	XCD 5.00 per liquid gallon	List C
22072010	- - - Bioethanol	XCD 5.00 per liquid gallon	List C
22072090	- - - Other	XCD 5.00 per liquid gallon	List C
22086000	- Vodka	XCD 9.00 per liquid gallon	List C

Source: CET, *Revised Common External Tariff of the Caribbean Community*. Viewed at: [https://caricom.org/documents/16273-revised_cet_of_caricom_hs_2017_revised_11_april_2018_\(for link\).pdf](https://caricom.org/documents/16273-revised_cet_of_caricom_hs_2017_revised_11_april_2018_(for_link).pdf).

3.30. Tariff rates range from 0 to 70%. The highest average rates by WTO category are on sugar and confectionery (24.3%), fruit and vegetables (22.8%), and beverages and spirits (22.7%) (Table 3.4). Other products facing higher tariffs than average include animal and animal products (17.5%); cereals and preparations (14.8%); and oil seeds, fats, and oils and their products (14.7%). The highest tariff rate is applied only on arms and ammunition (70%), followed by motor vehicles (45%), which are included in List C. The lower tariff rates, by WTO category, are applied on cotton, non-electric machinery, chemicals, dairy products, metals and minerals, and petroleum. In general terms, in terms of products, imports of machinery goods in primary forms, machinery and parts, raw materials, textile fabric, chemicals, office equipment, and hand tools are subject to the lowest rates, between 0% to 10%. Clothing and shoes attract a rate of 25%, the same rate as some domestic appliances, such as refrigerators, stoves, freezers, and microwave ovens. Computers and accessories may be imported with a rate of 0% but are still subject to the 6% CSC (see below). Tobacco products are subject to a 20% tariff but are subject to excise duty (see below).

Table 3.4 Summary analysis of the Saint Kitts and Nevis MFN tariff, 2022

Description	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	Bound tariff range ^a (%)
Total	6,690	11.1	0-70	1.1	10-250
HS 01-24	1,370	21.3	0-40	0.8	10-250
HS 25-97	5,320	8.6	0-70	1.1	70-170
By WTO category					
WTO agriculture	1,127	17.4	0-40	0.9	10-250
- Animals and products thereof	177	17.5	0-40	0.9	50-100
- Dairy products	25	7.6	0-20	0.7	75-100
- Fruit, vegetables and plants	332	22.8	0-40	0.7	50-250
- Coffee and tea	29	16.6	0-40	0.9	75-100
- Cereals and preparations	139	14.8	0-40	0.8	10-150
- Oil seeds, fats and oils and their Products	109	14.7	0-40	1.2	10-175
- Sugars and confectionery	24	24.3	5-40	0.6	100-130
- Beverages, spirits and tobacco	122	22.7	5-40	0.5	50-192
- Cotton	6	0.0	0	n.a.	100-100
- Other agricultural products	164	8.8	0-40	1.5	10-182
WTO non-agriculture (incl. petroleum)	5,563	9.9	0-70	1.1	70-170
- WTO non-agriculture (excl. petroleum)	5,531	9.9	0-70	1.1	70-170
- Fish and fishery products	321	30.3	0-40	0.5	100
- Minerals and metals	1,105	7.1	0-30	1.0	70
- Chemicals and photographic supplies	1,089	6.2	0-40	1.0	70-111.5
- Wood, pulp, paper and furniture	356	9.9	0-25	0.7	70-170
- Textiles	636	6.3	0-25	1.0	70-87
- Clothing	281	19.9	5-20	0.1	70-93
- Leather, rubber, footwear and travel goods	174	9.1	0-35	1.0	70
- Non-electric machinery	601	5.1	0-30	1.4	70-93
- Electric machinery	265	10.5	0-30	0.8	70
- Transport equipment	228	15.3	0-45	1.2	70

Description	No. of lines	Average (%)	Range (%)	Coefficient of variation (CV)	Bound tariff range ^a (%)
- - Non-agriculture articles n.e.s.	475	13.4	0-70	0.9	70-123
- Petroleum	32	7.3	0-25	1.1	70-150
By ISIC sector^b					
Agriculture and fisheries	542	22.1	0-40	0.9	10-250
Mining	106	2.6	0-30	2.8	70
Manufacturing	6,041	10.3	0-70	1.0	10-192
By HS section					
01 Live animals & prod.	494	25.3	0-40	0.7	50-130
02 Vegetable products	438	19.6	0-40	0.9	10-250
03 Fats & oils	54	25.6	0-40	0.7	10-175
04 Prepared food, etc.	384	17.3	0-40	0.6	50-192
05 Minerals	191	3.7	0-25	1.6	70-150
06 Chemical & prod.	1,018	6.1	0-40	1.0	70-115
07 Plastics & rubber	241	7.1	0-35	1.1	70
08 Hides & skins	80	8.0	0-20	1.2	70-100
09 Wood & articles	156	10.9	0-20	0.5	70-81.5
10 Pulp, paper, etc.	165	7.0	0-20	1.0	70
11 Textile & articles	906	10.0	0-20	0.8	70-100
12 Footwear, headgear	59	16.3	0-20	0.4	70
13 Articles of stone	181	10.7	0-25	0.7	70
14 Precious stones, etc.	62	17.4	0-30	0.7	70
15 Base metals & prod.	708	6.7	0-25	0.9	70
16 Machinery	881	6.9	0-30	1.1	70-93
17 Transport equipment	239	14.8	0-45	1.2	70
18 Precision equipment	225	9.9	0-30	0.9	70
19 Arms and ammunition	22	39.8	0-70	0.7	70-123
20 Miscellaneous manufactures	178	15.3	0-25	0.4	70-170
21 Works of art, etc.	8	20.0	20-20	0.0	70
By stage of processing					
First stage of processing	972	18.2	0-40	1.0	10-250
Semi-processed products	1,968	5.3	0-40	1.2	70-130
Fully processed products	3,750	12.4	0-70	0.9	10-192

n.a. Not applicable.

a ISIC (Rev.2) classification, excluding electricity (1 line).

Source: WTO Secretariat estimates, based on data provided by the authorities of Saint Kitts and Nevis.

3.1.4.2 Bound tariffs

3.31. At the time of the Uruguay Round, Saint Kitts and Nevis bound most of its tariff lines, the main exception being fish products. In 2022, some 95.7% of all tariff lines were bound, less than the 97.3% shown in 2014. The reason for this may be found in the change in tariff nomenclature (HS12 to HS17), the increase in the number of tariff lines (in particular the addition of new subheadings under categories that were not originally bound), and problems of concordance in the transposition of tariff schedules.

3.32. Agricultural products (WTO definition) are bound at a ceiling level of 100% for the majority of products. Products not subject to the ceiling bindings were bound at rates ranging between 10% and 250%. In the case of non-agricultural products (WTO definition), most tariff lines were bound at a ceiling rate of 70% with a number of exceptions, such as cement, petroleum products, some textiles, and industrial goods subject to import restrictions under Article 56 of the CARICOM Treaty (Article 164 of the revised Treaty), which were bound at rates between 87% and 150%. The average bound tariff in 2022 was 77.4%, the same as in 2013 and almost seven times the applied rate; in 2022, the bound rates were 109.8% (108.9% in 2013) for agricultural products (WTO definition), and 71.4% (71% in 2013) for non-agricultural goods.

3.33. Unlike other OECS WTO Members, Saint Kitts and Nevis included other duties and charges applied on imports in its WTO tariff schedule of bindings. Other duties and charges are bound for all tariff lines at a general rate of 18% with a number of exceptions subject to lower rates or to specific rates.

3.1.4.3 Tariff and tax concessions

3.34. In accordance with CARICOM rules, member States may apply tariff rates lower than the CET for a number of goods included in the List of Conditional Duty Exemptions, for the purposes specified

in the List. Saint Kitts and Nevis, as well as all other OECS member States, as a less developed country within CARICOM, may import products in the List duty-free. Saint Kitts and Nevis makes use of this concession for the majority of imported inputs, which are brought into the country duty-free instead of at a 5% rate.

3.35. Saint Kitts and Nevis also grants tariff concessions and exemptions under incentives schemes for goods to be used in approved industries. Under the Fiscal Incentives Act of 1974 and the Fiscal Incentives (Amendment) Act of 2019, import duty relief is provided on raw materials and inputs, tools, plant, machinery, and building materials. The Hotel Aids Act, as amended by the Hotel Aids (Amendment) Act (1998), grants duty-free treatment on imports of building materials and articles of hotel equipment for the construction or equipment of hotels. There are also tariff concessions for the agriculture and fisheries industries. Farmers are allowed to import vehicles and machinery to be used in agriculture duty-free. The Small Business Development Act, Cap 20.61, also contains tariff concessions for small businesses.

3.36. Saint Kitts and Nevis also imports free of tariffs a list of products for specified uses or specific industries. The products are listed in Statutory Rules and Orders (SRO) No. 22 of 1974, and include (i) air navigation companies authorized by the Government: motor and in general petrol spirits, lubricating oil, machinery and parts and accessories for their airplanes; scientific instruments, appliances, tools, and apparatus for use in the repair of airplanes; and wireless apparatus for use in communications; (ii) fruit and vegetable industry: cord, twine, rope, and wire to be used growing any fruit or vegetable for exportation; barrels, boxes, bottles, crates, and all packages or containers and materials for making packages or containers to be used for packing fruit or vegetables and their products for exportation; machinery of all kinds, and parts thereof used in manufacturing or preserving fruit or vegetables; (iii) fishing industry: fishing gear, including seine twine, gillnet twine, fishing lines, and galvanized mesh wire, other than for sport fishing; (iv) apiculture: bees, beehives, and bee-keeping apparatus; (v) chemical industry: sulphuric acid for the manufacture of citric acid; and (vi) textiles and clothing industry: dyeing materials.

3.37. In addition to the concessions granted to the above-mentioned activities, tariff exemptions are also granted on, *inter alia*, imports of arms and ammunition for the armed forces; artificial limbs, invalid carriages, and wheelchairs; books; bullion and coins; trophies; articles imported solely for installation as fixtures or for the decoration, construction, and repair of churches; vaccines; drugs and appliances, vaccine lymph, medical/serums, and radium imported with the approval of the Governor General for the relief and control of any diseases; educational, scientific, and cultural materials; articles for the official use of any foreign Consulate; gift parcels; articles for government or public institution use; orthopaedic appliances; re-imports; salt; scientific apparatus for academic research; and surgical equipment.

3.38. On 26 March 2020, due to the outbreak of the COVID-19 pandemic, the Government announced the removal of import duty and VAT for a period of six months on the following hygiene items: hand sanitizer (HS 3401.30.00); hand sanitizer dispensing machines (8424.89.00); rubbing alcohol (2905); disinfecting wipes (4818.20.00); gloves (3926.20.00, 4015.19.00); and masks (6307.90.90, 9020.00.00). The Customs Service Charge (CSC) remained applicable. The Government also announced the removal of all applicable Customs duties and taxes (including the CSC) for six months on the following items: vegetables (HS 0701 to 0714); fruits (0801 to 0814); fruit juices (2009); cough and cold preparations (3003.90.40, 3003.90.50, 3003.90.70, 3004.90.20, 3004.90.30, 3004.90.50); and vitamins (2106.90.99.10, 3003.90.20, 3003.90.30, 3004.50.10, 3004.50.90).⁴²

3.39. The Customs Act also allows a relief from import duty for goods imported for temporary use as approved by the Comptroller, goods warehoused on importation, goods entered for transshipment to be removed for that purpose, and goods re-imported for home use.

3.40. Goods included in CARICOM's List of Items Ineligible for Duty Exemption may not be exempted in part or in whole from tariffs or imported at a reduced rate under some incentives programmes. This list is mostly composed of goods produced in the CARICOM region in quantities considered adequate to meet regional needs.

⁴² Customs and Excise Department, Memorandum from the Comptroller's Office, 26 March 2020. Viewed at: <https://www.skncustoms.com/pdf1/COVID19TAXES.pdf>.

3.1.4.4 Tariff preferences

3.41. Imports from other CARICOM countries are granted duty-free access, provided they meet the CARICOM rules of origin criteria.

3.42. Under the EPA with the European Union, Saint Kitts and Nevis grants preferential access to most EU products; gradual implementation began on 1 January 2013 and is expected to be completed by 1 January 2033. By that date, products originating in the European Union, except for exempted products (mostly agricultural and agro-industry products) are expected to be granted duty-free access to Saint Kitts and Nevis and other OECS member States (Common Report). In the case of Saint Kitts and Nevis, it is estimated that 86.6% of all tariff lines will be duty-free by that date (Section 2).

3.1.5 Other levies and charges

3.43. As shown above, Saint Kitts and Nevis, like other OECS WTO Members, relies heavily on indirect taxes on imports as a source of fiscal revenue. In the case of Saint Kitts and Nevis, this is particularly important, as there is no personal income tax, and a considerable part of the goods consumed are imported. As part of its Uruguay Round Schedule of Tariff Concessions, Saint Kitts and Nevis bound combined other duties and charges including the CSC, the consumption tax, and any other applicable tax, at a general rate of 18%. This has put a cap on rates for taxes that have been introduced since then, like the VAT (see below).

3.44. Saint Kitts and Nevis continues to apply a CSC of 6% on all imports, including those from other OECS member States and from CARICOM countries. The CSC is applied at a rate of 12% of the value of goods inclusive of cost, insurance, and freight (c.i.f.) for goods exempt from tariffs for specific purposes, but this does not apply to zero-rated tariffs. The CSC's legal basis is Act No. 6 of 2005 (Customs Tariff (Amendment)). In accordance with the Act, the CSC is applied on the c.i.f. value of the customs declaration. Exemptions from the CSC are granted to imports by governmental institutions and enclave manufacturers, as well as to imports of foodstuffs in packages of less than 30 kg. Manufacturing enterprises that paid the CSC on imported inputs and subsequently exported the processed goods may benefit from a drawback scheme. In its schedule of tariff concessions, Saint Kitts and Nevis has bound this drawback and other import charges, in the WTO, at a rate of 18%.

3.45. Saint Kitts and Nevis applies a VAT on imports and domestic products. VAT is charged on all domestic supplies and imports; in the case of imports it is collected at the point of entry (see below). The general rate is 17% for both domestically produced and imported goods and services. A lower 10% rate is applied on hotel bills.

3.46. The VAT was introduced in 2010 through the Value Added Tax Act, 2010 (Act No. 3 of 2010).⁴³ The regulations are contained in the SRO No. 38 of 2011 (Value Added Tax Regulations, 2011) and the Value Added Tax (Amendment) Regulations, 2015, SRO No. 12 of 2015. The Customs (Control and Management) Act, Cap 20.04 is applied for the purpose of collecting and enforcing the payment of the VAT. The Comptroller of Customs collects the VAT and any other tax due at the time of importation of any goods.

3.47. The VAT is applied on the "fair market value" of imports, understood as the value of the goods for the purposes of customs duty under the Customs Act plus the cost of insurance and freight, any customs duty, excise tax, environmental surcharge, or any other fiscal charge, other than tax, payable on the importation of such goods; and the CSC. If the fair market value cannot be determined in this way, then it will be defined as the monetary value of a similar supplied or imported good, imported or offered in similar circumstances. If it is not possible to determine fair market value using this method, the Comptroller of Customs may approve the use of any method that can provide a sufficiently objective approximation of the monetary value of the supplied or imported good.

⁴³ "An Act to make provision for the imposition and collection of value added tax; and to provide for related or incidental matters". Published on 24 August 2010 in the *Extra-Ordinary Gazette* No. 41 of 2010.

3.48. Exports of goods and services, goods used in repair and maintenance, goods under the temporary admission regime, and services engaged by the Ports Authority are zero-rated. Additionally a number of products are zero-rated, including white and brown rice (except packaged cooked rice, and microwaveable rice meals, HS 1006.20, 1006.30, and 1006.40); brown and white sugar (HS 1701.11 and 1701.999); diapers (HS 4818.402 and 4818.40910); locally produced white whole wheat and whole grain bread (imported bread is taxable); white and whole wheat flour (HS 1101); infant formula (HS 1901.10); certain types of milk (except condensed or flavoured milk, HS 0401,0402.10, 0402.20, 0402.21,0402.29, and 0402.91); raw, unprocessed uncooked oats (HS 1004.00); gasoline (HS 2710.10); kerosene and other medium oils (except gas oils, HS 2710.20); gas oils, including diesel (HS 2710.30); fuel oils not elsewhere specified or included (HS 2710.40); and petroleum gases and other gaseous hydrocarbons (including LPG, HS 2711.10).

3.49. The First Schedule of the Value Added Tax Act contains a list of Exempt Import Goods, which include locally grown fruits and vegetables and animal products; imports of exported domestically produced or imported goods, including packing containers, brought back to Saint Kitts and Nevis without having been subjected to any process of manufacture or adaptation and without a permanent change of ownership; gifts of food that do not exceed 45 kg; passenger allowance of 1.5 litres of spirits or wine and 250 grams of manufactured tobacco or 200 cigarettes or 100 cigarillos or 50 cigars; goods conveyed for transshipment to any other country; goods imported by Saint Kitts and Nevis nationals returning home for permanent residence; containers (HS 8609.00) temporarily imported, and goods temporarily imported for processing or repair, cleaning or reconditioning. Equipment temporarily admitted for specific economic development purposes is also exempt from VAT, but the Comptroller of Customs may demand a deposit of half of the value of the equipment upon importation as security to guarantee that the equipment will be exported upon completion of the project. Imports of approved goods by an importer qualified as a licensed duty-free operator are also exempt from the VAT.

3.50. In 2015, VAT regulations were amended, and the coverage of VAT modified. The principal regulations were amended by adding three new regulations (43, Exemption of VAT on Food; 44, Exemption of VAT on Medicines; and 45, Exemption of VAT on Funeral Expenses) and two new schedules: Schedule 4 (Foods Exempt from Tax) and Schedule 5 (Funeral Expenses Exempt from Tax). Regulation 43, which refers to the exemption of VAT on food specified in Schedule 4 (Table 3.5), defines the concept of food for the purposes of this Regulation, as not including: (i) prepared food or meals supplied by a restaurant, cafeteria, snackette, deli, or place of public entertainment or other similar establishment; (ii) live animals (HS chapter 1); (iii) live trees and other plants, bulbs, roots and the like, cut flowers and ornamental foliage (HS chapter 6); (iv) lac, gums, resins and other vegetable saps and extracts (HS chapter 13); and (v) vegetable plaiting materials (HS chapter 14).⁴⁴ Medicines exempted from VAT include those classified under HS subheadings 2106.90.30, 2106.90.90.10, 3002.10.00 to 3002.90.00, 3003.10.10 to 3003.90.90, and 3004.10.10 to 3004.90.90.

Table 3.5 Foods exempted from VAT since 2015

Tariff heading	Description
Headings 0201 to 0210	Fresh, chilled, frozen, salted in brine, dried or smoked meat of swine, poultry, bovine, sheep and goat, etc.
Headings 0302 to 0307	Fresh, chilled, frozen, salted in brine, dried or cooked, whether or not shellfish, crustaceans
Headings 0401 to 0410	Milk, cream, yogurt, milk products, butter, dairy spread, cheese, curd, bird eggs, natural honey and edible products of animal origin not elsewhere specified or included
Heading 0504	Gut, bladders and stomachs of animals
Headings 0701 to 0714	Edible vegetables and certain roots and tubers
Headings 0801 to 0814	Edible fruits and nuts, peel of citrus fruits or melons
Headings 0901 to 0910	Coffee, tea, mate and spices
Headings 1001 to 1008	Wheat, maslin, rye, barley, oats, maize, rice, grain sorghum, buckwheat, millet, canary seeds and other cereals
Headings 1101 to 1109	Flour, groats, meal, pellets, grains, flakes, inulin, malt, powder, granules, starch, flour of legumes, vegetables, wheat, potatoes, cassava, arrowroot, sago, banana, plantain, corn, peas, beans, Jerusalem artichokes, salep, rice, oats and other tubers and similar roots
Headings 1201 to 1214	Seeds, nuts, fruit, spores, hop cones, plants, parts of plants, seaweed

⁴⁴ Value Added Tax (Amendment) Regulations, 2015, SRO No. 12 of 2015, *Extra-Ordinary Gazette* (2015), No. 18, 7 April.

Tariff heading	Description
Headings 1501 to 1518	Poultry, bovine, ovine, fish, other mammals and vegetables fats and oils, soya bean oil, ground oil nuts, olive oil, palm oils, sunflower oil, safflower oil, coconut oil, babassu oil, rape oil, mustard oil, colza oil, jojoba oil, margarine, imitation lard and shortening
Headings 1601 to 1605	Sausages, prepared or preserved meats, extract and juices of meat, fish and crustaceans, prepared or preserved fish, caviar and caviar substitute and molluscs
Headings 1701 to 1704	Sugar, molasses, sugar syrup, sugar, chewing gum, confectionery
Headings 1801 to 1806	Cocoa and cocoa preparations
Headings 1901 to 1905	Malt extract, food preparations, pasta, tapioca, corn flakes, corn curls, cereals, bread, pastry, cakes, biscuits, wafers, communion wafers, rice paper and empty cachets for pharmaceutical use
Headings 2001 to 2009	Prepared or preserved vegetables, nuts, fruit and other edible parts of plants, tomatoes, mushrooms, jam, jellies, marmalade, nuts paste, fruit juices
Headings 2102 to 2106	Extracts, yeast, sauces, condiments, seasoning, mayonnaise, tomatoes paste, ketchup, soups, broths, ice cream, popsicles, ices, pepper sauce and other food preparation not elsewhere specified
Headings 2201, 2202, 2208.90.10, 2208.90.20 and 2209.00	Waters, aerated waters, drinks and non-alcoholic beverages
Heading 2302	Bran
Subheadings 2501.00.10, 2501.00.20, and 2501.00.30	Salt
Subheading 2940.00.00	Artificial sweeteners

Source: Value Added Tax (Amendment) Regulations, 2015, SRO No. 12 of 2015, Schedule 4.

3.51. Goods imported by a taxable person qualifying for incentives as an Enclave Industry under section 2 of the Fiscal Incentives Act, Cap 20.14 (Section 3.2.2) are VAT-exempt. The goods must be consigned directly to the person and must be used in a taxable activity.

3.52. A very short temporary reduction to the VAT was introduced in December 2018 and December 2019 to promote seasonal shopping.⁴⁵ On two days of December of those years, a special VAT rate of 5% was applied on all sales of vatatable goods of eligible VAT registered products (upon application to the Inland Revenue Department). The sale or supply of alcoholic beverages, cigarettes, and other tobacco products was not eligible for the special rate of VAT reduction. For the sale or supply of vehicles, the first XCD 70,000 of the value were exempted from VAT; the 17% rate was applied on the remaining balance.

3.53. Excise tax is applied on a range of products, including aerated beverages (generally taxed at 5%), beer and stout (15%), wine and other alcoholic beverages (25%), cigars and cigarettes (20%), motorcycles (8%), weapons (6%), and some petroleum products (15% or specific duties) (Table 3.6). The application of excise duties is regulated by the Excise Tax Act of 2010 (Act No. 4 of 2010).⁴⁶ Excise tax is not applied on the transaction value of imports, but on the "fair market value", defined as the price the imported product would generally fetch if imported freely in similar circumstances at that date by persons who are not related.

Table 3.6 Products subject to excise taxes, 2021

HS Code	Description	Tax rate
2202.10.10	Aerated beverages	5%
2202.10.90	Other	5%
2202.90.10	Beverages containing cocoa	5%
2202.90.20	Malt beverages	5%
2202.90.90	Other	5%
2203.00.10	Beer	15%
2203.00.20	Stout	15%
2203.00.90	Other	15%
2204.10.00	Sparkling wine	25%
2204.21.00	Other wine; in containers holding 2 litres or less	25%
2204.29.10	Grape must with fermentation prevented or arrested by the addition of alcohol with plants or aromatic substances	25%
2204.29.90	Other	25%
2204.30.00	Other grape must	25%

⁴⁵ Value Added Tax (Special VAT Reduction) Order, 2018, SRO No. 26 of 2018, and Value Added Tax (Special VAT Reduction) Order, 2019, SRO No. 32 of 2019.

⁴⁶ The Act may be viewed at: <https://skncustoms.com/pdfs/Excise%20Tax%20Act%20No4%20of%202010.pdf>.

HS Code	Description	Tax rate
2205.10.00	Vermouth and other wine of fresh grapes flavoured in containers holding 2 litres or less	25%
2205.90.00	Other	25%
2208.20.10	Brandy, in bottles of a strength not exceeding 46%	25%
2208.20.90	Other	25%
2208.30.10	Whiskies in bottles of a strength not exceeding 46%	25%
2208.30.90	Other	25%
2208.40.10	2208.40.00 Rum and other spirits obtained by distilling fermented sugarcane products in bottles of a strength not exceeding 46%	25%
2208.40.90	Other	25%
2208.50.10	Gin and Geneva in bottles of a strength not exceeding 46%	25%
2208.50.90	Other	25%
2208.60.00	Vodka	25%
2208.70.00	Liqueurs and cordials	25%
2402.10.00	Cigars, cheroots and cigarillos, containing tobacco	20%
2402.20.00	Cigarettes containing tobacco	20%
2402.90.00	Other	20%
24.03	Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and essences	20%
87.11	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars	8%
93.01	Military weapons, other than revolvers, pistols and the arms of heading 9307.00	6%
93.02	Revolvers and pistols, other than those of heading 93.03 or 9304	6%
93.03	Other firearms and similar devices which operate by the firing of an explosive charge	6%
9304.00.00	Other arms, excluding those of heading 9307.00.00	6%
2710.10.00	Motor Spirit (Gasoline) and other light oils and preparations	XCD 2.25/g
2710.19.10	Kerosene type jet fuel	XCD 0.28/g
2710.19.20	Illuminating kerosene	XCD 0.28/g
2710.19.30	Vaporizing oil or white spirit	XCD 0.28/g
2710.19.40	Diesel oil	15%
2710.19.50	Gas oils (other than diesel oil)	15%
2710.19.60	Bunker "C" grade fuel oil	15%
2710.19.70	Partly refined petroleum, including topped crudes	15%
27.11	Petroleum gases and other gaseous hydrocarbons (including LPG)	XCD 0.03/lb

Source: Excise Act No. 4 of 2010.

3.54. Exemptions to the excise tax are included in the second schedule of Excise Act No. 4 of 2010, which contains the list of Exempt Goods. These include: (i) alcohol and spirits classified under HS heading 2207; (ii) aromatic bitters (2208.90.10 and 2208.90.20); (iii) lubricating oils and greases (2710.90); (iv) passenger allowance of 1.5 litres of spirits or wine or proportionate mixes and 250 grams of manufactured tobacco or 200 cigarettes or 100 cigarillos or 50 cigars; and (v) imports by a department approved by the Ministry of National Security of goods classified under tariff headings 93.01, 93.02, 93.03, and 93.04.

3.55. An environmental levy is charged on imports of vehicles.⁴⁷ In 2022, the Vehicle Environmental Levy (VEL) levy rates were XCD 1,000 for vehicles imported less than two years after the date of manufacture; XCD 3,500 for vehicles imported between two and four years after the date of manufacture; and XCD 5,000 for used vehicles imported four years or more after the date of manufacture.⁴⁸

3.56. A deposit levy of XCD 0.30 per container is charged on imported beer, stout, malt, ale, and aerated drinks in non-returnable bottles.⁴⁹ The deposit levy is levied on the entry of the product into Saint Kitts and Nevis or at the point of production and shall be payable to, and is collected by, the Comptroller of Customs. The levy is refunded on re-export disposal of the bottles or if arrangements acceptable to the relevant authorities are made within six months of payment of the deposit.

⁴⁷ Environmental Levy (Used Motor Vehicles) (Amendment of Schedule), Order No. 12 of 2005. An amendment introduced in 2010 (SRO No. 17 of 2010) extended the levy to new vehicles and to vehicles of up to two years old, at a rate of XCD 1,000.

⁴⁸ Environmental Levy Act, Cap 20.10. Viewed at: <https://agicskn.info/documents/Act17TOC/Ch%2020.10%20Environmental%20Levy%20Act.pdf>.

⁴⁹ Trade (Bottle and Can Deposit Levy) Act, Cap 20.35 (Act No. 1 of 2002). Viewed at: <https://agicskn.info/documents/Act02and09TOC/Ch%2020.45%20Trade%20%28Bottles%20and%20Cans%20Deposit%20Levy%29%20Act.pdf>.

3.1.6 Import prohibitions, restrictions, and licensing

3.57. Saint Kitts and Nevis maintains a list of import prohibitions and restrictions. They are contained in the Fourth Schedule of the Customs Act. In most cases, prohibitions relate mainly to counterfeited, indecent, or obscene goods, or goods that are considered a health or safety hazard. Restricted goods, include, *inter alia*, firearms and ammunition, transmitting equipment, and rare or threatened species of animals or plants (Table 3.7).

Table 3.7 Import prohibition and restrictions as specified in the Fourth Schedule of the Customs Act, Sections 103(1)-(2) and 104(1)-(3)

Prohibitions and restrictions
Part I – Prohibited imports
1. Base or counterfeit coins or currency notes from any country.
2. Coin or currency notes legally current in Saint Christopher and Nevis or any money purporting to be such, not being of the established standard in weight and fineness.
3. Articles or food intended for human consumption declared by the competent public health authority to be unfit for such purpose.
4. Indecent or obscene prints, paintings, photographs, books, cards, lithographic or other engravings, phonograph records, videos or any other indecent articles or matter.
5. Matches which contain white or yellow phosphorus.
6. Prepared opium and pipes or other utensils for use in connection with the smoking of opium or other narcotic drugs.
7. Preparations of opium or other narcotic drugs for smoking.
8. Any pistol or other apparatus in the form of a stylographic pen or pencil capable of firing any kind of shot or cartridge whatsoever or any cartridge containing tear gas.
9. Fictitious stamps or any die, plate, instrument or materials capable of making any such stamps.
10. Flick knives, gravity knives, black jack, bludgeon, switch knives and blades, night sticks, ratchet knives and other similar knives with flying blades, dagger or any sword, knife or any instrument having a blade ending up in a sharp point, which is not primarily designed for use in a profession, craft or business or for domestic use.
11. All publications, articles or other matter associated with black magic, secret magic, obeah, witchcraft or other magical arts and occultism.
12. Seditious publications, articles, prints, phonograph records or video.
13. Goods, the importation of which is prohibited by any other enactment.
Part II – Restricted imports
1. Firearms and ammunition including any lethal barrelled weapon from which any shot, bullet or other missile can be discharged or noxious fumes or liquid can be emitted or any accessory, component part of any such weapon or any accessory to such weapon designed or adapted to diminish the noise or other flash caused by firing such weapon unless with the written permission of the Commissioner of Police.
2. Shock baton, stun guns, pepper spray and mace, unless with the written permission of the Commissioner of Police.
3. Explosives, unless with the written permission of the Commissioner of Police.
4. Handcuff of any type unless with the written permission of the Commissioner of Police.
5. Radio and television transmitting equipment, including walkie talkies unless under licence from the Minister of Communications.
6. Cannabis sativa, including parts of the plant, cannabis Indica, choras, ganja or any preparation or mixture of cannabis, choras or ganja, unless under licence from the Chief Medical Officer.
7. Narcotic drugs and psychotropic substances including controlled drugs unless under licence from the Chief Medical Officer.
8. Goods which bear a design in imitation of any currency or bank notes or coin in common use in Saint Christopher and Nevis or elsewhere unless with the approval of the Comptroller of Customs.
9. Tear gas or any ingredient which may produce what is commonly known as tear gas or tear smoke unless with the written authority of the Minister responsible for National Security.
10. Laser pointers.
11. Goods which bear the Coat of Arms or the Flag of Saint Christopher and Nevis or any facsimile imitation or representation thereof, unless with the approval of the Minister responsible for National Security.
12. All goods which if sold would be liable to forfeiture under the Marks, Collective Marks and Trade Names Act, Cap 18.22, and also all goods of foreign manufacture bearing any name or trade mark or purporting to bear the name or trade mark of any manufacturer, dealer or trader in Saint Christopher and Nevis, unless such trade name or trade mark is accompanied by a specific indication of the country in which the goods were made or produced.
13. Rare or threatened species of animals or plants, (including whales, elephants, flamingos, parrots, turtles, tortoises, black coral, tree ferns and orchids), their products and derivatives, (including ivory necklaces, carvings and rings, fur coat of protected species, turtles shell combs, necklaces, bracelets and black coral jewellery), whose international trade is regulated by the Convention on International Trade in Endangered Species of wild Fauna and Flora (CITES) unless such goods are accompanied by the appropriate permits signed by the CITES authorities in the country of exportation or importation.
14. Night scope binoculars and similar night vision instruments or apparatus of a kind generally used by the Armed Forces, Para Military and other law enforcement agencies, unless with the written permission of the Minister responsible for National Security.
15. Uniforms or clothing including camouflage clothing used by the St Kitts and Nevis Defence Force or the Royal St Kitts and Nevis Police Force or closely resembling the uniform or clothing used by the Police or the Defence Force, unless with the written permission of the Commissioner of Police.

Prohibitions and restrictions

16. Ozone Depleting Substances to be restricted under the Montreal Protocol on Substances that Deplete the Ozone Layer, 1987 and specified under Annexes A to E, unless under licence from the Minister responsible for the Environment.

Source: Customs Act, Cap 20.04.

3.58. Saint Kitts and Nevis notified its import licensing regime to the WTO in 1998⁵⁰, and responded to the questionnaire on import licensing procedures in 2009.⁵¹ No revised notification has been submitted since then. Saint Kitts and Nevis stated that the import licence system is designed to control the quantities of specific imported goods, to assist in reducing the importation of trans-boundary diseases, and to provide statistical data on the importation of specific imported goods. Any amendments or repeal of the different instruments must be legislated. Saint Kitts and Nevis operates two licensing systems, one for imports and one for exports. The first regime applies to the importation of "general goods". A separate licensing regime applies for the importation of plants, animals, meat and meat products, and live animals. For animals and meat and meat products, applications must be submitted by the importer to the Veterinary Division of the Agriculture Department. The exporting country must provide a health certificate for the goods. Import licences for plants and plant products have the aim of ensuring that the exporting country and the products do not appear on the schedule of restricted or prohibited goods.⁵²

3.59. The Importation of Restricted Goods Licensing Regime described in SRO No. 19 of 1975, No. 14 of 1992, and No. 31 of 1976, and section 11 of the External Trade Order, Chapter 338, govern the import licensing regime. Licences are required for all imports of the products listed in SRO No. 14 of 1992. The list of products that require an import licence is substantial, and ranges from vegetables, eggs, meat, and canned fish, to beer, toothpaste, motor vehicles, and agricultural machinery. Except for eggs and some agricultural products produced in commercial quantities, licensing is automatic. There is no provision for administrative discretion as to the list of goods that appear in the SRO's different schedules. No tariff classification is provided for the goods subject to import licensing.

3.60. Applications for import licences for general goods are processed immediately and for plants, animals, and meat and meat products processing takes from two days to a month. Import licences are granted at least one month prior to the importation of goods. Licences are valid for one shipment, for up to three months, and their duration cannot be extended. They are transferable.

3.61. Permits are required for imports of any live animals, poultry, or birds or carcasses and parts thereof, plants, planting materials, and pesticides, as well as ozone-depleting substances. The importation of arms and ammunition requires a licence from the Commissioner of Police under the Firearms Act No. 23 of 1967.

3.1.7 Contingency measures

3.1.7.1 Anti-dumping and countervailing measures

3.62. Saint Kitts and Nevis notified to the WTO in 2021 its domestic legislation on anti-dumping and countervailing duties.⁵³ This legislation predates the WTO Agreements and follows to some extent the GATT 1947, but does not seem to be fully in compliance with the Anti-Dumping Agreement. Since there is no umbrella legislation to enact overall the Uruguay Round Act into domestic law, the provisions of the Anti-Dumping Agreement are not part of domestic legislation and hence cannot be invoked in Court.

3.63. The current relevant national legislation on anti-dumping and countervailing duties is the Customs Duties (Dumping and Subsidies) Act, Cap 20.05, Act No. 30 of 1958, in force since

⁵⁰ WTO document G/LIC/N/1/KNA/1, 31 July 1998.

⁵¹ WTO document G/LIC/N/3/KNA/1, 8 December 2009.

⁵² WTO document G/LIC/N/3/KNA/1, 8 December 2009.

⁵³ WTO document G/ADP/N/1/KNA/1, G/SCM/N/1/KNA/1, 4 March 2021.

15 August 1959, amended by Act No. 6 of 1976; Act No. 7 of 1976; Act No. 9 of 1986; and Act No. 10 of 1997.⁵⁴

3.64. The Customs Duties (Dumping and Subsidies) Act allows the Minister of Finance to impose anti-dumping or countervailing duties in cases where goods are regarded as having been dumped or subsidized and have caused or threaten to cause material damage to the domestic industry. The Act calls the Minister not to exercise that power if not satisfied that the effect of the dumping or of the giving of the subsidy is such as to cause or threaten material injury to an established industry or to slow down materially the establishment of an industry, and if doing so may conflict with the provisions of the GATT 1947.

3.65. The Act contains a definition of dumping. Imported goods shall be regarded as having been dumped: (i) if the export price from the country in which the goods originated is less than the fair market price of the goods in that country; or (ii) in a case where the country from which the goods were exported is different from the country in which they originated: (a) if the export price from the country in which the goods originated is less than the fair market price of those goods in that country; or (b) if the export price from the country from which the goods were so exported is less than the fair market price of those goods in that country.

3.66. The Act defines subsidy as giving, directly or indirectly, a bounty or subsidy on the production or export of goods (whether by grant, loan, tax relief, or in any other way and whether related directly to the goods themselves or to materials of the goods or to something else). The definition of subsidy also includes: (i) subsidizing the transport of a particular product; and (ii) providing preferential foreign currency access or exchange rate conditions having the effect of reducing the prices of goods offered for export expressed in foreign currency. The Act does not contain a definition of margin of dumping or subsidy, or of methods to calculate it, and makes no reference of a *de minimis* clause or of the possibility of applying provisional measures. It does not spell out investigation procedures or timing and duration.

3.67. The Act allows the Minister of Finance to issue an Order to impose customs duties on goods of a description specified in the Order at a rate specified in it; the rate of duty made by applied by reference to value or weight or other measure of quantity. The Order may be limited to the particular persons or organizations by whom the goods were produced or who were concerned with the production of the goods in some specified manner. The Act does not specify the duration of the duties. It allows the Minister to charge duty "for any period or periods whether continuous or not, or without any limit of period, or at different rates for different periods or parts of periods" (Section 4(3)(c)).

3.68. The Act contains provisions for the determination of export price. If buyer and seller are not related, export price is defined as the price on a particular sale subject to a deduction for the cost of insurance and freight from the port or place of export to the port or place of import, and for any other costs, charges, or expenses incurred in respect of the goods after they left the port or place of export, except if costs are assumed by the purchaser. If buyer and seller are related, the Minister may determine the export price by reference to a sale of the goods (or of any goods in which the first mentioned goods were incorporated) as he/she may select with any adjustments as may appear to be proper. The Act also presents a definition of fair market price, as the price at which identical or comparable goods are being sold in the ordinary course of trade in country for consumption or use there, but subject to any necessary adjustments for differences in conditions and terms of sale, and for differences in taxation. If this is not possible, the Minister of Finance may determine the fair market price by reference to any price obtained for goods of that description when exported from the country.⁵⁵

3.69. Following the notification by Saint Kitts and Nevis, questions were raised by the United States with respect to the existence of an administering authority in place to implement this law; the existence of separate regulations in place regarding the initiation and conduct of investigations to determine the existence of dumping or subsidization, determination of dumping and injury, definition of the domestic industry, and public notice and explanation of the determination from the

⁵⁴ The law may be viewed at:

[www.skncustoms.com/pdfs/Customs%20Duties%20\(Dumping%20and%20Subsidies\)%20Act%20-%20Chap%2020.05.pdf](http://www.skncustoms.com/pdfs/Customs%20Duties%20(Dumping%20and%20Subsidies)%20Act%20-%20Chap%2020.05.pdf).

⁵⁵ WTO document G/ADP/N/1/KNA/1, G/SCM/N/1/KNA/1, 4 March 2021.

investigation; the factual basis for the determination of dumping or subsidization; and considerations to make a determination with respect to duty relief.⁵⁶

3.70. Saint Kitts and Nevis notified to the WTO in December 2009 that it had not established an authority competent to initiate and conduct an investigation within the meaning of Article 16.5 of the Anti-Dumping Agreement. Hence, it had not taken any anti-dumping actions within the meaning of Article 16.4 of the Agreement and did not anticipate taking any for the foreseeable future.⁵⁷

3.71. Article 133 of the Treaty of Chaguaramas contains provisions for the imposition of anti-dumping measures among CARICOM members. The Council of Trade and Economic Development (COTED) must consider the available evidence. If COTED is satisfied of the existence of dumped imports, injury caused by dumped imports, or the threat of serious injury from dumped imports, it may authorize the member State aggrieved to take anti-dumping action: (i) if the parties alleged to be responsible for dumped imports refuse to cooperate within the time specified so as to frustrate or otherwise impede an investigation; or (ii) if there is a serious threat of injury or if injury has resulted. In authorizing the imposition of anti-dumping measures, COTED shall set the date, duration, and conditions for the imposition of the measures as the case may require. Anti-dumping duties imposed may not exceed the calculated margin of dumping. In the imposition of anti-dumping duties, the member States imposing the measure may not discriminate among the sources of all dumped imports based on country of origin or nationality of the exporters. An exporter whose exports are the subject of anti-dumping duties may request at any time the member State imposing the duties to review the application of the duties. If the importing member States have not given adequate consideration to the request for review within 30 days of the receipt of the request, the applicant may refer the request to COTED. There are provisions for the application of provisional duties, retroactive imposition of duties, reimbursement of excess duties paid, and compensation for losses caused by provisional duties applied in cases no injury is shown. A member State may accept a voluntary price guarantee from an exporter who is believed to be exporting dumped products.⁵⁸

3.1.7.2 Safeguards

3.72. Saint Kitts and Nevis does not have national legislation with respect to safeguards. However, as a member of CARICOM, it may invoke regional rules for the application of safeguards, under CARICOM rules. As a less developed CARICOM member, Saint Kitts and Nevis may invoke the special provisions in Chapter 7 of the Revised Treaty of Chaguaramas, in particular Article 150 (Safeguard Measures). Under this Article, it may limit imports of goods from other CARICOM members for up to three years and take such other measures as COTED may authorize. Members may not apply safeguard measures against the products of a disadvantaged country where such products do not exceed 20% of the market of the importing member.

3.73. Saint Kitts and Nevis did not implement any safeguard measures during the period under review.

3.74. Saint Kitts and Nevis did not make use of the safeguard provisions included in the Uruguay Round Agreement on Agriculture.

3.2 Measures directly affecting exports

3.2.1 Documentation, export taxes, and restrictions

3.75. Exports are exempt from internal taxes and zero-rated for VAT purposes. There are no registration requirements for exporters. Prior to exportation, they must submit electronically an export declaration in ASYCUDA World to which an invoice, a packing list, and if and when required, a phytosanitary or CITES certificate, or, for preferential trade, a certificate of origin, are attached.

3.76. Requirements for the exportation of plants and animal and by-products depend on the importer. For instance, exports of vegetables may require a phytosanitary certificate, and exports of live animals may require an Export Health Certificate, while exports of animal meat (fresh or

⁵⁶ WTO document G/ADP/Q1/KNA/1, G/SCM/Q1/KNA/1, 1 April 2021.

⁵⁷ WTO document G/ADP/N/193/KNA, 12 January 2010.

⁵⁸ Revised Treaty of Chaguaramas, Article 133. Viewed at: <https://treaty.caricom.org/article-133-imposition-of-anti-dumping-measures/>.

frozen) may require an export certificate provided by a Government Veterinary or an authorized veterinary. The exportation of several types of seafood (conchs, crustaceans, fish, and lobsters) requires a permit, a certificate, and a completed customs declaration. The permit must be obtained from the Department of Marine Resources, and the sanitary certificate from a Government Veterinary.

3.77. There is no export promotion agency as such in Saint Kitts and Nevis, although the Saint Kitts Investment Promotion Agency (SKIPA) and the Nevis Investment Promotion Agency (NIPA) are tasked with promoting investments, and economic activities including exports. Each agency concentrates in the promotion of investment and exports of the respective island.

3.78. Export restrictions are generally applied for safety and health purposes. The legislation governing export restrictions and licensing is the External Trade Act No. 32 of 1958, in force since 10 December 1958, as amended by Act No. 24 of 1968; Act No. 6 of 1976; Act No. 7 of 1976; Act No. 27 of 1976; and Act No. 9 of 1986; the External Trade (Open General Licence) Order – Sections 3 and 5-10, SRO No. 41/1961, as amended; and the External Trade (Restriction of Exports) Order SRO No. 25/1973. Exports of wild birds are forbidden, in accordance with the CITES, and exports of narcotic drugs and psychotropic substances, as well as goods bearing the coat of arms or flag of Saint Kitts and Nevis are restricted.

3.2.2 Export subsidies, financing, support, and promotion

3.79. Saint Kitts and Nevis has made no notification to the WTO Committee on Agriculture whether it provides export subsidies to agricultural products. However, the authorities have stated that Saint Kitts and Nevis does not provide such export subsidies.

3.80. Saint Kitts and Nevis has notified the Fiscal Incentives Act No. 17 of 1974 to the Committee on Subsidies and Countervailing Measures (SCM), as providing export subsidies, requesting an extension as per Article 27(4) of the SCM Agreement, mostly recently in 2018.⁵⁹ Since then, however, the Fiscal Incentives Act amended, through the Fiscal Incentives (Amendment) Act of 2019, which eliminates the export subsidy component present in the 1974 Act (see below). This new Act has not, however, been notified to the WTO.

3.81. Under the Fiscal Incentives Act No. 17 of 1974, Saint Kitts and Nevis, like other OECS countries, granted fiscal benefits that were contingent upon exportation, especially those available after the end of the 15-year tax holiday granted to some enterprises. Under the 1974 Fiscal Incentives Act concessions in the form of tax credits were granted, which provided for corporate income tax relief on the profits accruing from a company's exports. The benefit was contingent on the enterprise exporting and was not granted while enjoying a tax holiday and duty-free imports of raw materials and capital goods. Enclave enterprises, understood as those exporting their entire production, could receive the maximum tax-holiday period, 15 years. The concept of enclave industry was modified in 2019 (see below). The authorities did not provide estimates of revenue forgone under the Fiscal Incentives Act in their 2018 notification.⁶⁰ The authorities noted that all of these benefits have been terminated.

3.82. Saint Kitts and Nevis does not have legislation providing for the establishment of free zones. It has, however, legislation providing for a duty-free regime. Under the Duty Free Shops (Licensing and Taxation) Act No. 6 of 2010, two types of approved duty-free licences may be obtained, one for alcohol and tobacco (Class "B" Licence) and the other for a specific list of goods (Class "A" Licence).⁶¹

⁵⁹ WTO document G/SCM/N/315/KNA, 13 July 2018.

⁶⁰ WTO document G/SCM/N/315/KNA, 13 July 2018.

⁶¹ Goods under a Class "A" Licence include portable electronic devices excluding cell phones; bags, cases, wallets, belts and similar accessories made from leather or a mixture of leather; any Kipling, Tommy Bahama, Tori Richards, Nat Nast, Pineapple Moon, Quick Silver, Roxy Sportswear, Line Two, Weekend Traffic, Line Up for Sport, Traffic Jammies, Weekend Clothes Line, Pepe and LAND brand products; shoes of a minimum FOB value of USD 50; chinaware, stoneware and porcelain; clothing of linen and silk including accessories, containing not less than 80% linen and/or silk; cologne, body fragrances, eau de toilette and perfumes of a minimum FOB value of USD 5; fragrance items including hand milled soaps and lotions; skincare products (gift packaged in boxes or bags); articles of crystal; costume jewellery (gift packaged in boxes or bags) of a minimum FOB value of USD 10; jewellery of precious metals including platinum, gold, silver, silver-plated and gold-plated, with or without gemstones or semi-precious stones; table linen of linen, cotton or mixture of both whose linen content must be at least 75%; beach wear; watches of a minimum FOB value of

There is a duty-free operator licence fee of XCD 10,000 per year. Under the duty-free treatment regime, locals are subject to the VAT, and non-residents are zero-rated. Locals pay a non-refundable duty-free store levy of 6%, excluding CSC and import and excise duties. The duty-free zones must comprise the following areas: Basseterre; Charlestown; the Sands Complex; Robert Llewellyn Bradshaw International Airport; Vance Amory International Airport; Romney Manor; Brimstone Hill; Frigate Bay; the Southeast Peninsula; and the White Gate Development Area. Where different duty-free shops are kept in the name of one person or company, a separate licence is needed for each shop. Licences are not transferable.

3.83. The OECS Export Development Unit (EDU) offers export promotion support, with assistance from the Caribbean Export Development Agency.

3.3 Measures affecting production and trade

3.3.1 Incentives and assistance

3.84. The Saint Kitts Investment Promotion Agency (SKIPPA) and the NIPA are in charge of devising and implementing incentives schemes to attract investment, introduce new policies to assist and facilitate business in specific sectors, encourage new employment opportunities, and promote diversification of the economy. The incentives available generally take the form of income and profit tax holidays and import duty exemptions.

3.85. Saint Kitts and Nevis notified to the SCM Committee the Fiscal Incentives Act No. 17 of 1974 as granted export subsidies and other incentives, and was granted an extension for its modification or elimination until end-2015, under the decision relating to Article 27.4 of the SCM Agreement.⁶² The Act was amended in 2019 to remove the export subsidy component and redefine "enclave industries". Under the Fiscal Incentives Act of 1974, incentives in the form of a tax holiday of up to 15 years may be granted for the manufacture of approved products by approved enterprises. The length of the tax holiday depends on the local value added generated or on whether the company engages in exporting all of its production. Under the Act, companies are classified as: (i) Group 1 enterprises, with local value of 50% or more of sales, which may be granted a tax holiday of up to 15 years; (ii) Group 2 enterprises, with local value of between 25% and 50% of sales, which may be granted concessions for up to 12 years; (iii) Group 3 enterprises, with local value of between 10% and 25% of sales, which may benefit from a tax holiday of up to 10 years; and (iv) enclave enterprises, where production is exclusively for export, which may be granted a tax holiday of up to 15 years. Additionally, businesses benefiting from a tax holiday under the Fiscal Incentives Act of 1974 may import duty-free machinery, equipment, spare parts, building materials, raw and packaging materials, and other inputs, as appropriate, to be used in eligible enterprises.

3.86. The 1974 Act also provides for the concession of additional benefits at the termination of the tax holiday period, in the form of income tax rebates. These rebates are based on the company's share of export profits in its total profits; they are of 25% when export profits are between 10% and 20% of total profits; 35% for profits between 21% and 40%; 45% when they are between 41% and 60%; and 50% when export profits exceed 60% of total profits. These rebates were eliminated in 2019 with final effect 1 January 2023.

3.87. The Fiscal Incentives (Amendment) Act, 2019 – 13 (published on 30 December 2019, Extra-Ordinary Gazette No. 67 of 2019) amended the Fiscal Incentives Act, Cap 20.14 to comply with the requirements of Article 27:4 of the SCM Agreement. The three main amendments to the Act are: (i) amending the definition of "enclave enterprise" in Section 2 of the Act to lift the requirement to "produce exclusively for export"; (ii) repealing the export allowance in Section 16 and the Second Schedule of the Act; and (iii) inserting a provision to declare that the rules of profit

USD 30; handcrafted items made of natural material; golf clubs, balls and gloves; souvenirs of Saint Kitts and Nevis; sweaters and similar knitwear of a minimum FOB value of USD 20; music CDs produced in the Caribbean and by or of Caribbean artists; national flags, banners, patches, stickers and maps, items made from hand processed fabrics, hand embroidered, hand painted, screen printed, batik and tie dye, and tropical island style shirts, pictures, postcards, wall hangings – batik, bearing Caribbean scenes; and store packaging material bearing the name of the store and location in St Kitts and Nevis. Duty Free Shops Licensing and Taxation Act, 2010 – 6.

⁶² Most recently through WTO document G/SCM/N/315/KNA, 13 July 2018.

attribution, which are expressed in sections 4A and 4B of the Income Tax Act apply equally to the Act.

3.88. The Fiscal Incentives (Amendment) Act, 2019 amended section 2, subsection (1) of the 1974 Act by replacing the definition of enclave enterprise. Under the 2019 Act, "enclave enterprise" means an enterprise specifically authorized to operate a factory or other relevant industry: (i) in the business park located at the Paul Southwell Industrial Park or at Bourke's Project, Sandy Point; or (ii) in any other location within Saint Kitts and Nevis as the Governor General may by Order prescribe. All reference of benefits depending upon exportation was thus eliminated. Now enclave enterprises are permitted to sell goods within the Common CARICOM market and in the local market. Section 6 of the Act eliminated the provisions on "export allowance" as of 1 January 2020 and provided for grandfathering of the old provisions until 31 December 2022. In fact, the provisions of those subsections of the 1974 Act in relation to the claiming of an export allowance by a company, cease to have effect after 31 December 2022. If, prior to 31 December 2022, a company acquires, holds, owns, or deals with any new assets or engages in any new business activity that would generate related income, the export allowance will not apply to that related income.⁶³

3.89. The 1974 Act was amended to revise the criteria to grant a company the status of approved enterprise (company that may benefit from the provisions of the Act) to include the location or proposed location of the industry or factory in which the enterprise is manufacturing or intends to manufacture an approved product.⁶⁴

3.90. The 1974 Act was also amended by inserting a new section 2A, which applies the provisions of section 4A of the Income Tax Act to the businesses operating under the Fiscal Incentives Act. This section deals with Transactions and Arrangements Between Related Persons and Associates. This provision permits the Comptroller of Inland Revenue to adjust the chargeable income or tax payable in respect of transactions or arrangements between related taxpayers, as is necessary to reflect the chargeable income or tax payable that would have arisen for them if the arrangement had been conducted at arm's length terms.⁶⁵ This has been considered to reflect internationally accepted standards.⁶⁶

3.91. In addition, there are sector-specific incentives for tourism, as included in the Income Tax Act, Cap 20.22 (Act No. 17 of 1966) and the Hotel Aids (Amendment) Act (Cap 18.17, as amended by Act No. 19 of 1998) (Section 4.3.6). Tax incentives are also granted to investors on a case-by-case basis by Cabinet for infrastructure projects, with preference given to the construction

⁶³ For the purposes of the Act, "related income" means income that would be assessable for export allowance and would therefore be eligible for relief from income tax; "new assets" means those assets acquired or created after 1 January 2020; and "new business activity" means any new business activity undertaken after 1 January 2020.

⁶⁴ In the 1974 Act, only two factors were mentioned for consideration in determining whether an Order should be made to declare a company an approved enterprise: (i) the number of enterprises already manufacturing or about to manufacture an approved product; and (ii) the output or anticipated output of the enterprise product. An approved product under the Act is a product for manufacture by an approved enterprise.

⁶⁵ For the purposes of the Act, a company is associated with another company in a tax year if, at any time in the year: (i) one of the companies controls, directly or indirectly in any manner, the other; (ii) both of the companies are controlled, directly or indirectly in any manner, by the same person or group of persons; (iii) each of the companies is controlled, directly or indirectly in any manner, by a person and the person who so controlled one of the companies is related to the person who controls the other, and either of those persons owns, in respect of each company, not less than 25% of the issued shares of any class of the capital stock thereof; (iv) one of the companies is controlled, directly or indirectly in any manner, by a person and that person is related to each member of a group of persons that so controls the other company, and that person owns, in respect of the other company, not less than 25% of the issued shares of any class of capital stock thereof; or (v) each of the companies is controlled, directly or indirectly in any manner, by a related group and each of the members of one of the related groups is related to all of the members of the other related group, and one or more persons who are members of both related groups, either alone or together, owns, in respect of each company, not less than 25% of the issued shares of capital stock thereof.

⁶⁶ For a more detailed analysis of the changes introduced to the Fiscal Incentives Act and their compatibility with internationally accepted standards, see: Council of the European Union (2020), Saint Kitts and Nevis' Fiscal Incentives Act Regime (KN002) – Final Description and Assessment, 30 April 2020. Viewed at: <https://data.consilium.europa.eu/doc/document/ST-7425-2020-INIT/en/pdf>. In a previous assessment, in 2018, the Code of Conduct Group (business taxation) in the Secretariat of the Council had found some aspects of the Act very harmful. With the amendments, no aspects of the Act are now considered very harmful.

of hotels, casinos, and villas; these *ad hoc* incentives do not require approval by the National Assembly.

3.92. The Small Business Development Act of 2009, Cap 20.61 provides a regulatory framework and incentives to facilitate the growth and development of small businesses. To be classified as a small business under the Act, a company must: (i) not have more than 25 employees; (ii) have an annual turnover not exceeding XCD 2 million; (iii) have net assets or paid-up capital not exceeding XCD 1 million; (iv) be locally owned; (v) not be more than 25% owned or controlled by a company whose annual turnover and net assets or paid-up capital exceed the limit previously mentioned; (vi) not have a board of directors controlled by a company whose annual turnover and net assets exceed the annual turnover and net assets mentioned above; and (vii) have no agreement for the purposes of fees on a continuing basis for managerial or other services to persons who are not nationals of Saint Kitts and Nevis or other CARICOM states and who are not resident in Saint Kitts and Nevis, where those services do not form part of the normal business operations of the enterprise.

3.93. To receive the benefits under the Small Business Development Act, a company must be declared as an "approved small business" by the Minister of Trade, Industry and Consumer Affairs. Applications for this status must be accompanied by a certificate of incorporation issued pursuant to the Companies Act, 1996 or a business licence issued pursuant to the Licences on Businesses and Occupations Act, 1972. If the application is successful, the company is granted the status of approved small business.

3.94. Approved small businesses benefit from: (i) a reduction on income tax for a minimum of the first three and a maximum of the first five years of establishment or reconstruction of the small business; (ii) an allowable deduction from income tax on any money borrowed from any financial institution; (iii) export incentives for research and development and export promotion activities; (iv) a rebate on corporate tax; (v) an exemption from or reduction in customs duty on inputs imported for use in the small business; (vi) an exemption from or reduction in customs duty on any plant, machinery, equipment or motor vehicle imported for use in the small business; and (vii) a reduction of property tax of up to 75% in respect of any land and building used in the operation of the approved small business. To be able to receive these incentives, the business must show that it has met at least five of the following criteria: (i) it has produced a strategic plan or business plan and financial projections for the next 24 months; (ii) it has adopted industry standards and compliance methods relevant to that industry; (iii) it has shown equity capital improvements; (iv) it has in the immediate preceding year made serious efforts to become more efficient, in terms of financial ratio indicators; (v) it has achieved significant growth in the last two years of its operation measured by production levels, revenue performance, increase in market share, and other growth performance indicators; (vi) it has combined or intends to combine with another small business to share relevant services or with respect to the bulk importation of raw materials or other goods; (vii) it has created additional employment within the small business; (viii) it has utilized or intends to utilize new skills and technologies; and (ix) it has demonstrated a strong likelihood to generate new investment, products, processes, employment, or production capacity.

3.95. The First Schedule of the Act stipulates the priority sectors for the establishment of small businesses. These include: (i) tourism-related services (excluding hotels and restaurants); (ii) transport and storage; (iii) information, communication, and technology activities; (iv) agriculture, forestry, and related service activities; (v) arts and cultural activities; (vi) construction services; (vii) entertainment services; (viii) fishing and mariculture; (ix) manufacturing; (x) personal care services; (xi) repair of personal and household goods and vehicles; (xii) sanitation, sewage, and refuse disposal services; (xiii) sporting and recreational services; and (xiv) financial services (excluding qualified entities providing services to non-residents only).

3.96. The wholly government-owned Development Bank of Saint Kitts and Nevis (DBSKN), established by Act No. 1 of 1981, as amended in 1983, provides credit for agriculture, tourism, agro-industry, manufacturing, and mortgage financing, as well as to small businesses. The DBSKN has full operational autonomy under the direct responsibility of the Minister of Finance. To be qualified under the DBSKN's Small Business/Micro Sector Program, the applicant must be registered as a business and managed by the owner. It must employ fewer than 25 persons, or occupy a manufacturing area of less than 4,000 sq. ft, have investment in equipment of less than XCD 135,000, or have total annual sales of less than XCD 337,500. The applicant company must

have a business plan prepared by a qualified independent party. The funds from the Small Business loans may be utilized for all aspects of business including working capital. Financing may be used for start-up activities or expansion of existing operations. It may be used for, but not limited to, the purchase of machinery and equipment, the purchase of stock, the purchase of vehicles related to the business not including busses and taxis, working capital, and any other purpose as determined by the Management Committee. Loans may be granted for the following activities: agriculture/fishing; tools, equipment, and working capital loans to small contractors; agri-business; information technology services; support for cruise ship jobs; light manufacturing; tourism (including water taxis); retail trade; and support services to the productive sector. Business loans are limited to XCD 40,000 per loan, and an interest rate of 3% for agro-processing, fisheries, and the agricultural sector, and 6% for all other sectors. The repayment period is a maximum of 10 years, with a grace period not exceeding 1 year for principal and 3 months for interest. As far as possible, all loans should be secured, for instance, by a legal mortgage, Bill of Sale (on machine, equipment, appliances), a guarantee, or insurance.⁶⁷ In 2021, the Government made available XCD 5 million to assist SMEs.⁶⁸

3.97. The Sugar Industry Diversification Foundation of Saint Kitts & Nevis (SIDF) provides assistance to the different sectors of the economy. The SIDF was founded in September 2006 by the National Bank Trust Company; it is one of three approved options for obtaining citizenship through the Citizenship by Investment (CBI) Programme, along with real estate and investments. The Foundation has been designated a specially approved project for the purposes of CBI. Contributions to the Foundation of at least USD 250,000 qualify foreign nationals, subject to due diligence checks, to apply for CBI in Saint Kitts and Nevis. Applications are made to and processed by the CBI Unit of the Government.

3.98. The SIDF was created with the primary goal of assisting the Government in the transition from sugar as the main industry to a more diversified economy by researching and funding the development of alternative industries. The activities of the Foundation are all geared towards its key objective of providing a sustainable holistic platform for future growth and development. Since its inception, the SIDF's aim has been broadened to include providing support to the Government in its efforts to diversify the national economy and maintain economic stability, and to support, finance, or undertake the development of new and existing industries, projects, or enterprises. Since 2012, when the SIDF office was opened, a management team has conducted analyses of proposed projects and investments in order to determine their viability and value to the economy, monitor the administration of loans and implementation of projects, and create greater awareness of its activities. Currently, the SIDF provides grants, loans, budget support, debt forgiveness, or assistance of any kind to the Government or to persons or institutions that qualify for such assistance under its policies.⁶⁹ The SIDF provides support for projects that create employment opportunities for all nationals, including displaced sugar workers; encourages enterprise development and the growth of indigenous businesses; and invests in projects that are vital to the stability and transformation of the economy and society. Beneficiaries must be Saint Kitts and Nevis nationals. The Foundation provides some assistance to the Saint Kitts Tourism Authority to help it ensure that major tourist markets are adequately serviced. This assistance is in the form of contributions to the Marketing Fund or to the guarantee that some airlines are required to regularly service Saint Kitts and Nevis. According to SIDF information, up to 2022, the SIDF had invested over USD 55 million in the development of Saint Kitts and Nevis by way of grants, loans, and shareholdings.⁷⁰ Capisterre Farm is one example of a project that received funding, and the St Christopher National Trust was the beneficiary of a grant. Money was provided to the Development Bank of Saint Kitts and Nevis to establish several funds including the Agricultural Fund, the Small Hotel and Restaurant Modernization Fund (SHARM), and the recently introduced Fund for the Realization of Economic Empowerment through Subsidized Housing (FREESH). The SIDF has also invested in Kittitian Hill, a five-star luxury resort under construction, and the Saint Kitts Tourism Authority has received financing for the airlift support programme. SIDF funds have been destined to the Government for budgetary purposes. A number of agricultural projects have been financed with SIDF resources (Section 4.1).

⁶⁷ SKNDB, *Business Loans*. Viewed at: <https://skndb.com/business-loans/>.

⁶⁸ SKNDB. Viewed at: <https://skndb.com/government-to-make-available-5-million-to-smes-through-development-bank/>.

⁶⁹ SIDF, *Overview*. Viewed at: <https://sknsidf.org/sidf-overview/>.

⁷⁰ SIDF, *Frequently Asked Questions*. Viewed at: <https://sknsidf.org/faqs/>.

3.99. Saint Kitts and Nevis's businesses and those from other CARICOM countries may receive concessionary credits funded or guaranteed by the Caribbean Development Bank (CDB) for projects of between USD 750,000 and USD 5 million. Between 2016 and 2021, Saint Kitts and Nevis receives loans of around USD 11.5 million from the CDB.⁷¹

3.100. The Saint Kitts Investment Promotion Agency (SKIPA) promotes investment in Saint Kitts at international, regional, and local levels. SKIPA proactively markets Saint Kitts, internationally, regionally, and locally, as an investment. The investment promotion efforts of the Agency are geared towards attracting the right type of investor that will positively contribute to the long-term development of Saint Kitts.⁷² SKIPA also seeks to attract investments that will diversify the economic base of Saint Kitts. SKIPA also undertakes investment facilitation, which includes providing information, assisting in finding business opportunities, and acting as the point of contact for procedures to be taken to establish a business, for local and foreign investors. SKIPA facilitates investments in all economic activities but concentrates its marketing efforts on priority sectors (agriculture, tourism, financial services, international education, light manufacturing, and information technology). SKIPA also provides support for business expansion. SKIPA has also carried on work to facilitate investment by streamlining procedures, and reforming the investment environment, project size, or years in operation.⁷³ SKIPA does not provide financing for investments and does not charge any fees for its services.

3.101. The NIPA is a government agency that serves as a first point of contact for investors. NIPA identifies and promotes new investment opportunities, provides general and investor sector-specific information, facilitates meetings with key government officials and governing departments, organizes site visits, assists with filming locations, negotiates partnership opportunities with existing projects, and facilitates after-care services. NIPA's mandate is to promote key sectors for investments, disseminate general and sector-specific information, assist in business start-up facilitation, facilitate meetings with key government ministries, and provide support to the investor after the investment takes place.⁷⁴ NIPA facilitates investors' procedures through the NIPA Digital Platform that enables investors to check incentives, calculate project cost, and submit applications to respective government departments electronically. The Platform captures investor information once and then enables fast processing of applications starting from incorporation of a company to obtaining work permits.⁷⁵ Like SKIPA, NIPA does not provide financial support.

3.3.2 Technical regulations and standards

3.102. Saint Kitts and Nevis made no notifications to the TBT Committee during the period 2014-22.

3.103. The Saint Kitts and Nevis Bureau of Standards (SKNBS), established in 1999, has been the main government agency responsible for developing and implementing standards, metrology, and conformity assessment services since its establishment in 2000. Technical regulations are also developed by the SKNBS, which functions under the umbrella of the Ministry of International Trade, Industry, Commerce and Consumer Affairs (MITICCA).

3.104. The SKNBS' activities include increased participation at the regional level in the harmonization of standards, measurements, and conformity assessment regimes for regional integration. The SKNBS houses Saint Kitts and Nevis' national multipurpose laboratory, which provides the following services: (i) chemistry: analysis of elements in food, liquids, and soil nutrients and constituents; (ii) metrology: provision of accurate measurements through calibration and verification of scales, balances, and fuel pumps; (iii) microbiology in food and water; and (iv) air quality: monitoring of mould and gases and particular matter indoors.

3.105. The MITICCA is the designated Notification Point for the WTO Agreement on Technical Barriers to Trade (TBT Agreement). The SKNBS is the National Enquiry Point (NEP) regarding the TBT Agreement. As such, it is in charge of receiving and disseminating TBT notifications from the

⁷¹ Caribbean Development Bank, *Saint Kitts and Nevis*. Viewed at: <https://www.caribank.org/countries-and-members/borrowing-members/saint-kitts-and-nevis>.

⁷² SKIPA, *What We Do*. Viewed at: <https://investstkitts.kn/aboutus/what-we-do/>.

⁷³ SKIPA. Viewed at: <https://investstkitts.kn/aboutus/what-we-do/>.

⁷⁴ NIPA, *Who We Are*. Viewed at: <https://www.investnevis.org/en/about-nipa/who-we-are>.

⁷⁵ NIPA, *NIA Digital Platform*. Viewed at: <https://www.investnevis.org/en/Our-services/nia-digital-platform>.

WTO Secretariat to stakeholders in Saint Kitts and Nevis; sending notifications of proposed technical regulations and conformity procedures to the WTO TBT Secretariat; responding to requests for information from WTO Members regarding any national standards, technical regulations, and conformity assessment procedures; and responding to requests for information from the private sector in Saint Kitts and Nevis on regional and international standards, technical regulations, and conformity assessment procedures. The SKNBS is also the official contact point for the Stockholm Convention on Persistent Organic Pollutants; Codex Alimentarius; the International Food Safety Authorities Network (INFOSAN) (emergency contact); the Pan American Standards Commission (COPANT); the Minamata Convention on mercury (since 24 May 2017); the Strategic Approach to International Chemicals Management (SAICM); the CARICOM Regional Organisation for Standards and Quality (CROSQ); the FAO GM Foods Platform; the American Society for Testing and Materials (ASTM); Environmental Molecular Sciences Laboratory (EMSL); and the Underwriters Laboratories.⁷⁶ The SKNBS is also an Affiliate Member of the International Electro-Technical Commission (IEC) Country Programme.

3.106. New legislation with regards to standards and technical regulations was introduced in 2021. The Bureau of Standards and Quality Act, 2021, Act No. 19 of 2021, of 2 December 2021, published on 30 December 2021, provides for the preparation, promotion, and implementation of standards and standards-related activities in relation to commodities, goods, services, processes, and practices and to ensure quality through compliance with technical regulations where relevant, by the establishment and operation of a Bureau of Standards. The Act mandates that the SKNBS, for the purpose of discharging its functions shall: (i) develop, adopt, prepare, adapt, amend, reconfirm, revise, and publish standards, technical regulations, and conformity assessment procedures, in relation to any class, category, or type of product or service; (ii) promote the adoption and implementation of standards relating to structures, goods, materials, processes, practices, operations, and other matters, on a national and international level; (iii) coordinate, monitor, and promote standardization and related activities at the various corporate, national, regional, and international levels and to supply or ensure the existence of adequate supporting related services; (iv) cooperate with national, regional, or other international bodies in the field of standardization and exchange information with such bodies generally, and in particular to such extent as may be provided for in any international obligation entered into by Saint Kitts and Nevis or as may be prescribed; (v) and promote research, conformity assessment, and market surveillance as the Bureau considers appropriate in relation to standards, technical specifications, or technical regulations.

3.107. The SKNBS acts as the technical authority for the National Metrology Service, established by the Metrology Act No. 30 of 2012. It is also the certification and conformity assessment body for products, commodities, and processes with respect to national standards. In accordance with the new Act, the SKNBS may provide for the inspection and testing of goods, services, processes; and practices; certify goods, services, processes, and practices that conform to national, regional, or international standards; and establish and declare standards and technical regulations for the improvement of goods produced in Saint Kitts and Nevis and keep the standards and technical regulations under review. It may also institute a National Quality Infrastructure and establish, administer, and operate schemes of standardization and certification of goods including administering the certification of such goods. Additionally, the SKNBS is also allowed by law to assess quality systems and administer the certification of systems thus assessed; assess the competence of quality practitioners offering consultancy, training, and other services; and establish and designate laboratories and testing facilities.

3.108. The new Act provides that, if it is impracticable for the SKNBS to formulate a technical specification in respect of any goods, it may adopt or adapt an international standard or technical specification formulated outside Saint Kitts and Nevis to be a standard. In fact, regarding its statutory function of preparing standards, the SKNBS relies to a large extent on regional or international standards. The Bureau also has the mandate to prepare, frame, modify, or amend specifications and codes of practice, and to maintain testing facilities; carry out testing, calibration, and certification; and publish standards marks. The SKNBS may not declare, substitute, vary, or revoke a standard unless it is satisfied that any person who may be affected thereby has had an opportunity to consider the intended decision to declare, substitute, vary, or revoke the standard and comment on the standard. If it intends to vary or revoke a standard, the SKNBS must publish in the Gazette a notice of its intention to vary or revoke the standard requesting persons to consider

⁷⁶ SKNBS, *What We Do*. Viewed at: <https://sknbs.org/about-bureau/what-we-do/>.

the standard to be varied or revoked and to submit comments on the standard; and may vary or revoke the standard at any time after 60 days from the date of publication of the notice in the Gazette.

3.109. Technical committees established by the Standards Department in the SKNBS are in charge of drafting, adopting, or adapting standards. They must reach consensus on the technical content of the draft standard, which is then circulated to stakeholders for feedback and comments, for a period of 60 days. Upon receipt of the comments and after the 60-day comment period, the final draft is prepared for approval. The final draft contains adjustments made in accordance with the comments submitted and is subject to new comments. In case of non-acceptance of the comments, justification must be provided. If the standard is expected to become the basis for a technical regulation, the draft is sent to the legal draftsman for vetting and comment. Technical regulations may be part of a standard and must also be sent for comments. International standards and CARICOM standards adopted/adapted by the SKNBS as National Standards may be declared mandatory (technical regulations) to protect health and safety, ensure quality in goods for export, prevent fraud from misleading advertising, and give information to consumers. The final draft standard, approved by the SKNBS and a letter seeking approval for the draft, are sent to the Minister responsible for the Bureau. If the draft standard is intended to become a technical regulation, this is stated in the letter, and the comments of the legal drafters are included. When the Minister approves the draft, it is declared a Saint Kitts and Nevis National Standard; it is printed and gazetted, and copies are sent for notification to the relevant bodies regionally and internationally. The Bureau is also responsible for facilitating the development and implementation of regulations on labelling; on the sale, import, or export of goods for which mandatory standard specifications have been declared; and for granting licences for use of a standard mark.

3.110. Non-conformity with technical regulations (mandatory standards) is punishable by a fine of up to XCD 10,000, and in the case of a continuing offence, an additional penalty of up to XCD 1,000 for every day during which the offence continues or up to two years of imprisonment. Conformity with a national or regional standard may be verified at the border in the case of imports, and through internal checks in the case of domestic products. Where an owner of any establishment fails to comply with the directions of an inspector, the SKNBS may direct that the owner of the establishment to cease immediately the manufacture, preparation, or processing of any prescribed goods.

3.111. The 2021 Act also regulates the declaration and publication of technical regulations by the SKNBS. The Minister in charge of the SKNBS is responsible for issuing technical regulations. The need to develop or adopt standards and technical regulations is identified by a government agency, manufacturers, consumers, or the SKNBS. The power conferred on the Minister to adopt or adapt technical regulations includes the power, exercisable in like manner, to repeal or amend any such technical regulations. Technical regulations may also be developed by other governmental and regulatory bodies. The main ministries involved in the development of technical regulations are the Ministries of Health; ICT, Entertainment, Entrepreneurship and Talent Development; Agriculture, Fisheries and Marine Resources; Environment and Cooperatives; Energy; and Public Infrastructure, Utilities, Posts, and Urban Development.

3.112. The issuance of technical regulations does not in general require the recommendation of the SKNBS. The exception are those regulations that come under the purview of the SKNBS. Where the Minister (in charge of the SKNBS) intends to issue any technical regulation, a Notice must be published in the Gazette, giving not less than 60 days' notice of his or her intention to declare the technical regulations; and in the Notice, indicate the date on which the technical regulations shall come into effect. The SKNBS must make the appropriate notification to the WTO. The Minister in charge may adopt or adapt any technical regulations formulated outside Saint Kitts and Nevis in respect of any goods or commodity if this serves the national interest.

3.113. Where the Minister declares a technical regulation, every person concerned at any stage of the manufacture, production, processing, treatment, or distribution of the commodity in respect of which the declaration is made must ensure compliance with that technical regulation. The 2021 Act allows the SKNBS to authorize a member of its staff to examine goods manufactured outside Saint Kitts and Nevis and any custom entries relating to such goods, where a technical regulation is declared for the goods.

3.114. To date, the SKNBS has adopted seven national standards, based on international or regional standards: SKNNS 001 – (CRS 1) Specification for Packaged Water; SKNNS 002 – (CRS 5) Labelling

of Prepackaged Food; SKNNS 003 – (CRS 55–1) Labelling of goods – Part 1: General requirements; SKNNS 004 – (CRS 55–2) Labelling of goods – Part 2: Specific Requirements for Prepackaged Goods; SKNNS 005 – CARICOM Regional Energy Efficiency Building Code (CREEBC); SKNNS 006 – (ISO 13009) Tourism and Related Services – Requirements and Recommendations for Beach Operations; and SKNNS 007 – (ISO 14001) Environmental Management System.⁷⁷ The authorities stated in the course of this Review that an updated list of the technical regulations adopted during 2007–13 was not available. The SKNBS has also prepared a Draft Food Labelling Regulation in 2019, as well as two other regulations. The SKNBS has prepared a list of 211 standards for adoption in the 2022–27 period; they are all based on ISO, ASTM, or Codex standards.⁷⁸

3.115. There are no national accreditation bodies in Saint Kitts and Nevis. The SKNBS houses the National Accreditation Focal Point (NAFP) for Saint Kitts and Nevis, which participates in the Caribbean Cooperation for Accreditation (CCA) Scheme, established in April 2013 through the signing of a Memorandum of Understanding between the CROSQ Secretariat and the NAFPs, and the CROSQ Secretariat and the National Accreditation Bodies (NABs). The main objectives of CCA are to ensure that internationally recognized accreditation services are economical, affordable, convenient, and readily accessible for the clients of the region through the NAFPs, and that opportunities are afforded for market expansion and new product development, assisting the growth and development of NABs.⁷⁹

3.3.3 Sanitary and phytosanitary measures

3.116. The Department of Agriculture in the Agriculture, Fisheries and Marine Resources is the enquiry point under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement). Saint Kitts and Nevis is a contracting party to the International Plant Protection Convention (IPPC) but is not a member of the Codex Alimentarius Commission or the World Organisation for Animal Health (OIE). To be applied on a permanent basis, SPS measures must stem from the enactment of legislation by Parliament. However, emergency measures expected to have a limited duration may be implemented the Minister of Agriculture without parliamentary approval.

3.117. Up to September 2022, Saint Kitts and Nevis had not made any notification to the WTO SPS Committee. Although Saint Kitts and Nevis maintains a number of SPS measures, an exhaustive and up-to-date list is not available. Saint Kitts and Nevis has legislation on SPS, but it lacks the infrastructure necessary to conduct testing of plants and animals. There is a food and water testing facility and the services of the SKNBS's Microbiology Department can be counted upon to identify pathogen agents that affect food. There is also a laboratory that tests pesticide residues and soil. Although there are currently no laboratory facilities in place to test plant pathogens, the authorities indicate that equipment is currently being put in place to this end. Moreover, the facilities of regional and international laboratories may be used when and if necessary. These facilities have been used, for instance, to test for pests in bananas and citrus fruit. The authorities indicate that virtual analysis is also conducted through laboratories in foreign countries. Despite that, control continues to rely substantially on inspection of imports and examination of documentation issued in the exporting country, such as sanitary or phytosanitary certificates. Test results are accepted from countries that implement Codex and OIE standards.

3.118. Quarantines are regulated by the Quarantine Act, Cap 9.23, which makes provision for the imposition of quarantine measures in order to protect public health. This Act sets forth provisions on the establishment of a Quarantine Authority and its powers and duties for the protection of public health by imposing quarantine measures in cases of emergency. The Governor General may, acting in accordance with the recommendation of the Public Service Commission, appoint Health Officers, Visiting Officers, quarantine guards and such other employees and servants as may be necessary for the purposes of this Act. The Minister may make regulations, including the ports and coastal waters, for preventing danger to public health from ships or aircraft and the spread of infection, by means of any ship or aircraft.

⁷⁷ SKNBS, *Standards Adopted*. Viewed at: <https://sknbs.org/technical-regulations/standards-under-development/>.

⁷⁸ SKNBS, *Five (5) Year Standards Work Plan – 2022–2027*. Viewed at: <https://sknbs.org/five-5-year-standards-work-plan-2022-2027-2/>.

⁷⁹ SKNBS, *Accreditation*. Viewed at: <https://sknbs.org/qi-services/accreditation/>.

3.119. The Department of Agriculture's two quarantine units have responsibility for preventing the entry, establishment, and spread of agricultural pests and diseases. This task is carried on through inspection, certification, prohibition of entry, treatment, or destruction. The Plant Quarantine Unit conducts pest and disease surveillance and monitoring activities, and pest and import risk analysis; it enforces international import/export regulations and ensures that international SPS standards are met. Plant quarantine officers inspect agricultural and horticultural containers to ensure that pests and diseases requiring quarantine are not present. The Animal Quarantine Units are in charge of supervising and regulating imports and exports of animal and animal parts (including meat and poultry). Its regulatory responsibilities include pest and disease surveillance, import risk analysis, and the maintenance of animal health. The Chief Veterinary Officer is the Head of the Veterinary Authority, and is responsible for the inspection and certification of animals; animal products; genetic material, including semen and embryos; livestock feeds; veterinary biologicals; and veterinary drugs imported into or exported from Saint Kitts and Nevis. The Veterinary Authority also provides certificates and documentation for the exportation of any animal or animal-related item from Saint Kitts and Nevis, and monitors, evaluates, and establishes areas free of, or with low prevalence of, animal pests and diseases.

3.120. The Plant Protection Act, Cap 14.09, sets up the phytosanitary conditions for imports of plants. All plants, plant products, live beneficial organisms, and soils imported into Saint Kitts and Nevis must be accompanied by a phytosanitary certificate issued by the appropriate agricultural authority of the exporting country, when required. Plants, planting materials, plant products, and soil also require an import licence from the Ministry of Agriculture and Marine Resources. A draft OECS Plant Protection Act is currently being reviewed.

3.121. A Phytosanitary Certificate is required for exporters and importers of agricultural produce. Agricultural products must be free of soil, insects, and pathogens. Live plants for export may require to be treated with the appropriate chemicals if required by the importing country. Medicinal plants and herbs must be dried. It is prohibited to import mangoes from the following countries: Grenada, Saint Lucia, Dominica, Saint Vincent and the Grenadines, Barbados, Montserrat, French Guiana, Martinique, Guadeloupe, and Trinidad and Tobago.⁸⁰ The importation of banana plants (*musa* spp.) and heliconias (flowers) is restricted from countries that have Black Sigatoka, Yellow Sigatoka, Fusarium Wilt Tropical Race 4, Banana Bunchy Top Virus, and Moko disease. Imports of *musa* spp. and heliconias are prohibited from countries that have Fusarium Wilt Tropical Race 4, which is a quarantine pest for Saint Kitts and Nevis. Solonaceous crops are restricted from countries that have *Tuta absoluta* (Tomato leaf miner), which is a quarantine pest for Saint Kitts and Nevis.⁸¹ The importation of citrus plants is restricted due to the Huanlongbing disease, citrus canker, and the citrus Tristeza virus; a certificate showing the plants are free from the disease must be presented. The entry of palms from countries that have Lethal Yellowing, Lethal Bronzing, and Ganoderma Butt Rot is restricted.

3.122. The importation of animals is regulated by the Animals (National and International Movement and Prescribed Diseases Prevention) Act, 2012 (Act No. 7 of 2012). The Act provides for the control of the movement of animals and animal-related items into and within Saint Kitts and Nevis. The Act contains provisions to prevent the introduction and spread of prescribed animal diseases within Saint Kitts and Nevis and to ensure the safe and humane movement of animals to and from Saint Kitts and Nevis. The Act is administered by the Chief Veterinary Officer and establishes the Veterinary Authority.

3.123. In accordance with the 2012 Act, the importation of an animal or an animal-related item requires an import permit issued by the Veterinary Authority and an international veterinary certificate from the relevant authority of the exporting country. In considering an application for an import permit, the Authority may take into consideration only those scientifically justified conditions, or any conditions established in accordance with international standards. The Minister shall, by Order, on the recommendation of the Authority, specify the countries from which a person may import animals or animal-related items. The Minister, on the recommendation of the Authority, may prohibit the importation of any animal or animal-related item where the importation would result in the introduction or spread of any vector, disease or toxic substance, or is not done in accordance

⁸⁰ FAO information. Viewed at: <https://www.ippc.int/en/countries/saint-kitts-and-nevis/reportingobligation/2012/12/phytosanitary-restrictions/>.

⁸¹ FAO information. Viewed at: <https://www.ippc.int/en/countries/saint-kitts-and-nevis/reportingobligation/2020/08/legislation-phytosanitary-requirements-restrictionsprohibitions/>.

with established international standards and guidelines issued by the WTO and other international organizations.

3.124. Upon importation, animals, animal-related items, and other regulated articles are subject to inspection at the port of entry. All imported animals, on being landed, may be required by the Veterinary Authority to be placed in quarantine for such period and subject to such conditions as may be prescribed. In practice, the majority of animal imports are subject to quarantine, usually for at least one month, depending on the species of the animal and on where it comes from; this requirement does not apply to animals imported from other Caribbean countries, which supply about one tenth of these imports. The large majority of animal imports are from the United States, Canada, and Barbados. Any person who imports an animal, animal-related item, or other regulated article and who has not obtained an import permit or contravenes any term or condition contained in an import permit commits an offence and is liable on conviction to a fine of XCD 10,000 or to imprisonment for one year. Any imported material may be seized by an inspector and, on the conviction of any person who may be charged with that offence, may be forfeited and retained, destroyed, or otherwise disposed of as the Minister may direct. Upon application by the importer and payment of the prescribed fee, and where the container has been sealed and marked as prescribed, certain animals, animal-related items, and other regulated articles may be inspected by an inspector at the final destination.

3.125. Another piece of legislation of importance is the Pesticides and Toxic Chemicals Control Act of 1999, as amended by Act No. 22 of 2006, which provides for the regulation and control of the importation, storage, manufacture, sale, transportation, disposal, and use of pesticides and toxic chemicals. The Act is implemented by the Pesticides and Toxic Chemicals Control Board, which is the competent authority charged with regulation and control of importation, storage, manufacture, sale, transportation, disposal, and use of pesticides and toxic chemicals in the Federation, and comprises 10 members from the Government and non-governmental organizations. The Board comprises 12 members and evaluates applications submitted for registration, to obtain or cancel a licence or a research permit. The Board also monitors the implementation of the Pesticides (Labelling and Storage of Containers) Regulations – Section 55 50, SRO No. 18/1975. Imports of pesticides require a licence from the Pesticide Board, under the Pesticides and Toxic Chemicals Control Act.

3.126. The authorities have noted that a holistic review of the Pesticides and Toxic Chemicals Control Act was conducted at the regional level and subsequently at the national level with a view to creating a comprehensive Integrated Pesticides and Chemicals Management Act, policy brief, and road map and take into consideration Saint Kitts and Nevis' obligations under several multilateral environmental agreements including the Minamata, Rotterdam, and Stockholm Conventions. The review was undertaken and completed in the third quarter of 2022 through a legal consultancy. As at October 2022, the draft policy brief, road map, and draft Pesticides and Chemicals Management Act were awaiting a final review by government for implementation.

3.127. SPS measures are usually harmonized regionally. The authorities indicated that regulations on specific measure are drafted based on a review of the risks involved, both in scientific and economic terms, of not taking any action. SPS measures implemented are guided by pest risk analyses. As was the case in the previous Review, there is no formal mechanism to inform national stakeholders and trading partners prior to the adoption of the measures. This is the case for both emergency and permanent measures. However, the authorities have noted that stakeholders are generally consulted. The authorities have also noted that Saint Kitts and Nevis is guided by the principles of international standards for phytosanitary measures and where any restrictions or prohibitions are implemented, they are communicated to stakeholders locally and to any affected trading partners. Formal notification to stakeholders takes place after the implementation of a measure through its publication in the Gazette. Import and export guidelines for plants and related materials are available to stakeholders electronically as well as information about prohibitions and restrictions. Measures are also advertised through the media, postings at the airports and seaports, and in meetings of the Caribbean Veterinary Association.

3.128. Act No. 14 of 2012, known as the Biosafety Act, 2012 regulates the registration and licensing of genetically modified organisms (GMOs). There are licences for intentional introduction of GMOs in the environment, for domestic use, for contained use, for imports, and for exports. A Biosafety Board was established to implement the provisions of the Act.

3.3.4 Competition policy and regulatory issues

3.3.4.1 Competition policy

3.129. Saint Kitts and Nevis does not have a competition law, but has legislation that protects the consumer, the Consumer Protection Act, Cap 18.38 (Act No. 9 of 2003). Amendments are being drafted to update the legislation. In this respect, the authorities noted that Saint Kitts and Nevis is in the process of adopting the CARICOM Consumer Protection Code; they expect it to be adopted by mid-2023. On doing this, the 2003 Act will be repealed. They also indicated that the Act drafted by Saint Kitts and Nevis introduces only minor modifications to the CARICOM Code.

3.130. The provisions of the Consumer Protection Act of 2003, currently in place, protect consumers from misleading and deceptive practices in promotion, supply, and sale of goods and services. The Act also addresses fair contract terms individually negotiated between suppliers and consumers. This Act applies to: (i) persons acting in trade or commerce; and (ii) statutory corporations and Government bodies.

3.131. At the regional level, Chapter VIII of the revised CARICOM Treaty covers competition policy and provides for the enactment and harmonization of legislation in CARICOM member States. The CARICOM Competition Commission established in January 2008 and headquartered in Paramaribo, Suriname, is in charge of competition issues and enforcement in the CSME (Common Report). The EPAs with the European Union and with the United Kingdom contain provisions with respect to competition policy.

3.132. The Department of Consumer Affairs of the MITICCA enforces the Consumer Protection Act. The Department is also in charge of liaising with the CARICOM Secretariat. The Price Control Order of 2007, SRO No. 41 of 2007, gives the Department of Consumer Affairs the legislative authority to enforce prescribed margins on a list of goods (see below). The Department receives input from the Ministries of Agriculture and Health, and from financial institutions.

3.3.4.2 Price controls

3.133. Price controls on basic consumer items are allowed under national legislation. They have their legal foundation in the Distribution of Goods and Price Control Act No. 7 of 1968, Cap 18.09. The controls are focused on goods and services that are particularly influential on the cost of living and on the quality of life of lower income families. Under the Act's provisions, the Minister may, by Order, provide for: (i) regulating the distribution, purchase, or sale of goods or of any class or description of goods under the Act; (ii) controlling the prices at which goods or any class or description of goods may be sold, whether by wholesale or retail either throughout the State or in any part or parts thereof; and (iii) the terms and conditions on which any class or description of goods specified in the First Schedule to this Act shall be hired and the maximum rates of hiring that may be charged in respect of such class or description of goods. An Order made under the provisions of the Act may direct that the maximum price of any goods shall not exceed a specified sum or may direct the manner in which the maximum price shall be ascertained and may: (i) fix different maximum prices for the same class of goods having regard to the terms upon which and the circumstances in which the goods are manufactured, imported, or sold, and the part of the State in which such goods are sold to the consumers; and (ii) fix alternate methods by which the maximum price may be ascertained for the same or different classes of goods.

3.134. The Act identifies special districts, which encompass the island of Nevis, and areas of Saint Kitts outside the boundaries of the town of Basseterre, for which prices may be fixed. The Government's rationale for the controls is that, in small island States with only a few suppliers of a number of important products, competitive forces may sometimes be bridled.⁸²

3.135. The previous Price Control Order (SRO No. 15 of 1999) fixed maximum wholesale and retail prices for a large number of goods, including, cement, milk, and cooking gas. This SRO was repealed and replaced by the Price Control Order of 2007, SRO No. 41 of 2007. The new Order does not fix maximum wholesale or retail prices. Instead, it allows the wholesaler to make a 20% mark-up on

⁸² Government of Saint Kitts and Nevis (2006), *Prime Minister's Budget Address for 2007*. Viewed at: http://www.cuopm.com/pdf/Budget_Addresses/2007_Budget_Address_20061212.pdf.

the landed cost of goods, while the retailer is allowed to make an additional 20% mark-up on the wholesale price of goods, or an additional 25% on frozen items. The landed cost of the goods is calculated at the c.i.f. level adding duties and taxes as well as handling and portage charges. Under SRO No. 41 of 2007, prices are monitored for the following goods: chicken wings, leg quarters, drumsticks, backs, thighs, and necks; turkey wings; salt fish; mackerel; king fish; marlin; mutton; pig snout; pig tail; elbow; processed pasta; spaghetti; margarine; butter; processed cheese; sardines; corned beef; Vienna sausage; tuna; honey; cereal; rice; detergent; and diapers. The Department of Consumer Affairs has the responsibility of monitoring prices and ensuring the correct landed cost is used before adding the mark-up. Areas identified as special districts under the Distribution of Goods and Price Control Act may apply the maximum price system set out for special districts in SRO No. 60 of 2011.

3.136. Currently, subsidies apply to liquified petroleum gas (LPG), cooking gas, and electricity. The price of fuels is subject to maximum profit margins for dealers and retailers; this is handled by the Ministry of Finance. The importation, distribution, and pricing of LPG and cooking gas in Saint Kitts and Nevis is governed by the Distribution of Goods and Price Control Act, Cap 18.09. The Act gives the Government control over the pricing and the supply of certain basic and important commodities to protect consumers from "arbitrary and market-driven pricing schemes". The price of cooking gas has remained stable since 2005 as a result of the application of the Price of Goods Act, fixed at XCD 30 for a 20 lb tank and at XCD 140 for a 100 lb tank. The difference is subsidized by the Government.

3.3.5 State-owned enterprises

3.137. Saint Kitts and Nevis has not notified any state trading enterprises to the WTO.

3.138. Until January 2013, the Supply Office had an import monopoly on wheat flour in bulk (packages bigger than 5 lb), rice in bulk (packages bigger than 10 lb), and evaporated milk. The monopoly did not extend to imports in retail-size packages. There are three other major public enterprises (the Air and Seaport Authority, the Development Bank of Saint Kitts and Nevis, and the Frigate Bay Development Corporation), but they do not engage in trading activities.

3.3.6 Government procurement

3.139. No official statistics are available regarding the value of government procurement in Saint Kitts and Nevis. Public sector current expenditure on goods and services represented some 8.5% of GDP in 2021, while capital expenditure accounted for some 9.9% of GDP.

3.140. Saint Kitts and Nevis is not a party to the WTO plurilateral Agreement on Government Procurement (GPA). During the review period, the authorities stated that Saint Kitts and Nevis has no immediate plans regarding joining the GPA or participating as an observer. The CARIFORUM-EU EPA contains public procurement conditions that require transparency in all government procurement above a threshold of approximately EUR 164,000 (Common Report). Similar provisions are contained in the CARIFORUM-UK EPA. The Framework Regional Integration Policy on Public Procurement (FRIP) contains elements of procurement legislation at a CARICOM basis. It contains transparency thresholds and procurement thresholds.

3.141. The Ministry of Finance is the entity responsible for government procurement in Saint Kitts and Nevis, as mandated by the Finance Administration Act of 1990, Cap 20.13. The Central Purchasing Unit (CPU), under the Ministry of Finance, procures stationery, furniture, and equipment for all sectors of the Government. All other supplies are procured at ministry or public agency/enterprise level. For the procurement of supplies, local purchase orders are usually used; quotations from three local suppliers are obtained, and the supplier is chosen on the basis of lowest price. Tendering for small local public works projects is decentralized, while procurement for large projects for governmental agencies is centralized, and tenders must be submitted to the Government's Tenders Board. Tender notices are published in the Government Gazette.

3.142. The main law currently regulating procurement is the Procurement and Contract (Administration) Act 2012, Act No. 28 of 2012, enacted on 14 September 2012, and amended by Act No. 14 of 2013. The 2012 Act regulates procurement, establishes competition conditions in the procurement process by mandating public competition by companies bidding for government

contracts, and sets conditions for the use of the various procurement methods. The Act also contains principles to guide the selection among bids, the periods involved in the procurement process, publication and other transparency requirements, appeal and review procedures, and sanctions. The Act covers procurement by all government agencies. Procurement made under a cooperative procurement agreement is exempted from the Act, as well as procurement of funding, or part of funding, that is furnished to the Government by an international or regional agency. To date (2022), no regulations have been issued for the implementation of the Act.

3.143. The stated purposes of this Act and the regulations are to simplify, clarify, modernize, and make transparent procurement by the Government and more particularly to: (i) require public competition in the procurement process except to the extent that the circumstances or size of the procurement make it impracticable; (ii) foster and encourage broad participation in the procurement process by persons in Saint Kitts and Nevis and, when required under international agreement, to persons outside the Federation; (iii) provide for increased public confidence in the Government procurement process by maintaining safeguards to ensure its integrity, fairness, accountability, transparency, and good governance; (iv) ensure fair and equitable treatment of all persons who participate in the procurement process; and (v) provide increased economy in procurement activities and to maximize to the fullest extent practicable the purchasing value of the money of the Government.

3.144. The Act states that procurements of works, goods, and services shall be made by the accounting officer of the respective ministry, department, or entity, and made the Director of Public Works the procurement officer for works, heavy equipment and tools, and architectural, engineering, and land-surveying services. Additionally, the Act appointed the Manager of Procurement in the Ministry of Finance as the procurement officer for all goods, other than: (i) food; (ii) pharmaceuticals; (iii) vehicles; (iv) explosives; (v) firearms; (vi) petroleum products; (vii) water equipment, fixtures and fittings; (viii) restricted goods pursuant to the Customs (Control and Management) Act, Cap 20.04; and (ix) such other goods as the Minister may by Order prescribe. The Act established the Procurement Board, headed by the Financial Secretary, which has the authority to determine when sole source or emergency procurement may take place and grant or refuse contract awards based on its satisfaction with the procurement procedures.

3.145. Procurement must be made using one of the following methods: (i) competitive tender, under either sealed bids or sealed proposals; (ii) sole source procurement; (iii) emergency procurement; and (iv) competitive quotations. Tenders are mandatory above a threshold to be determined in the implementing regulations. Below that threshold, procurement can take place through competitive quotations. Sole-sourced procurement may be used when the goods, services, or works required can only be procured from one source; if it is above the threshold for mandatory tendering, it must be approved by the Procurement Board. The thresholds have not yet been defined.

3.146. Procurement contracts by tendering procedures must be awarded to the qualified bidder who submits the best responsive evaluated tender with respect to quality, availability, capability, and price.

3.147. Imports for government consumption are not subject to customs duties or consumption tax, but they are subject to the CSC.

3.148. The Government of Saint Kitts and Nevis, as part of its process to strengthen and boost the procurement regime has partnered with the CDB as an active participant in the Public Procurement Reform of the Eastern Caribbean States (PPRECS) Project. As part of the ongoing work under this Initiative, Saint Kitts and Nevis, with the support of the CDB, accessed technical assistance (TA) commencing in January 2020 and is currently revising the Procurement and Contract Administration Act (2012) and drafting supporting Regulations.

3.3.7 Intellectual property rights

3.3.7.1 Overview

3.149. The Intellectual Property Office in the Ministry of Justice and Legal Affairs is responsible for the drafting and administration of intellectual property legislation. The Office was created by

section 3 of the Patents Act, Cap 18.25. The registration of patents, trademarks, and service marks is done in the Intellectual Property Registry in the Intellectual Property Office.

3.150. The operations and activities of the Intellectual Property Office and all related matters involve giving effect to the provisions of intellectual property rights (IPR) legislation, including the Patents Act, Cap 18.25; the Copyright Act, Cap 18.08; the Marks, Collective Marks and Trade Names Act, Cap 18.22; the Geographical Indications Act, Cap 18.39; and the Copyright (Specified Countries) Order, No. 6 of 2018.⁸³

3.151. Legislation on trademarks, patents, and copyright was updated in 2000 to make it compatible with the TRIPS Agreement. Three such laws were passed by Parliament in that year and entered into force in 2002. Later, in 2007, the Geographical Indications Act No. 6 of 2007, Cap 18.39, was passed, but it did not enter into force until 2016. The Protection of Layout Designs Act was also passed in 2007 and entered into force that year. However, enabling regulations are still either in draft form for trademarks or do not exist for patents. Regulations for copyright were implemented in 2018 (see below). There is no legislation for the protection of undisclosed information in Saint Kitts and Nevis.

3.152. Saint Kitts and Nevis notified all its IPR legislation to the TRIPS Council in December 2016.⁸⁴ Saint Kitts and Nevis is a member of the World Intellectual Property Organization (WIPO) and a signatory to five WIPO-administered treaties (Table 3.8). Saint Kitts and Nevis did not adhere to any new WIPO treaties during the period under review.

Table 3.8 Membership in WIPO-administered intellectual property treaties, 2022

Convention/Agreement	Accession
Convention Establishing the World Intellectual Property Organization (1970)	9 April 1995
Paris Convention for the Protection of Industrial Property, Stockholm Text (1883)	9 April 1995
Berne Convention for the Protection of Literary and Artistic Works, Paris Text (1886)	9 April 1995
Patent Cooperation Treaty (1970)	27 October 2005
Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957)	27 October 2005

Source: WIPO, *WIPO-Administered Treaties*. Viewed at: <https://www.wipo.int/treaties/en/index.html>.

3.153. Saint Kitts and Nevis is a member of various other IP-related treaties, such as the IPPC (ratified on 2 October 2005); the Cartagena Protocol on Biosafety to the Convention on Biological Diversity (11 September 2003); and the Convention concerning the Protection of the World Cultural and Natural Heritage (10 October 1986).

3.154. Since its last Review in 2014, Saint Kitts and Nevis has passed or amended a number of IPR-related laws and regulations, including the Companies Amendment Act (Act No. 7 of 2019), which contains text on enforcement of IP and related laws; the St Christopher and Nevis Copyright (Specified Countries) Order, 2018, SRO No. 6 of 2018, which deals with copyright and related rights, in particular neighbouring rights; a 2017 amendment to the Companies Act, Cap 21.03, Act No. 22 of 1996, on issues dealing with industrial designs, trade names, and enforcement of IP and related laws; a 2017 amendment to the Customs Act, Cap. 20.04, Act No. 19 of 2014, dealing with patents (inventions), trademarks, copyright and related rights (neighbouring rights), and enforcement of IP and related laws; a 2017 amendment to the Electronic Transactions Act, Cap 18.44, Act No. 9 of 2011, relating to enforcement; the entry into force of the Geographical Indications Act, Cap 18.39; and a 2017 amendment to the Income Tax Act, Cap 20.22, Act No. 17 of 1966, related to IP.

3.3.7.2 Trademarks

3.155. The main law with respect to Trademarks is the Marks, Collective Marks and Trade Names Act, Cap 18.22 (Act No. 10 of 2000 as amended), which entered into force in 2002 and is known as the Trademarks Act. The Trademarks Act grants protection to all visible signs capable of distinguishing goods (trademarks) or services (service marks), as well as collective marks and trade

⁸³ Intellectual Property Office, *Who We Are*. Viewed at: <https://www.legal.gov.kn/intellectual-property-office/>.

⁸⁴ WTO documents IP/N/1/KNA/1, IP/N/1/KNA/C/1; IP/N/1/KNA/2, IP/N/1/KNA/T/1; IP/N/1/KNA/3, IP/N/1/KNA/P/1; and IP/N/1/KNA/4, IP/N/1/KNA/L/1, 2 December 2016.

names. In accordance with the Act, the exclusive right to a trademark is acquired through registration in the Register of Marks. The term of protection is 10 years, renewable for consecutive periods of 10 years each. The Act provides for the right of priority of an earlier national or regional application filed by the applicant in any WTO Member or State party to the Paris Convention, as well as provisions on licences.

3.3.7.3 Patents

3.156. Patents are regulated by the Patents Act No. 9 of 2000, which entered into force in 2002. Patent protection lasts up to 20 years from the date of filing. Protection is renewed every year through the payments of fees. Patentability is granted to new inventions involving an inventive step and capable of industrial application.

3.157. The Act grants the right of priority to WTO Members and parties to the Paris Convention, and provisions on compulsory licensing in cases of public interest, in particular, national security, health or the development of vital sectors for the economy, or if the exploitation of the patent is deemed to be anti-competitive by the Government, or there has been non-use of a patent.

3.158. According to WIPO statistics, there were 146 patent applications over 2014-20; 124 were abroad through the PCT and 22 were domestic, but all from non-residents; there were 30 patent grants, all abroad. During the same period, there were 29 industrial design applications and registrations (none for utility models); all applications were made abroad.⁸⁵

3.3.7.4 Geographical indications

3.159. The Geographical Indications Act of 2007 only came into effect on 1 November 2016. Prior to this date, geographical indications (GI) were protected as collective marks under the trademark legislation. The 2007 Act provides protection: (i) to an indication that identifies any goods as originating in the territory of a country or a region or locality in that territory where a given quality, reputation, or other characteristic of the particular goods is essentially attributable to its GI; (ii) to a GI even if it has not been registered; however, registration of a GI offers a higher level of protection; (iii) against a GI that gives a false representation to the public that the goods originate in a territory other than the one it actually derives from; and (iv) in respect of homonymous GIs for wines, protection shall be given to each indication.

3.160. The right of use of a GI is restricted to a producer carrying on activity in the geographical area specified in the Register, in the course of trade and only in respect of the products specified in the Register where such products possess the quality, reputation, or other characteristic set out in the Register. The Act allows for invalidating the registration of a GI on the grounds that the GI does not qualify for protection, rectifying the registration of a GI on the grounds that the geographical area specified in the registration does not correspond to the GI, and the indication of the products for which the GI is used, or the indication of the quality, reputation, or other characteristic of such products is missing or unsatisfactory. The Act also contains provisions that allow for proceedings to prevent the unlawful use of GIs or to prevent a use that constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention. The Registrar may refuse or invalidate the registration of a trademark that contains or consists of a GI with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in Saint Kitts and Nevis is of such a nature as to mislead the public as to the true place or origin of such goods. The Registrar additionally may invalidate or refuse a mark that conflicts with a GI for wines and spirits.

3.3.7.5 Copyright

3.161. The Copyright Act, Cap 25.08 (Act No. 8 of 2000), which entered into force in 2002 contains legislation on copyright and neighbouring rights. The term of copyright protection is life plus 50 years for literary, dramatic, musical, and artistic works; 50 years for sound recordings, films, broadcasts, and cable programmes; and 25 years from the end of the calendar year in which the edition was first published for typographical arrangements of published editions. Literary works encompass

⁸⁵ WIPO, *Statistical Country Profiles: Saint Kitts and Nevis*. Viewed at: https://www.wipo.int/ipstats/en/statistics/country_profile/profile.jsp?code=KN.

computer programs and tables and compilations. The Copyright Act also extends protection of moral rights to producers of phonograms and to performers. Copyright owned by international organizations is protected for 50 years from the date of creation of the work.

3.162. The Copyright Act also provides for copyright protection in audiovisual production made by foreign performers and foreign producers, as well as neighbouring rights in a broadcast made by a foreign broadcasting organization. It contains provisions with respect to copyright licensing. The authorities indicate that they are currently reviewing the Copyright Act, and amendments to it are expected to be implemented in 2023.

3.163. Copyright legislation protects foreign works, as specified by the Saint Christopher and Nevis Copyright (Specified Countries) Order, 2018, SRO No. 6 of 2018 (see below). Prior to the implementation of this Order, protection of eligible works was limited to authors who were nationals or habitual residents of Saint Kitts and Nevis or if the work was first published in the country. In the course of a 2016/17 review of its legislation by the TRIPS Council, Saint Kitt and Nevis stated that there was an ongoing legislative review of this provision as inconsistent with provisions of the TRIPS Agreement. This would not require parliamentary intervention but a legislative amendment in Parliament.⁸⁶ This led to the implementation of SRO No. 6 of 2018.

3.164. The Copyright Act allows for exceptions or exemptions of National Treatment and MFN Treatment. The Copyright Act enables the Minister, by Order, to restrict or allow protection to works and nationals of any country specified therein. Section 145 of the Act allows the Minister to order that the provisions of the Copyright Act can apply on bases including nationality/habitual residence, place of incorporation for bodies corporate, nature of the works, and place of publication or performance. Section 146 confers a power on the Minister to restrict protection to countries that do not provide adequate protection to works of Saint Kitts and Nevis.

3.165. The Saint Christopher and Nevis Copyright (Specified Countries) Order, 2018, SRO No. 6 of 2018, made under section 145 of the Copyright Act, Cap 18.08, and published on 29 March 2018, in the Official Gazette No. 18 of 2018, extended copyright protection for works from countries specified in it. In fact, the Act contains in its Schedule a list of countries (specified countries) to which the Copyright Act applies. More specifically, the Order states that the provisions of the Act shall apply in relation to: (i) persons who are citizens or habitual residents of a Specified Country as they apply to persons who are citizens or habitual residents of Saint Kitts and Nevis; (ii) bodies incorporated or established under the laws of a Specified Country as they apply in relation to bodies incorporated or established under the laws of Saint Kitts and Nevis; (iii) literary, dramatic, musical, or artistic works; and sound recordings, films, and typographical arrangements of published editions first published in a Specified Country as they apply in relation to such works, sound records, films, and editions first published in Saint Kitts and Nevis; (iv) broadcasts made from or cable programmes sent from a Specified Country as they apply in relation to broadcasts made from or cable programmes sent from Saint Kitts and Nevis; (v) performances taking place in that country or given by an individual who is a citizen or habitual resident of that country; (vi) performances incorporated in a phonogram that is protected under Article 5 of the Rome Convention; or performances not being fixed on a phonogram, which are carried by a broadcast that is protected by Article 6 of the Rome Convention, as they apply in relation to performances taken in Saint Kitts and Nevis or given by an individual who is a citizen or habitual resident of Saint Kitts and Nevis. The Order also specifies that, where the term of protection for a work has expired according to the legislation in force in a Specified Country where the work was first published, the work shall not enjoy protection under the provisions of the Act.

3.3.7.6 Enforcement of intellectual property rights

3.166. Saint Kitts and Nevis submitted to the WTO the Checklist of Issues on Enforcement of Intellectual Property Rights in December 2016.⁸⁷

3.167. In general, the judicial authorities may order injunctions; damages, including recovery of profits, and expenses, including attorney's fees; destruction or other disposal of infringing goods and materials/implements for their production; and any other remedies. In respect of all civil

⁸⁶ WTO document IP/C/W/623, 30 January 2017.

⁸⁷ WTO document IP/N/6/KNA/1, 21 December 2016.

IPR infringement cases, costs including expenses and attorney fees can be awarded pursuant to the Civil Procedure Rules or the Magistrates Code of Procedure.

3.168. The different IP laws contain dispositions with respect to enforcement. The Patents Act sets out various enforcement mechanisms; a plaintiff in proceedings for infringement shall be entitled to relief by way of: (i) an injunction restraining the defendant from any apprehended act of infringement; (ii) an order for the defendant to deliver up or destroy any patented product in relation to which the patent is infringed or any article in which that product is inextricably comprised; (iii) damages in respect of the infringement; (iv) an account of the profits derived by the defendant from the infringement; and (v) any other relief provided for in the general law; an injunction to restrain the defendant from causing the infringement; an order to deliver up or destroy the infringing product, which can include the seizure of imports; an award of damages; a payment on account of the profits derived from the infringement by the defendant; or any other relief mandated by the Court.

3.169. Under the Trademarks Act, infringement of the right to a mark may lead to a High Court injunction; an award of damages; an order to seize, forfeit, or destroy any infringing product or article; or to other remedies as decided by the High Court. Customs is authorized to seize imports to prevent goods infringing marks from entering the country. Forging a mark or a collective mark, or importing products containing a forged mark or infringing the right to a mark is liable to a fine of not less than XCD 15,000 but not more than XCD 40,000, or to imprisonment of 5 to 12 years. Under trademark legislation, injunctions can be granted for infringements and imminent infringements. However, this applies only to trademarks registered in Saint Kitts and Nevis.

3.170. The Copyright Act contains provisions on civil and criminal proceedings for copyright infringement through the sale, hire, or importation of goods. Infringement of copyright is punishable by a fine of up to XCD 250,000, up to five years' imprisonment, or both. Remedies for infringement of economic rights include seizure of infringing copies and adjudication of damages. Under the Copyright Act, the Comptroller of Customs may temporarily restrict importation of infringing copies after the copyright owner has requested the Comptroller in writing to do so. Within this request, the owner must furnish evidence of pending or actual importation and give security and indemnity against the Comptroller. Further provisional measures in relation to this restriction can be made by the Minister.

3.171. No detailed information was available to the Secretariat on enforcement activities. However, the authorities note that there were four cases related to enforcement of IPR rights during the review period.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1. Saint Kitts and Nevis has a small agriculture sector. After the closure of the sugar industry, agriculture has lost considerable share of GDP. The contribution of agriculture, livestock, and forestry to GDP was just 0.7% in 2021, of which the contribution of farming was 0.4%, livestock 0.3%, and forestry less than 0.1%. The share of fishing, on the other hand, has been increasing. It contributed 1% to GDP in 2021.

4.2. Following the closure of the Saint Kitts Sugar Manufacturing Corporation (SSMC), the Sugar Industry Diversification Foundation (SIDF) was established to facilitate its insertion in other parts of the economy. With time, the SIDF has become an important investor in the economy, especially in the agriculture sector, which has received a significant share of its total funds.

4.3. After stopping the production of sugar, the main crops are now fruits, such as pineapple, papaya, and watermelon, as well as tomatoes, together with sweet potatoes, onions, sweet peppers, and peanuts. Agri-processing activities are also of importance and revolve around the production of beer and dehydrated fruit products as well as juices. These activities have been developing particularly since the demise of the sugar industry.⁸⁸ There are currently some 45 agri-processors in operation.

4.4. The Ministry of Agriculture and Marine Resources is responsible for agricultural, livestock, and marine resources policy formulation and management. The Ministry of Environment is responsible for forestry. The Department of Agriculture in the Ministry of Agriculture and Marine Resources is responsible for the development of non-sugar agriculture in Saint Kitts. The Department's main mission is to support non-sugar agriculture and to secure food self-sufficiency and satisfy export markets towards sustainable development. The Department operates specific programmes for crop and livestock development guided by a Strategic Plan and implemented through the Annual Work Programme, which follows the guidelines of a broader Agricultural Development Strategy. The Department of Marine Resources is responsible for fisheries policies.

4.5. The Ministry of Agriculture and Marine Resources in Saint Kitts provides some support services to farmers, extension and advisory services, such as the Farmer Training Programme, and market research and marketing assistance. Financial incentives are also granted to the sector, for example, a special rate for water used by farmers for agriculture, and duty and tax concessions on farm vehicles, farm equipment, and farm inputs. The Department of Agriculture provides technical support to farmers to protect crops from severe weather and pests through projects such as the Agriculture Resource Management Project. The main plan with respect to agriculture is the Saint Kitts and Nevis Agricultural Transformation and Growth Strategy 2022-2031, which was launched on 30 September 2021.

4.6. The Ministry of Agriculture, Lands, Housing, Co-operatives and Fisheries of the Nevis Island Administration has general oversight and responsibility for the Departments of Agriculture, Co-operatives and Fisheries as well as the Nevis Housing and Land Development Corporation. Its main objective is to transform and support the progressive growth of agriculture, fisheries, and cooperatives so as to overcome the challenges of food security and poverty and to actively participate in and benefit from global trade.⁸⁹ The Ministry, with resources from the Basic Needs Trust Fund (BNTF), assists farmers and processors to improve their packaging and labelling by providing equipment to generate and affix labels and barcodes to their products. Assistance to the livestock subsector has been mainly through the provision of medicaments to combat animal diseases at a subsidized price and assistance to foster artificial insemination.

⁸⁸ Among the products identified for development are cassava products; cookies; tarts; jams and jellies; coconuts oils; fruit wines; fruit drinks; fermented drinks; hot sauce; cakes; pastries; chips; candies; condiments; dried fruit; vinegar; and sweet potato products.

⁸⁹ Ministry of Agriculture, Lands, Housing, Co-operatives and Fisheries of the Nevis Island Administration, *Ministries: Min. of Agriculture*. Viewed at: <https://nia.gov.kn/ministries/agriculture/>.

4.7. The Government of Saint Kitts and Nevis provides limited assistance, which for fisheries focuses on expanding the use of fishing aggregate devices (FADs)⁹⁰ and on providing training to fishers. The Department of Marine Resources has taken steps to explore the viability of aquaculture on a wider scale following the success of the Saint Kitts and Nevis Aquaculture Pilot Project (SNAPPER). Assistance has been received through the ACP FISH II Project, financed by the European Union to formulate an Aquaculture Development Strategy. Saint Kitts and Nevis, together with other Caribbean countries, has signed a memorandum of understanding endorsing the partnership between the Caribbean Regional Fisheries Mechanism (CRFM) and the Organization for Fisheries and Aquaculture of the Central American Isthmus (OSPESCA) for the conservation, management, and sustained development of marine life. Assistance was also provided by the Government during the COVID-19 pandemic.

4.8. Persons who sell, trade in, deal in, supply, or dispose of agricultural produce or livestock exceeding XCD 100 in value or 10 kg in weight are required to register in the Register of Vendors of Agricultural Produce and Livestock. Registration is mandatory, as stipulated by the Agricultural Produce and Livestock (Registration of Vendors) Act, 2012 (Act No. 8 of 2012). A certificate of registration may be granted, which is valid for five years from the date of issue, upon payment of the prescribed fee, and is renewable. The authorities note that the implementation of the Register is work in progress.

4.9. Tariffs for agricultural products are higher than those on non-agricultural goods. In 2022, the applied MFN tariff on imports of agricultural products (WTO definition) averaged 17.4% in 2022, up from 15.0% in 2013, while tariffs on non-agricultural products faced an average MFN tariff of 9.9% (9.2% in 2013). The highest average rates by WTO category are on sugar and confectionery (24.3%), fruit and vegetables (22.8%), and beverages and spirits (22.7%). Specific import duties are applied on some agricultural and agri-industrial goods (Section 3.1.4). The supply of agricultural products grown in Saint Kitts and Nevis is exempt from VAT.⁹¹ Tariff quotas are not used. Import licences are required for vegetables, eggs, and meat from non-CARICOM countries. Eggs may be imported from non-CARICOM countries only by domestic egg producers when domestic production is insufficient. Imports of some vegetables (cabbages, onions, sweet peppers, tomatoes, and white potatoes) are subject to seasonal import restrictions. Import permits are required before introducing into Saint Kitts and Nevis any live animals, poultry, or birds or carcasses and parts thereof, plants, and planting materials, and pesticides. Saint Kitts and Nevis has not notified any SPS measures to the WTO.

4.10. During the period under review, the agriculture sector continued benefiting from SIDF financing, but this assistance is currently terminated. Assistance was concentrated on six projects: (i) the Capisterre Farm Project, which is a 113-acre farm funded by the Foundation through a total investment of XCD 7 million over five years; (ii) the Hydroponics Community Farms project, focused on training to help grow crops vertically in stacked pots of coconut; (iii) the Agricultural Resource Management (ARM) Project, which helps farmers to use soil conservation and land management techniques to improve the quality and yield of their produce; and deals with the construction of shade houses and training farmers in the production of vegetables under shade houses; (iv) the Agricultural Subsidized Loans Programme established in 2008, which encourages entrepreneurship and fosters growth through access to credit at contained cost; (v) a floricultural project at La Valley, St Pauls; and (vi) an Agricultural Training Employment Project (ATEP), established in October 2007 to enhance the personal development of unemployed former sugar-industry workers.

4.11. SIDF initially committed over XCD 10 million in the form of a grant to fund activities of the ARM Project. The Project was later expanded to serve even more farm communities with additional grant funds of XCD 7.46 million from SIDF. Capisterre Farm's funding by SIDF totalled investment of XCD 7 million. The project consists of 50 acres of farmland currently under cultivation and divided into two sections: fruit trees and vegetable crops. The Farm grows a variety of crops such as pineapples, watermelons, seasoning peppers, cabbage, peanuts, yams, sweet potatoes, sweet peppers, dasheen, and bananas, which are mainly supplied locally to supermarkets, vendors, hotels, and restaurants. The Hydroponics project involves growing crops vertically in stacked pots that are

⁹⁰ FADs are man-made objects used to attract over 300 species of pelagic fish such as marlin, tuna, and dolphin fish. FADs generally consist of buoys or floats fastened to the ocean floor with concrete blocks.

⁹¹ In accordance with the VAT Act of 2010, this includes cover plants, trees, vines, and their produce; flowers, fruits, and vegetables; locally raised poultry; fish; and pigs, goats, cows, or other animals and their related products, whether supplied live or not.

filled with coconut mesh. The plants are grown in a greenhouse; funds allocated total XCD 5.4 million. A total of 84 farmers have benefited from an Agricultural Subsidized Loan Program, established in 2008, to encourage entrepreneurship and foster growth in the medium-small and micro-agrobusiness sectors. Funding for this programme, for a total of XCD 2 million was provided by SIDF through the Development Bank of Saint Kitts and Nevis, which is responsible for managing and administering the funds. Under this programme, farmers receive loans of up to XCD 25,000 interest free. SIDF provided funds totalling XCD 290,300 for the Floriculture project to provide training in horticultural practices and life skills to workers who were unemployed following the closure of the sugar industry. In March 2009, the La Valley Floriculture Project was upgraded into the ATEP, which was created in 2007 to enhance the personal development of unemployed former workers of the Saint Kitts Sugar Manufacturing Corporation (SSMC). SIDF granted XCD 5.2 million to the ATEP.⁹²

4.12. The Capisterre Farm project has been traditionally used by the authorities in their quest to ensure food security, which has always been a policy priority and whose importance has been increased by the supply shortages experienced in recent years worldwide. For instance, attempts have been made to increase production of fresh vegetables. The traditional objective has been to increase the supply of selective crops to a point where consumers can benefit from lower local prices of vegetables on the local market. The authorities indicate that the Capisterre Farm has now been divided into smaller plots to promote sustainable agriculture.

4.13. Saint Kitts and Nevis has devised an Agricultural Transformation and Growth Strategy 2022-2031, primarily focusing on enhancing national food and nutrition security with an emphasis on food safety and reducing crop losses with respect to pests of economic concern. Human and financial resource constraints, including a turnover of medium-level staff, underscore the need for stability in this area of focus and constant technical assistance in areas such as reporting obligations under the WTO SPS Agreement.

4.14. The authorities note that the current legislative instrument that governs plant protection and health is outdated. Several national consultations have been held to update and bring the legislation into compliance with all international obligations. The draft Plant Protection Act seeks to prevent the entry and establishment of, and to control the spread of, plant pests; protect plant resources; facilitate the movement of plants and plant products into and within Saint Kitts and Nevis; and regulate other matters connected thereto. Draft legislation was circulated for public comments in the fourth quarter of 2021 and is awaiting a final review by the Legal Department to permit passage into Law.

4.15. The Department of Marine Resources (DMR) in the Ministry of Agriculture is the authority responsible for fisheries post-harvest activities and trade, in accordance with Part 7 of the Fisheries Aquaculture and Marine Resources Act. The DMR collaborates with relevant government agencies to ensure regulations regarding the import, handling, sale, transport, storage, treatment, and processing of fish; promote value; and minimize or prevent risks to human health. However, the DMR does not engage, or enter into arrangements, with other States relating to shared fishery resources for the purposes of harmonization of fish trade, marketing, and safety and quality standards without consultation with relevant agencies including the Ministries of Agriculture, Trade and Tourism, Health, and Safety, and Finance.

4.2 Manufacturing

4.16. Manufacturing, including food processing, accounted for 4.7% of current GDP in 2021. The sector is concentrated on light manufacturing activities, especially the production of electronic components, which make up for almost three quarters of merchandise exports. In fact, Saint Kitts and Nevis is the largest OECS exporter of goods, especially manufactures, to the United States. The main products are electrical or electronic components, and traps for the cable industry, for the external market, particularly the United States, as well as light manufactures such as alcoholic and non-alcoholic beverages (beer, malt, rum, bottled water, and soft drinks).

4.17. The 2021 average MFN tariff on imports of industrial products (ISIC-3 definition) was 10.3%, with a peak of 70% (for arms and ammunition); the average MFN tariff for non-agricultural products

⁹² SIDF, *Agriculture*. Viewed at: <https://sknsidf.org/agriculture/>.

(WTO definition) was 9.9%. The highest average tariffs are applied on beverages and tobacco, clothing and apparel articles, footwear, fats and oils, and prepared food.

4.18. The manufacturing industry benefits from the incentives granted under the Fiscal Incentives Act and its amendment, and the Small Business Development Act. This includes tax relief from corporate tax and customs duties to approved enterprises for up to 15 years.

4.3 Services

4.3.1 Main features

4.19. Services are the largest contributors to GDP and employment in Saint Kitts and Nevis. Services account for about 75% of GDP; the main activities are linked to tourism (transportation, hotels and restaurants), but the financial sector is also important. Construction activity and services have been gathering importance, and in 2021, became the single largest contributor to GDP.

4.20. Saint Kitts and Nevis made sector-specific commitments under the GATS, in 5 of the 12 main service areas: financial services (other financial services), tourism and travel-related services (hotels and restaurants); recreational, cultural, and sporting services (entertainment and sporting services); communications services (telecommunication services); and transport services (maritime transport). With the exception of hotel and restaurant services, there are no limitations on sector-specific commitments in the cross-border supply and consumption abroad modes. For commercial presence, sector-specific reservations are maintained in most subsectors in which commitments were made. In tourism, a market access commitment, without restrictions, is granted for hotels in excess of 50 rooms, but not for smaller ones. For the presence of natural persons mode, market access and national treatment are generally unbound or subject to limitations.

4.21. Saint Kitts and Nevis made horizontal commitments for the movement of natural persons and commercial presence. To provide services through commercial presence, the foreign service provider must incorporate or establish a business locally in accordance with the regulatory requirements of Saint Kitts and Nevis. Foreign companies and individuals wishing to hold property in Saint Kitts and Nevis must first obtain a licence in accordance with the Alien Landholding Act (Section 2). Saint Kitts and Nevis reserved a number of small business service opportunities for nationals. Market access for the presence of natural persons is confined to people with managerial and technical skills that are in short supply or not available in Saint Kitts and Nevis. Saint Kitts and Nevis has not listed any Article II (MFN) exemptions.

4.3.2 Financial services

4.22. Financial services are one of the main economic activities in Saint Kitts and Nevis, directly accounting for some 7.5% of GDP in 2021.

4.23. Under the GATS, Saint Kitts and Nevis made commitments in financial services only with respect to the "registration of offshore companies and trusts (not including insurance companies and banks) to do offshore business".⁹³ Saint Kitts and Nevis did not participate in the extended WTO negotiations on financial services.

4.24. The Financial Services Regulatory Commission (FSRC), established under the Financial Services Regulatory Commission Act, No. 22 of 2009, Cap 21.10, regulates and supervises the non-bank financial sector. This includes insurance companies (domestic and captive (offshore)); private pension plans; money services businesses; credit unions; the Development Bank of Saint Kitts and Nevis; and trust and corporate service providers. The FSRC is also responsible for monitoring compliance with anti-money-laundering and counter-financing of terrorism legal provisions. The FSRC houses the company, trust, foundation, and limited partnership registries, and it reviews the operations of all regulated entities, monitors financial services business carried on in or from within Saint Kitts and Nevis, and may take action against persons carrying on unauthorized businesses.

⁹³ WTO document GATS/SC/119, 16 November 1995.

4.25. The ECCB is the regulator of the banking system in Saint Kitts and Nevis. The FSRC, established under the Financial Services Regulatory Commission Act, No. 22 of 2009, regulates the non-bank financial sector, including insurance. The Nevis Financial Services Regulation and Supervision Department is the Nevis Branch of the FSRC and is the agency responsible for authorizing and licensing companies or persons to conduct financial services business and for monitoring regulated financial services activities to safeguard the public against any illegal and or unauthorized financial services business operating within or from Nevis.

4.26. The FSRC regulates/supervises the following entities: insurance companies (domestic and captive); private pension plans; money services businesses; credit unions; the Development Bank of Saint Kitts and Nevis; and trust and corporate service providers. In addition, the FSRC monitors compliance of all regulated businesses and activities with anti-money laundering and counter-financing of terrorism legislation. The FSRC also houses the companies, trusts, foundations, limited partnerships, and non-governmental organization registries. The FSRC's main objectives are maintaining public confidence in the financial system, promoting public understanding and awareness of the financial system, and securing the appropriate degree of protection for consumers. The FSRC monitors financial services business conducted in or from within Saint Kitts and Nevis and may take action against persons carrying on unauthorized businesses, or against regulated persons not in compliance with the Crime Act, the Anti-Terrorism Act, and other acts, regulations, codes, or guidelines relating to money laundering or the financing of terrorism. The FSRC's supervision and regulation of financial services business is carried on in accordance with internationally accepted standards. The Commission encourages the development of high professional standards within the financial services industry and promotes industry codes of conduct.⁹⁴

4.27. Through the Corporate Registry, the Nevis Branch of the FSRC is also responsible for the registration of all international companies, for the formation of trusts and foundations and international insurance companies.

4.28. The Saint Kitts and Nevis Financial Intelligence Unit (SKNFIU), in the Ministry of Finance, is responsible for combating money laundering and terrorist financing.⁹⁵ The SKNFIU, established under the Financial Intelligence Unit Act, Cap 21.09 as amended, is the national centralized agency for collecting, receiving, and analysing suspicious transaction reports (STRs) and financial transactions/activities suspected of being related to money laundering and terrorist financing; receiving terrorist property reports; and disseminating information to relevant authorities for necessary action. The SKNFIU may liaise with foreign FIUs and enter into arrangements with them.⁹⁶ The SKNFIU has the authority to freeze bank accounts for up to five days.⁹⁷ It is also involved in the tracing of illicit funds, and thus represents the element linking the various administrative, supervisory, law enforcement, and judicial authorities charged with identifying and tracing money laundering and terrorist financing capital flows.

4.29. The Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) regime in Saint Kitts and Nevis requires businesses engaged in financial services to file STRs and Terrorist Property Reports with the SKNFIU. The Anti-Money Laundering National Committee Act, No. 2 of 2020, was passed on 23 January 2020, to establish an Anti-Money Laundering National Committee, as the Authority responsible for National Anti-Money Laundering Countering Financing of Terrorism (AML/CFT) policies.

4.30. Legislation to combat money laundering is contained in the Proceeds of Crime Act 2000, Cap 4.28; the Proceeds of Crime (Amendment) Act 2008; the Proceeds of Crime (Amendment) (No. 2) Act, 2008; the Proceeds of Crime (Amendment of Schedule) Order, 2012; the Financial Services (Exchange of Information) Regulations, 2002 (SRO No. 15 of 2002); the Anti-Money Laundering Regulations, 2011 (SRO No. 46 of 2011), Cap 9.04; the Anti-Money Laundering (Amendment) Regulations, 2012; and the Financial Services (Implementation of Industry Standards) Regulations (SRO No. 51 of 2011). Anti-terrorism laws and regulations include the Anti-Terrorism Act, No. 21 of 2002; the Organised Crime (Prevention and Control) Act 2002; the

⁹⁴ FSRC, *About Us*. Viewed at: <https://www.fsrc.kn/about>.

⁹⁵ Financial Intelligence Unit Act, Cap 21.09, amended by the Financial Intelligence Unit (Amendment) Act, No. 23 of 2008; the Financial Intelligence Unit Act, No. 26 of 2005; and the Financial Intelligence Unit (Amendment) Act, No. 16 of 2005.

⁹⁶ SKNFIU. Viewed at: <https://www.fiu.kn/>.

⁹⁷ Financial Intelligence Unit Act, No. 15 of 2000.

Anti-Terrorism De-Listing Procedures Regulations 2011 (SRO No. 62 of 2011); the Anti-Terrorism (Prevention of Terrorist Financing) Regulations, 2011 (SRO No. 47 of 2011); and the Anti-Terrorism (Prevention of Terrorist Financing) (Amendment) Regulations, 2012. During the review period, a number of new Acts and regulations were passed, including the Miscellaneous Financial Services Amendment Act 9 of 2021; the Proceeds of Crime Amendment Act, Act No. 10 of 2021; the Anti-Money Laundering (Amendment) Regulations, 2021 (SRO No. 6 of 2021); the Miscellaneous Amendments (Financial Action Task Force) Act, 2020, Act No. 11 of 2020; the Anti-Money Laundering National Committee Act 2020, Act 2 of 2020; the Financial Services (Implementation of Industry Standards) (Amendment) Regulations, 2020 (SRO No. 41 of 2020); and the Anti-Money Laundering Amend Regulations, 2018 (SRO No. 9 of 2018).

4.31. The Anti-Money Laundering National Committee Act, No. 2 of 2020, was passed on 23 January 2020, to establish an Anti-Money Laundering National Committee, as the Authority responsible for National Anti-Money Laundering Countering Financing of Terrorism (AML/CFT) policies.

4.32. The Common Reporting Standard (CRS) Act was passed by the National Assembly in December 2016. The Act established the CRS as the single global standard for the collection, reporting, and exchange of financial account information on foreign tax residents. The CRS, developed in response to the G20 request and approved by the OECD Council on 15 July 2014, requires local reporting financial institutions to identify reportable accounts, collect information on the account holders, and report this information to their local tax authorities. The tax authorities will, in turn, automatically exchange this information with other participating jurisdictions on an annual basis. The main objective of CRS is to prevent tax evasion.

4.3.2.1 Onshore banking and insurance

4.3.2.1.1 Banking

4.33. The Eastern Caribbean Central Bank (ECCB) has primary responsibility for the supervision of domestic banks. The ECCB Agreement Act, 1983 and its amendments give the ECCB power to regulate banking business on behalf of and in collaboration with participating governments. Saint Kitts and Nevis' onshore banking legislation is uniformized with that of the rest of OECS member States. The Banking Act No. 1 of 2015, which entered into force on 20 May 2016 and repealed the Banking Act No. 4 of 2004, is the main domestic law governing onshore banking. The international financial services sector is governed by the Offshore Banking Acts in the respective countries and is primarily the responsibility of the national regulators.

4.34. New legislation was passed during the review period. The Banking Act 2015 was drafted within the context of developing of a single banking space in the ECCU. Under the Act, people shall not carry on banking business or hold themselves out as carrying on banking business in the Currency Union without a licence. The ECCB is the licensing authority for the banking sector and a single licence authorizes a financial institution to operate in the space on a branch basis subject to approval of location of new business premises. The Banking Act of 2015 strengthened the penalties for violations of the Act to make them more prohibitive and introduced administrative penalties for contraventions of provisions in an effort to improve enforcement by the ECCB. The new Act also improved the corporate governance framework by expanding the fit and proper criteria to render their applicability to all directors, officers, and significant shareholders and allowing for the resultant suspension or removal from office of directors and officers who do not meet the fit and proper criteria.⁹⁸ Additionally, the Act introduced a framework for the licensing and regulation of financial holding companies, and strengthened the remedial action tools and adopted mechanisms that would allow for the resolution of troubled banks at least cost.

4.35. The minimum paid-up or assigned capital of a financial institution was increased by the 2015 Act. Every licensed financial institution shall maintain in Saint Kitts and Nevis unimpaired, paid-up, or, as the case may be, assigned capital at least equal to the minimum amounts specified in accordance with the following requirements: (i) if operating as a bank, the minimum required capital may not be less than XCD 20 million; or (ii) if operating as a credit or other financial institution, the minimum required capital may not be less than XCD 5 million. In the case of a licensed financial

⁹⁸ ECCB, *Legal and Regulatory Framework*. Viewed at: <https://www.eccb-centralbank.org/p/legal-and-regulatory-framework>.

holding company, it must maintain in Saint Kitts and Nevis, paid-up capital at least equal to three times the minimum amount applied to the licensed financial institution for which it is the holding company.

4.36. Licensed financial institutions may conduct one or more of the following activities: (i) acceptance of deposits and other repayable funds; (ii) lending; (iii) financial leasing; (iv) investment in financial securities; (v) money transmission services; (vi) issuing and administering means of payment including credit cards, travellers cheques, bankers' drafts, and electronic money; (vii) guarantees and commitments; (viii) the keeping and administration of securities; (ix) credit reference services; (x) safe custody of valuables; (xi) electronic banking; and (xii) payment and collection services.

4.37. Saint Kitts and Nevis maintains no exchange controls on capital or non-trade current transactions. Citizens and companies of Saint Kitts and Nevis may borrow from, or place deposits with, banks located abroad. Foreign ownership and control of onshore banks in Saint Kitts and Nevis are permitted with no limitations. Foreign banks may establish subsidiaries or branches. There are no residency or citizenship requirements applied to bank managers or directors. Foreign-owned banks licensed and incorporated in Saint Kitts and Nevis are subject to almost the same requirements as locally owned and locally incorporated banks and may provide the same services. The exception refers to the requirement for foreign financial institutions that intend to open a branch within the ECCU of submitting some documents and information, including (i) a certificate showing that the home banking supervisor of the jurisdiction in which it was incorporated, formed, or organized has no objection to its application for a licence to do business in the ECCU; and (ii) evidence satisfactory to the ECCB that it is subject to comprehensive supervision on a consolidated basis by the home banking supervisor of the jurisdiction. A foreign-licensed financial institution must submit a report to the ECCB whenever there is a change of control.

4.38. ECCB written approval is required to hold or acquire (i) shares in a local licensed financial institution which, together with any existing direct or indirect holdings of that person, would exceed the supervisory thresholds of 10%, 20%, or 50% of the share capital; or (ii) in the case of a local licensed financial institution not having a share capital, more than the supervisory thresholds of 10%, 20%, or 50% of the total voting rights of all the members entitled to vote at a general meeting of the local licensed financial institution.

4.39. As at October 2022, there were four commercial banks operating in Saint Kitts and Nevis, two of which are foreign-owned: one is a subsidiary of a foreign bank that has been locally incorporated (Republic Bank of Trinidad and Tobago (RBTT Bank) (SKN) Ltd); and one is a branch of a foreign bank (First Caribbean International Bank (Barbados) Ltd (CIBC)). The other two banks are locally incorporated and locally owned (Bank of Nevis and Saint Kitts-Nevis-Anguilla National Bank Ltd).⁹⁹ Additionally, the state-owned and -run Development Bank of Saint Kitts and Nevis (Cap 21.05) provides assistance in the form of loans to establish, maintain, and expand development enterprises, small manufacturing businesses, and small retail businesses.

4.40. As of May 2022, the assets held by commercial banks totalled XCD 6.33 billion, down from XCD 6.51 billion in December 2021, and XCD 6.69 billion in December 2020. At the same date (May 2022), deposits were XCD 4.71 billion, while loans and advances increased by 10% to XCD 2.17 billion.¹⁰⁰ These levels were some 10% higher than in the previous year, and this has been linked to the recovery in the construction sector and other activities during 2021 and 2022 in the aftermath of the COVID-19 pandemic.

4.41. In 2009, the ECCB issued Guidelines on Credit Risk Management for Institutions Licensed to Conduct Banking Business under the Banking Act, based on Basel criteria, and which seek to promote sound credit risk management at licensed financial institutions. They outline the minimum requirements of a comprehensive credit risk management programme, which financial institutions should develop and implement in accordance with a defined credit risk strategy. The guidelines reflect the Basel Committee's 17 Principles for Management of Credit Risk (September 2000). In

⁹⁹ ECCB. Viewed at: <https://www.eccb-centralbank.org/statistics/core-financial-soundness-indicators-datas/comparative-report>.

¹⁰⁰ ECCB, *Financial Stability Statistics – Selected Core Financial Soundness Indicators for Commercial Banks*. Viewed at: <https://www.eccb-centralbank.org/statistics/core-financial-soundness-indicators-datas/comparative-report>.

accordance with the guidelines, the prudential benchmark for non-performing loans (NPL) ratio (loans 90 days and more in arrears plus non-performing overdrafts as a percentage of total loans and advances) is 5%; the net liquid asset ratio is 20%; and the capital adequacy ratio (CAR) 8%.

4.42. The ratio of nonperforming loans to gross loans in the banking sector stood at 20.9% at end-2021, 15.9 percentage points above the ECCB's tolerable limit but 1.8 percentage points lower than the average ratio over the prior five years. Notwithstanding, the ECCB noted that the Federation's banking system remained liquid at the end of December 2021. As at end-2021, the provisioning against these loans was 41.9%; the CAR ratio was 22.1%; the net liquid asset/total deposit ratio was 51.1%; the return on equity 13.3%; and the return on assets 1.9%.¹⁰¹ In particular, the net liquid asset ratio far exceeds the regional prudential limit of 20%.

4.43. Saint Kitts and Nevis has one government-owned development bank, established by the Development Bank of Saint Kitts and Nevis Act No. 1 of 1981, Cap 21.05. The Bank is tasked with facilitating and encouraging savings and investment; it grants loans and other forms of financial assistance to help establish and maintain development enterprises, and expand small manufacturing and retail businesses. In 2022, Saint Kitts and Nevis had four credit unions, governed by the Cooperative Societies Act No. 31 of 2011.

4.44. New regulations regarding industry standards were introduced during the review period. The Saint Christopher and Nevis Financial Services (Implementation of Industry Standards) (Amendment) Regulations, 2020, SRO No. 41 of 2020, published on 3 September 2020 in the Extra Ordinary Gazette No. 69 of 2020 provides guidance on how to carry out a risk assessment of the business with respect to money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction. Regulated businesses are expected to take a risk-based approach (RBA) with respect to these issues to identify, assess, and understand them. The RBA is not optional; it is a prerequisite for the effective implementation of anti-money laundering, counterterrorist financing, and counter-proliferation financing measures. The RBA must be subject to ongoing monitoring and kept up to date.

4.3.2.1.2 Insurance

4.45. At end September 2022, there were 13 registered and regulated insurance companies in Saint Kitts and Nevis, of which 10 agencies and 1 branch of foreign companies, and 2 locally incorporated companies.¹⁰² There are also two insurance brokers and eight insurance agents. Insurance companies must be registered with the Registrar of Insurance within the Ministry of Finance. Insurance licences are renewed annually and subject to an annual fee.

4.46. The Insurance Act 2009 (Act No. 8 of 2009), the Insurance Amendment Act 2009 (Act No. 10 of 2009), and the Insurance Amendments Act 2011 (Act No. 8 of 2011) comprise the sector's main legal framework. This framework follows model legislation that made it uniform with that of the other OECS member countries. The Insurance Act applies to (i) all local insurance companies; (ii) all other insurance companies, whether or not incorporated in Saint Kitts and Nevis, that carry on any class of insurance business there; (iii) all associations of underwriters registered to carry on insurance business in Saint Kitts and Nevis; (iv) all insurance intermediaries, whether or not locally incorporated, that carry on insurance intermediary activities in Saint Kitts and Nevis; and (v) privately administered pension fund plans, whether administered by individual trustees or by trust corporations. The Act also applies to the reinsurance business, whose policies are treated as insurance business of the class and type to which the policies would have belonged if they had been issued by the reinsurer.

4.47. The FSRC regulates the insurance business, and the Registrar of Insurance is responsible for the general administration of the Act. The Registrar must maintain separate registries for local and foreign insurance companies, and for associations of underwriters. Registration as one of these three types of entities is a prerequisite for the provision of insurance services. Local companies must be incorporated, and foreign companies must be registered (as an external company) with the Registrar of Companies. Licences to provide insurance services are granted for one year, renewable on

¹⁰¹ ECCB, *Financial Stability Statistics – Selected Core Financial Soundness Indicators for Commercial Banks*. Viewed at: <https://www.eccb-centralbank.org/statistics/core-financial-soundness-indicators-datas/comparative-report>.

¹⁰² FSRC, *Domestic Insurance*. Viewed at: <https://www.fsrc.kn/regulated-entities/domestic-insurance>.

payment of the prescribed annual fee. All companies must maintain an insurance fund equivalent to the insurance liabilities of the company. The statutory deposits and insurance fund must be approved by the Registrar of Insurance.

4.48. The application fees for registration are XCD 1,500, unchanged since the last Review. Registered firms must pay also annual licence fees of XCD 2,500 for local insurance companies, and XCD 5,000 for foreign insurance companies. Reinsurance companies are not subject to these fees. Registered insurance service providers (individuals) must pay an annual fee of XCD 1,000 (insurance brokers, adjusters, and agents), while sales representatives pay an annual fee of XCD 500. Registration of a pension fund plan is subject to the payment of an XCD 1,000 fee.¹⁰³

4.49. A foreign insurance company must maintain a principal office in Saint Kitts and Nevis and must appoint, by power of attorney, a citizen of Saint Kitts and Nevis as its principal representative. Foreign insurance companies (parent or subsidiary) are allowed to establish as a branch. In the case of merged companies, one must have undertaken insurance business in its country of incorporation for at least three years before the date of the application for a licence. There are no citizenship requirements for managers or directors of insurance companies. There is no legal restriction on companies located abroad from offering insurance coverage to locals.

4.50. Insurers must maintain a Statutory Deposit Requirement, which for long-term insurance is XCD 1 million. Deposit requirements for an insurance business other than long-term or motor vehicle insurance is the greater of XCD 500,000 or 40% of premium income less the amount paid for reinsurance (for business in the Federation).

4.51. Capital requirements vary according to the origin of the insurance company. Local insurance companies must have share capital, fully paid-up in cash, of not less than XCD 2 million; foreign insurance companies must have worldwide share capital fully paid-up in cash of not less than XCD 5 million. Mutual companies must have uncommitted reserves of not less than XCD 5 million. The Act also contains detailed provisions on insolvency and intervention.

4.52. All insurers must pay an annual tax of 5% of all non-life premiums in respect of policies issued or applicable in Saint Kitts and Nevis. Individuals and companies remitting payments to persons outside of Saint Kitts must deduct a 10% withholding tax from non-life insurance premiums. This withholding tax does not apply to reinsurance premiums.

4.3.2.2 Offshore financial services

4.53. The FSRC acts as the ultimate regulatory body for non-banking financial services both for Saint Kitts and for Nevis. In both Saint Kitts and Nevis, the FSRC regulates and supervises its areas of competence, including enforcement of anti-money-laundering legislation. The ECCB supervises Saint Kitts and Nevis' offshore banks for compliance. The SKNFIU investigates transactions by any financial institution or natural person suspected of being linked to money-laundering or terrorism activities.

4.54. The Nevis Financial Services Regulation and Supervision Department (the Nevis Branch of the FSRC) is responsible for authorizing and licensing companies or persons to conduct financial services business and for monitoring regulated financial services provided by businesses operating within or from Nevis. Through the Corporate Registry, it is also responsible for the registration of all international companies, for the formation of trusts, mutual funds and foundations, and international insurance companies.

4.55. There are no offshore banks licensed in Saint Kitts; there is one offshore bank (the International Bank of Nevis), registered in Nevis. Some 200 captive insurance companies are licensed in Saint Kitts and some 130 in Nevis, mostly from the United States and Canada.¹⁰⁴ The FSRC regulates nine money services businesses (cash advance, money transfer, currency

¹⁰³ FSRC, *Registration of a New Insurance Company*. Viewed at: <https://www.fsrc.kn/insurance/domestic-insurance/registration-of-a-new-insurance-company>.

¹⁰⁴ Information provided by the authorities; and Nevis FSRC, *Regulated Entities: Captive Insurance Companies*. Viewed at: <https://www.nevisfsrc.com/regulated-entities/#captive-insurance-companies>.

exchange)¹⁰⁵, which are governed by the Money Services Business Act No. 26 of 2008 and the Money Services Business Amendment Act, Act No 3 of 2020.

4.56. Offshore banks and insurance companies in Saint Kitts are regulated by the Companies Act No. 22 of 1996 (as amended); the Limited Partnerships Act of 1996; the Captive Insurance Companies Act No. 12 of 2006, and the Captive Insurance Companies (Amendment) Act, Act No. 13 of 2018.¹⁰⁶ Companies and limited partnerships providing offshore financial services are exempt from all taxes as long as they conduct their business exclusively with non-residents. Captive insurance companies may only provide insurance for risks that take place abroad. There are three types of captive insurance companies: (i) a Pure Captive Insurance Company insures the risks of its parent and affiliated companies or controlled unaffiliated businesses; (ii) an Association Captive Insurance Company insures the risks of member organizations of its association and their affiliated companies; and (iii) a Group Captive Insurance Company insures the risks of its parent, owners, and affiliated persons; the risks insured of its unaffiliated persons should not be more than one third.

4.57. The advantages of establishing a captive insurance company include minimizing costs by eliminating a large percentage of traditional insurance company overhead; access to the lower-cost reinsurance market; retaining profits that would otherwise have been paid to commercial insurers (premiums in excess of amounts repaid to cover losses); reducing risk by choosing insured parties with a low-risk profile; and the ability to insure risks that would otherwise be uninsurable.¹⁰⁷

4.58. The Captives Insurance Act, Cap 21.2 was modified in 2018 by the Captive Insurance Companies (Amendment) Act, 2018, published on 28 December 2018, in the Extra-Ordinary Gazette No. 67 of 2018, by establishing that the manager of a captive insurance company must be an insurance manager who is a legal person that is licensed to carry on the business of insurance. There was also a revision of fees for captive insurance companies. Applications for a licence under the Act must provide a description of the captive insurance company's three-year business plan, and contain information on all beneficial owners, directors, and major shareholders. They must also provide evidence of the amount and liquidity of its assets relative to the risks to be assumed; the expertise of the person or persons who will manage the company; the overall soundness of its plan of operation; and the adequacy of the loss prevention programmes of its insureds. Minimum unimpaired capital requirements vary according to the type of company: for a Pure Captive Insurance Company, they are XCD 607,000 (XCD 54,000 for small companies); for an Association Captive Insurance Company, XCD 810,000 (XCD 67,000); and for a Group Captive Insurance Company, XCD 1.08 million (XCD 81,000).¹⁰⁸

4.59. The Nevis International Banking Ordinance, No. 1 of 2014; SRO No. 4 of 2014, as well as the Nevis International Banking Regulations 2015 and the Nevis International Banking Regulations 2021 govern offshore banking in Nevis. The Ordinance defines international banking as (i) receiving foreign funds through (a) the acceptance of foreign money deposits payable upon receipt demand or after a fixed period or after notice; (b) the sale or placement of foreign bonds, certificates, notes, or other debt obligations or other securities; or (c) any other similar activities involving foreign money or foreign securities; and (ii) either in whole or in part using foreign funds so acquired for loans, advances, and investments whether in Nevis or elsewhere. A licensee under the Ordinance, carrying on international banking, shall not receive or solicit funds from any resident of Nevis, but may receive or solicit funds from any corporation registered under the Nevis Business Corporation Ordinance, Cap 7.01 as a limited liability company.

4.60. The Ordinance provides that no licence can be issued to an individual. Licences are granted only to eligible companies or qualified foreign banks. A licensee is required to have a physical place in Nevis approved by the Regulator of International Banking that will also be its registered office. An eligible company includes a body corporate, incorporated under the Companies Ordinance, that is a

¹⁰⁵ FSRC, *Regulated Entities: Money Services Businesses*. Viewed at: <https://www.fsrc.kn/regulated-entities/money-services-businesses>.

¹⁰⁶ Captive Insurance Company Act, No. 12, 2006. Viewed at: <http://fsrc.kn/sites/fsrc.kn/files/Law%20Library/Laws%20Relevant%20to%20Insurance%20Businesses/Captive%20Insurance%20Act.pdf>.

¹⁰⁷ FSRC, *Benefits of Establishing a Captive Insurance Company*. Viewed at: <https://www.fsrc.kn/insurance/captive-insurance-companies/benefits-of-establishing-a-captive-insurance-company>.

¹⁰⁸ FSRC, *Licensing Requirements for Captive Insurance Companies*. Viewed at: <https://www.fsrc.kn/insurance/captive-insurance-companies/licensing-requirements-for-captive-insurance-companies>.

wholly owned subsidiary of a bank that is indigenous to Saint Kitts and Nevis and regulated by the ECCB; or a subsidiary of a qualified foreign bank that has been incorporated under the Companies Ordinance; or a body corporate that has been incorporated under the Companies Ordinance of which the chief executive officer, at the time of its application for a licence, has at least ten years' experience in banking or finance. A qualified foreign bank is defined as a bank with adequate capitalization and assets that is licensed to conduct domestic banking in its jurisdiction of incorporation, or a financial institution that is directly or indirectly a wholly owned subsidiary of a foreign bank.¹⁰⁹ Once an application is made and all requirements are satisfied, a licence will be issued to the successful applicant upon the payment of a prescribed licensing fee.

4.61. The Ordinance permits the identification and the investigation of all directors, beneficial owners, and senior managers of an international bank in Nevis. Only fit and proper persons will be permitted to hold a directorship, senior management, beneficial ownership, or shareholding position in an international bank.¹¹⁰ The Nevis Financial Services (Regulation & Supervision) Department Guidelines, based on Basel Committee guidelines, are applied on the establishment of an International Bank in Nevis. The applicant for a licence must submit an application in the prescribed form to the Minister of Finance. This process is carried out by the FSRC-Nevis Branch. The approval of the banking licence is subject to the incorporation and capitalization of the company. The Ordinance stipulates minimum capital requirements of not less than XCD 2 million. In addition, each bank is also required to have deposited or invested USD 200,000 in treasury bills or bonds and debentures issued by the Government of St Christopher and Nevis or the Nevis Island Administration; deposits with a bank licensed under the Banking Act; or deposits with a financial institution approved by the Minister. Additionally, the international bank must maintain a reserve fund and shall, out of its net profits of each year and before any dividend is paid, transfer to the fund a sum equal to not less than 25% of those profits whenever the amount of the reserve fund is less than the paid-up capital of the international bank. The authorities have noted that the Basel Committee-Bank Supervision-AMLCFT Guidelines are applied.

4.62. The offshore insurance sector is governed by the Nevis Offshore International Insurance Ordinance, 2004, as amended by the Nevis International Insurance Island of Nevis (Amendment) Ordinance, 2006 and 2009; the Nevis International Insurance Regulations, 2004 and the Nevis International Insurance Regulations, 2006; the Nevis International Insurance Amendment Regulations, 2014; the Nevis International Insurance Regulations, 2021; and the Nevis International Insurance (Amendment) Ordinance, 2021.¹¹¹ Offshore insurance companies must be registered with the Nevis Registrar of International Insurance; registration requires that they keep an office in Nevis, and either a manager in Nevis or an appointed registered agent. There are no citizenship requirements for directors of captive insurance companies. The minimum paid-up share capital is set at USD 185,000 for long-term and for general business, and USD 75,000 for reinsurance. Lower amounts are required for captive insurance and allied reinsurance business and where more than one category of insurance is carried out, the minimum paid-up capital amounts are aggregated.¹¹² Offshore insurance companies are exempt from income tax and stamp duty. There are also margin of solvency requirements: in the case of an insurer not carrying on long-term business, the minimum margin of solvency must be at least 20% of the net retained premium when it does not exceed USD 5 million; where the net retained premium of the insurer exceeds USD 5 million, the prescribed amount is USD 1 million plus 10% of the amount by which the net retained premium exceeds USD 5 million. The application, registration, and renewal fees are set out in the Nevis International

¹⁰⁹ Nevis International Banking Ordinance, 2014. Viewed at: https://www.nevisfsrc.com/themencode-pdf-viewer-sc/?tnc_pvwf=ZmlsZT0vd3AtY29udGVudC91cGxvYWRzLzIwMTQvMTIvbmV2aXMtaW50ZXJuYXRpb25hbC1iYW5r.

¹¹⁰ Nevis Financial Services (Regulation & Supervision) Department Guidelines. Viewed at: [https://www.nevisfsrc.com/themencode-pdf-viewer-sc/?tnc_pvwf=ZmlsZT0vd3AtY29udGVudC91cGxvYWRzLzIwMTQvMTIvbmV2aXMtaW50ZXJuYXRpb25hbC1iYW5rZW5nLWd1aWRlbgGluZXMtZG9jLnBkZiZzZXRoZW5ncz0xMTEwMTExMTExMSZsYW5nPWVuLVVT#page=&zoo m=auto&pagemode=\)](https://www.nevisfsrc.com/themencode-pdf-viewer-sc/?tnc_pvwf=ZmlsZT0vd3AtY29udGVudC91cGxvYWRzLzIwMTQvMTIvbmV2aXMtaW50ZXJuYXRpb25hbC1iYW5rZW5nLWd1aWRlbgGluZXMtZG9jLnBkZiZzZXRoZW5ncz0xMTEwMTExMTExMSZsYW5nPWVuLVVT#page=&zoo m=auto&pagemode=)).

¹¹¹ Nevis FSRC, *Insurance*. Viewed at: <https://www.nevisfsrc.com/services/insurance/>.

¹¹² The amounts are USD 10,000 for single-owner captive; USD 20,000 for less-than-five-owners captive; USD 50,000 for five-or-more-owners captive; and USD 10,000 for allied reinsurance business and for allied annuity insurance business. An "allied reinsurance company" is defined as a company carrying on insurance business where the registered insurer is allied to a primary insurer who typically initiates insurance contracts as part of its normal course of business, and the allied reinsurer will only assume risks and accept premiums from this primary insurer. Captive insurance business is defined as business where the insured is a parent or affiliated company of the registered insurer or is a person in respect of whom the registered insurer is authorized by the Registrar to provide insurance.

Insurance Regulations: registration fees and annual renewal range from USD 1,000 to USD 3,000 depending on business type.

4.63. In late 2020, the Saint Kitts and Nevis Inland Revenue Department (IRD) issued guidance notes regarding the treatment of international companies in relation to federal tax. Companies managed and controlled outside the Federation, and without a permanent establishment in Saint Kitts and Nevis (just a registered office and registered agent), are classified as non-resident, and are only subject to tax on income arising in Saint Kitts and Nevis. These guidelines are in the process of becoming legislation.

4.3.3 Telecommunications and other electronic communications

4.64. Saint Kitts and Nevis' electronic communications sector is open to foreign investment; foreign investors are granted national treatment. There are no limits on foreign ownership of telecom companies or citizenship requirements for directors. However, electronic communications licensees must be domestically registered and established as local companies.

4.65. Saint Kitts and Nevis did not participate in the extended WTO negotiations on basic telecommunications services. However, it made commitments with respect to the provision of some value-added telecommunications services in its GATS Schedule, which cover electronic mail, voice mail, and online information and data processing, all of which were bound without limitations, except as regards the presence of natural persons. There are no sector-specific fiscal incentives for the electronic communications sector.

4.66. Telecommunications and in general electronic communications policy formulation is the responsibility of the Ministry of Telecommunications. The National Telecommunications Regulatory Commission (Saint Kitts and Nevis) (NTRC) is the body responsible for regulation of the sector. At the regional level, the Eastern Caribbean Telecommunications Authority (ECTEL) plays an important advisory and policy-coordinating role (Common Report). The NTRC was established pursuant to the Eastern Caribbean Telecommunications Authority Treaty and the Telecommunications Act No. 2 of 2000 to regulate the liberalized telecommunications market in Saint Kitts and Nevis in collaboration with ECTEL, ensure fair competitive practices by telecommunications providers, and promote and maintain high-quality services at competitive prices for consumers. The new Electronic Communications Act (EC Act), passed in 2021, confirmed the NTRC's role as regulator of the sector, including the use of the radio frequency spectrum in conjunction with ECTEL, as well as the assignment and registration of radio frequency to be used by all stations operating in Saint Kitts and Nevis or on any ship, aircraft, or vessel registered in Saint Kitts and Nevis.¹¹³

4.67. The main legislation ruling the sector until 2021 was the Telecommunications Act No. 2 of 2000, as amended by Act No. 12 of 2000 and Act No. 11 of 2011, which deregulated the sector and opened it to competition. The Telecommunications Act, as amended, was similar to the telecom laws of the other OECS ECTEL member States. The Act listed the criteria required for the granting of a licence; set the universal service conditions that may be applied; and determined the procedures for concluding interconnection agreements. There were also a number of regulations issued through Statutory Rules and Orders (SROs). The EC Act of 18 February 2021, Act No. 3 of 2020, published on 19 March 2021 in the Extra-ordinary Gazette No. 13 of 2021 repealed the Telecommunications Act, Cap 16.05, and the Telecommunications (Licensing and Authorisation) Regulations.

4.68. The process of replacing the Telecommunications Acts in force in the Eastern Caribbean Telecommunications Authority (ECTEL) Contracting States with the new Electronic Communications Bill (EC Bill) began in 2009. The EC Bill includes, *inter alia*, provisions to broaden the scope of regulations from telecommunications to electronic communications, and to address matters including but not limited to mergers and acquisitions within the ECTEL Contracting States, preservation of an open Internet with the adoption of Net Neutrality provisions, the establishment of the NTRCs as body corporates, the setting up of a tribunal independent of the NTRC to hear unresolved disputes between telecommunications providers and customers, and the inclusion of more penalties for breach of the legislation.¹¹⁴ Saint Kitts and Nevis was the first OECS country to pass the EC Act, on

¹¹³ NTRC. Viewed at: <http://ntrc.kn>.

¹¹⁴ ECTEL (2021), "The Federation of St. Kitts and Nevis Passes Electronic Communications (EC) Act", 2 March. Viewed at: <https://www.ectel.int/the-federation-of-st-kitts-and-nevis-passes-electronic-communications-ec-act/>.

18 February 2021, Act No. 3 of 2020, published on 19 March 2021 in the Extra-ordinary Gazette No. 13 of 2021.¹¹⁵

4.69. The principal object of the EC Act is to give effect to the purposes of the Treaty Establishing the Eastern Caribbean Telecommunications Authority signed at St George's, Grenada, on 4 May 2000, and to regulate an electronic communications service and an electronic communications network in Saint Kitts and Nevis. The objectives of the Act include to (i) ensure that policies in relation to the management of electronic communications are in harmony with the recommendations of ECTEL; (ii) ensure that the public interest and national security are preserved; (iii) ensure consumer protection and the meeting of the needs of all users, including disabled users, the elderly, or users with special needs, in terms of access to an electronic communications service and facility; (iv) ensure compliance by licensees for the protection of personal data, for secrecy of correspondence, and with the principle of net neutrality; (v) ensure the absence of discrimination for traffic routing and access to an electronic communications service; (vi) ensure the ability of retail customers to access and disseminate information and access applications and an electronic communications service of their choice; (vii) ensure the application of appropriate standards in the operation of an electronic communications network and electronic communications service; (viii) ensure the overall development of electronic communications in the interest of the sustainable development of Saint Kitts and Nevis; (ix) promote and maintain fair and efficient market conduct and sustainable competition between licensees; (x) encourage, promote, facilitate, and otherwise assist in the development of investment, innovation, and competitiveness in electronic communications in Saint Kitts and Nevis; (xi) establish a licensing system that is responsive to the changes in electronic communications; (xii) ensure the provision of electronic communications at rates consistent with efficient electronic communications service; (xiii) allow for the exercise of regulatory functions in respect of the determination and approval of prices, tariffs, and charges for the provision of electronic communication; (xiv) ensure the effective and efficient use of spectrum; and (xv) ensure the possibility of using all types of technologies and all types of electronic communications services in the frequency bands available to these services, subject to technical feasibility.

4.70. The Act preserves the NTRC as the national regulatory body. The NTRC's functions, as defined by the EC Act include (i) advising the Minister on the formulation of the national policy on electronic communications with a view to ensuring the efficient, economic, and harmonized development of electronic communications in Saint Kitts and Nevis; (ii) ensuring that Saint Kitts and Nevis complies with international obligations relating to electronic communications; (iii) responsibility for technical regulation and the setting of technical standards of electronic communications and ensuring compatibility with international standards; (iv) establishing and managing a National Numbering Plan for the allocation of numbers; (v) regulating the tariff of an electronic communications service, including a retail tariff in accordance with prescribed tariff regulation regimes if: (a) an electronic communications service is being provided by one licensee or is being provided with a bundle where at least one electronic communications service is not in competition; (b) an electronic communications service is being provided within universal service and access; (c) one licensee or a group of licensees has significant market power in a relevant market; (d) a licensee with significant market power is cross-subsidizing an electronic communications service; (e) there is evidence of anti-competitive pricing or conduct; or (f) such regulation is necessary in the public interest; (vi) receiving fees; (vii) receiving and evaluating applications and making recommendations for the grant of class licences and forward applications for individual licences and frequency authorizations to ECTEL; (viii) preparing the licence or frequency authorizations and other relevant documents for signature by the Minister; (ix) monitoring and ensuring that licensees or frequency authorization holders comply with the conditions attached to licences or frequency authorization; (x) monitoring compliance with the terms of interconnection or access agreements; and (xi) investigating and resolving complaints related to harmful interference.¹¹⁶

4.71. The EC Act also contains details procedures regarding licences and frequency authorizations. In formulating a recommendation to grant a licence, the NTRC must have regard to (i) the purposes of the St George's Treaty; (ii) the objective of universal service and access including the provision of Internet access to meet reasonable demands at affordable prices; (iii) the protection of the

¹¹⁵ The Act may be viewed at: <https://www.ntrc.kn/wp-content/uploads/2021/05/Electronic-Communications-Act-No.-3-of-2021.pdf>.

¹¹⁶ Electronic Communications Act (EC Act), Act No. 3 of 2021. Viewed at: <https://www.ntrc.kn/wp-content/uploads/2021/05/Electronic-Communications-Act-No.-3-of-2021.pdf>.

interests of retail customers, purchasers, and other users of an electronic communications service; (iv) the promotion of competition among licensees; (v) the promotion of R&D and introduction of a new electronic communications service; (vi) the encouragement of foreign and domestic investors to invest in electronic communications; (vii) appropriate technical and financial requirements; (viii) the need to safeguard of public interest and national security interests; and (ix) the specified class within which the particular applicant falls.

4.72. As at March 2022, there were 6 operators providing fixed voice, mobile, broadband, subscriber television, and submarine cable services, and 11 individual licences had been issued and were used: three for fixed public services (Cable and Wireless (LIME), The Cable, and Caribbean Cable Communications); 3 for public mobile services (Cable and Wireless (LIME), DIGICEL, and UTS-CariGlobe Mobile); 3 for broadband network operators (Cable and Wireless (LIME), The Cable, and Caribbean Cable Communications); and 2 for submarine cable operators (Cable and Wireless (LIME) and Southern Caribbean Fibre).¹¹⁷

4.73. There are three classes of licences: (i) an individual licence; (ii) a class licence; and (iii) a class or sub-class of licence recommended by ECTEL. A licensee who holds an individual licence is authorized to deploy or operate any facilities-based electronic communications network and provide any electronic communications services in accordance with the individual licence. A licensee who holds a class licence is authorized to offer the electronic communications service included in the class licence. Licences are valid for the period specified in them. The EC Act stipulates that ECTEL shall do a periodic assessment of the Electronic Communications sector and advise the Minister whether on the renewal of a licence or frequency authorization a modification to the terms and conditions is needed as a result of a change in the market or sector, new or emerging technology, or the overall development of electronic communications in Saint Kitts and Nevis. The NTRC must keep a register of all licensees.

4.74. Licences for public mobile telecommunications, public fixed telecommunications, public radio paging, and for Internet service provision are subject to an application fee of XCD 1,000, an initial fee of XCD 20,000, and an annual fee of 3% of gross revenue. Licences for submarine cable landing are subject to an application fee of XCD 1,000, an initial fee of XCD 50,000, and an annual fee of XCD 50,000.

4.75. Saint Kitts and Nevis has the highest mobile service penetration in the ECTEL member States, but there has been a decline since its peak in 2016 and 2017 (Table 4.1). In 2020, the mobile penetration rate was 127%, 32 percentage points lower than in 2017; this has been partly due to the proliferation of new applications and technologies and the increase in competition. Previously, many users needed two phones from different providers to call at a lower cost to users of that provider. Mobile broadband Internet penetration has increased dramatically over the period, and the ratio is currently close to 100%. Fixed-broadband penetration reached 44% in 2020.¹¹⁸

Table 4.1 Telecommunications statistics, 2016-20

	2016	2017	2018	2019	2020
Provider revenues (XCD million)	140	134	132	122	120
Fixed-line penetration (%)	36	36	32	33	33
Mobile penetration (%)	159	159	147	133	127
Fixed broadband Internet penetration (%)	29	32	34	42	44
Mobile broadband Internet penetration (%)	89	75	72	100	93
Investment (XCD million)	27	14	25	13	19
Employment	133	136	143	150	155
Local traffic from a fixed line (million minutes)	43	21	20	18	15
Local traffic from a mobile phone (million minutes)	107	101	103	103	92

¹¹⁷ ECTEL (2021), *Annual Electronic Communications Sector Review 2019-2020*. Viewed at: <https://www.ectel.int/wp-content/uploads/2021/10/Final-2020-AECSR-Report-12.Oct..2021-1.pdf>.

¹¹⁸ ECTEL (2021), *Annual Electronic Communications Sector Review 2019-2020*. Viewed at: <https://www.ectel.int/wp-content/uploads/2021/10/Final-2020-AECSR-Report-12.Oct..2021-1.pdf>.

	2016	2017	2018	2019	2020
International incoming traffic (fixed and mobile) (million minutes)	7	6	6	4	4
International outgoing traffic (fixed and mobile) (million minutes)	20	12	12	11	9

Source: ECTEL (2021), *Annual Electronic Communications Sector Review 2019-2020*. Viewed at: <https://www.ectel.int/wp-content/uploads/2021/10/Final-2020-AECSR-Report-12.Oct..2021-1.pdf>.

4.76. Total revenue from the electronic communications sector in Saint Kitts and Nevis reached XCD 120 million at the end of March 2020. Mobile service accounted for the largest component of total revenue at 46%, while fixed broadband accounted for 31%. Total investment in the electronic communications sector in Saint Kitts and Nevis reached XCD 19 million at the end of March 2020. Investments were made to enhance the fixed and mobile networks aimed at facilitating an improvement in customer experience, speeds, and coverage. Additionally, investments were made in the Subscriber Television Hybrid Fiber-Coax networks. There was a total of 21,500 fixed broadband subscriptions in 2020, an increase of 6% from 2019. Increased ADSL and cable modem connections contributed to the overall growth in fixed broadband subscriptions.

4.77. Under the St George's Treaty, ECTEL has the power to recommend a regional policy on the pricing of telecommunications services. ECTEL has recommended a regional Price Cap Plan for the regulation of fixed services offered by Cable & Wireless in the ECTEL member States on several occasions. These recommendations are contained in the First Price Regulation Agreement; the 2004 Price Cap Plan; the 2010 Price Cap Plan; the 2015 Recommended Price Cap Plan; the 2021 Mobile Consumer Safeguards; and the 2022 Retail Price Regulation Regime (RPRR). The Telecommunications Acts in each member State gives the National Telecommunications Regulatory Authority the power to regulate the prices for telecommunications services. The NTRAs have the power to approve the rules and guidelines for how the tariffs of regulated telecommunications services are to be determined or changed by a service provider whose tariffs are regulated.¹¹⁹

4.78. In Saint Kitts and Nevis, licensees may set their own telecommunication tariffs based on market forces where there is effective market competition, as provided under the Telecommunications (Retail Tariff) Regulations No. 21 of 2015. The service provider must file their tariff proposal with the NTRC for approval in the case of a regulated service; for unregulated services, a notification is sufficient, without requiring approval. Tariffs are regulated for telecommunications services by providers designated as dominant by the NTRC, upon recommendation from ECTEL, or in cases of anti-competitive conducts. In this case, NTRC may impose price caps, price floors, regulated profit margins, or cost-based tariffs. The NTRC may also engage in the revision of an unregulated tariff in case of customer complaints. The tariffs for regulated services in Saint Kitts and Nevis are determined in accordance with the Recommended RPRR applicable to Regulated Services provided by Cable & Wireless Limited (C&W) in ECTEL Member States, agreed between Cable and Wireless and the ECTEL member States. The RPRR took effect on 1 March 2022 and has a term of four years until 31 December 2025, the date at which the RPRR expires, unless ECTEL determines and recommends that it be either renewed or replaced. RPRR provisions are determined for each category of service.¹²⁰ Mobile and landline calls are subject to a 5% tax.

4.79. Saint Kitts and Nevis coordinates its policies regarding e-commerce with other OECS and CARICOM countries. At a national level, several projects have been put in place or are in the pipeline, including the GOSKN Digital Transformation Project; the Online Payment Strategy; the Land Registry Integration System; the E-Government Network Infrastructure Project; the Enterprises Cyber Security Project; the IT Makerspace Development Project; and the Measuring ICT for Development Project. The authorities noted that during the review period there have been some gains with respect

¹¹⁹ ECTEL, *Price Regulation*. Viewed at: <https://www.ectel.int/regulatory-framework/price-regulation/>.

¹²⁰ For instance, there is a General Price Cap Index; for those regulated services that are subject to a price cap index (PCI) constraint, the PCI is specified in the following form: $PCI = I - X \pm Z$, where I = Inflation Factor (calculated as the previous year's change in the Consumer Price Index for the applicable ECTEL member State as calculated and published by the ECCB; X = Productivity Offset Factor; and Z = Exogenous Factors (such changes in operating costs that are outside of C&W's control and are material in magnitude). More information in: *Recommended Retail Price Regulation Regime (RPRR) Applicable to Regulated Services Provided by Cable & Wireless Limited ("C&W") in ECTEL Member State*. Viewed at: <https://www.ectel.int/wp-content/uploads/2022/02/RPRR-Guidelines.pdf>.

e-readiness in Saint Kitts and Nevis, including the implementation of legislation on data protection, electronic transactions, cybersecurity and consumer protection, and virtual assets.

4.3.4 Air transport and airports

4.80. The designated appropriate authority for civil aviation security (AVSEC) in Saint Kitts and Nevis is the Minister for Foreign Affairs and Aviation. The Minister has delegated the day-to-day operational function to the Civil Aviation Division (CAD), which ensures that Saint Kitts and Nevis fulfils its civil aviation safety and security obligations under the Chicago Convention on International Civil Aviation. The Department is responsible for air transport policy formulation, reform, and implementation in Saint Kitts and Nevis. Operators in the sector require air transport licences, which are reviewed and granted by the Air Transport Licensing Board. The Board is also responsible for setting landing charges.

4.81. The AVSEC's responsibilities include (i) reviewing, updating, and enforcing the national civil aviation security programmes; (ii) coordinating and facilitating National Civil Aviation Committee Meetings; (iii) providing technical advice to the Minister; (iv) implementing policy decisions by the Minister; (v) providing technical advice to the St Christopher Air and Sea Ports Authority (SCASPA) and the Nevis Air and Sea Ports Authority (NASPA) on civil aviation matters; (vi) acting as National Civil Aviation Coordinator for the International Civil Aviation Organization (ICAO) and the Transportation Security Administration; (vii) conducting inspections, tests, surveys, audits, and investigation of civil aviation security at the Robert L. Bradshaw and the Vance W. Amory International Airports; (viii) building capacity for civil safety and security; (ix) facilitating the work of the Eastern Caribbean Civil Aviation Authority (ECCAA); (x) negotiating air services agreements; (xi) facilitating and approving code sharing agreements; (xii) assisting in air lifts; (xiii) advising on chartering issues; (xiv) representing Saint Kitts and Nevis at regional and international civil AVSEC forums; and (xv) providing technical advice and support to the local civil aviation industry.¹²¹

4.82. The ECCAA is responsible for regulatory oversight regarding safety and security issues. Although there is no foreign participation, there is no legislation precluding it with respect to the provision of auxiliary air transport services. Similarly, there are no foreign investment restrictions on ownership of domestically incorporated carriers. There are, however, legal restrictions on cabotage, where the concept of a national airline extends to those registered in other CARICOM countries; there are no domestic carriers. The authorities indicate that this restriction is not enforced.

4.83. The ECCAA's purpose is to (i) regulate civil aviation safety and security; (ii) develop harmonized civil aviation regulations, policies, and practices by applying ICAO standards and recommended practices (SARPs) uniformly; (iii) establish and maintain a regulatory environment that promotes safety and efficiency in the civil aviation industry; (iv) create a secure environment for the civil aviation industry; (v) provide technical and specialized civil aviation services; (vi) undertake and coordinate studies for ensuring the sustained development of civil aviation in the region; and (vii) collaborate with national, regional, and international agencies and organizations to further the development of civil aviation.¹²²

4.84. There are two airports in Saint Kitts and Nevis: the Robert L. Bradshaw International Airport in Saint Kitts and the Vance W. Amory International Airport in Nevis. Although domestic legislation does not require it, both airports are owned by the Government. In 2021, the last year for which statistics were available, there were just over 106,400 air passenger arrivals.¹²³ According to the authorities, the vast majority of imports arrive by maritime transport, rather than air.

4.85. Saint Kitts and Nevis does not have any domestically incorporated airlines. Foreign-based companies provide scheduled services to Canada, the United Kingdom, and the United States (Atlanta, Charlotte, Miami, and New York), as well as destinations within the Caribbean. Aircraft handling services such as air-start units, high-loaders, passenger stairs, and ground power units are offered on a rental basis. Air cargo services are provided by freight forwarders including FedEx, DHL,

¹²¹ Government of St Kitts and Nevis. Viewed at: <https://www.gov.kn/>.

¹²² ECCAA, *About Us*. Viewed at:

http://www.eccaa.aero/index.php?option=com_content&view=article&id=49&Itemid=56.

¹²³ Caribbean Tourism Organization, *CTO News*. Viewed at: <http://www.onecaribbean.org/content/files/>.

and UPS. Cargo facilities include a bonded warehouse, a transit zone, a domestic-cargo-only zone, an animal quarantine station, a fresh meat inspection area, and an express courier centre.

4.86. The St Christopher Air and Sea Ports Authority (SCASPA) has responsibility for the administration of the Robert L. Bradshaw International Airport in Saint Kitts, while the Vance W. Amory International Airport is managed by the NASPA. These authorities provide all airport management and auxiliary services, with the exception of ground handling services, which are provided by private local companies.

4.87. The main legislation governing the sector is the Civil Aviation Act, 2004, Cap 8.03 together with the Civil Aviation Regulations, 2004, and the Civil Aviation (Amendment) Act, 2021, Act No. 14 of 2021, published 26 March 2021, Extra-Ordinary Gazette No. 15 of 2021. The Act specifies the criteria to be considered in the granting of an air transport licence: the existence of other air services; the need/demand for the proposed service; and any unfair advantage of the applicant over other operators by reason of the terms of employment of persons employed. For countries with which Saint Kitts and Nevis has a bilateral air agreement (currently only the United States and Canada), the above issues are not considered, unless the Minister directs otherwise. However, consideration is given to whether the airline is fit, willing, and able to operate the service.

4.88. The 2021 Act mandates that the Appropriate Authority for Aviation Security (SCASPA) shall be responsible for (i) establishing and properly staffing of a security organization; (ii) developing laws, regulations, programmes, policies, and procedures and ensuring that these requirements are effective, are being implemented, and are sustainable; (iii) developing AVSEC policies and requirements consistent with the provisions of Annex 17 and security provisions of Annex 9 of the ICAO SARPs; (iv) issuing decrees, orders, circulars, or directives to require the implementation of immediate security measures; (v) providing oversight for the implementation of AVSEC policies and requirements; (vi) authorizing inspections, surveys, audits, and tests by the appropriate authority to determine compliance with relevant legislation and to monitor the effectiveness of the National Civil Aviation Security Programme and a National Civil Aviation Transport Facilitation Programme through quality control functions; (vii) compelling compliance with national AVSEC policies and requirements, if any deficiencies are identified; and (viii) establishing and enforcing AVSEC rules, regulations, and procedures including, for example, the designation of security restricted areas and the authority to screen or search passengers and baggage.

4.89. Saint Kitts and Nevis collects a travel tax, and departure and arrival and cruise passenger fees.

4.90. Saint Kitts and Nevis is a contracting state of the ICAO. It has one bilateral air services agreement, recorded by ICAO, with Canada. It also has an open-skies agreement with the United Kingdom signed in 2009, and with the United States, signed in 2012.

4.3.5 Maritime transport and ports

4.91. Saint Kitts and Nevis has inscribed commitments on "ship registration for the control, regulation and orderly development of merchant shipping" subject to certain registration requirements in its GATS Schedule.¹²⁴

4.92. Maritime transport is significant to the economy: some 95% of imports arrive by sea, and most agriculture products are exported by sea. Saint Kitts and Nevis operates a register of international ships and also derives significant revenue from ships listed on the National Register of Ships. Saint Kitts and Nevis acceded to the International Maritime Organization in 2001, and since that time has signed onto a number of its international conventions.¹²⁵

¹²⁴ WTO document GATS/SC/119, 16 November 1995.

¹²⁵ Saint Kitts and Nevis has acceded to the following IMO conventions: IMO Convention 1948, with 1991 and 1993 amendments; SOLAS, 1974 and Protocols of 1978 and 1988; STCW 78; MARPOL 73/78; ILL 1966; LL Prot, 1988 – Protocol of 1988 relating to the International Convention on Load Lines, 1966; COLREG 72, 1972; ITC 1969 – International Convention on Tonnage Measurements of Ships (Tonnage), 1969; CLC Prot. 1992 (CLC69 and CLC 92); and SAR, 1979, among others. For a complete list, see IMO, *Status of Conventions*. Viewed at: <https://www.imo.org/en/About/Conventions/Pages/StatusOfConventions.aspx>.

4.93. The main port in Saint Kitts is Basseterre, owned and administered by the state-owned SCASPA. The main port in Nevis is Charlestown, owned and administered by the NASPA. Each authority has a monopoly in the provision of port services, and approval from the relevant authority is required to discharge and load general cargo.

4.94. The overall responsibility for maritime transport formulation and implementation lies with the Minister of Transport, currently acting in the Ministry of Tourism, Labour, Civil Aviation and Urban Development. The Department of Maritime Affairs is the National Maritime Authority executing government policy on maritime matters; it directs, coordinates, and monitors maritime activities, exercising its competence as a port state, flag state, and coastal state administration. The Department is also the jurisdictional authority for investigating matters relating to maritime disasters, and the administrative authority for investigating and sanctioning violations of merchant marine standards under its jurisdiction. The Department represents the Government in international forums and conferences relating to maritime activities, and acts as a consultant in all maritime transport matters. The Minister may appoint special agents for shipping and maritime affairs in accordance with the Merchant Shipping (Agreement) Act, Cap 7.05.

4.95. The Saint Kitts and Nevis International Ship Registry (SKANReg), an international open register, with its operational head office located in London, is under the jurisdiction of the Department of Maritime Affairs. SKANReg commenced operation in 2005 and by the end of 2019 had registered over 2,500 vessels and cargo of over 2.5 million tonnes. It has also issued seafarer documents to over 30,000 seafarers of many nationalities.¹²⁶ The Ports of Registry are Basseterre for Saint Kitts and Charlestown for Nevis. The International Registrar of Shipping and Seamen is the sole authority for the registration of Saint Kitts and Nevis ships and seamen. The Registrar controls the issuance of all documentation issued on behalf of SKANReg. A maritime resident agent is required for every ship registered with SKANReg. Although there are no age restrictions on vessels, those over 20 years old may be subject to inspection by SKANReg.

4.96. The Merchant Shipping (Agreement) Act, Cap 7.05 is the main legislation governing maritime transport in Saint Kitts and Nevis. In accordance with the Act, there are no registration limitations for foreigners. However, under the Act, foreign companies or individuals may register a ship as domestically owned, only if they are registered or established locally. Persons qualified to own ships registered as Saint Kitts and Nevis vessels are Saint Kitts and Nevis citizens; CARICOM citizens resident in a CARICOM member State, as long as the ship is engaged in international voyages; individuals or corporations in a joint-venture shipping enterprise with Saint Kitts and Nevis citizens; corporations established and with a registered office in Saint Kitts and Nevis; and any other persons determined by the Minister. The Act allows non-qualified persons to register a ship under the Saint Kitts and Nevis flag if over 51% of the shares of the ship are owned by persons qualified to own a Saint Kitts and Nevis ship and provided a maritime agent resident in Saint Kitts and Nevis is appointed.¹²⁷ However, domestically owned ships pay only 50% of the registration fees that foreign-owned ships pay. Also, a representative person is required for registration.

4.97. Saint Kitts and Nevis does not place any legal restrictions on cabotage. There are no government-owned cargo vessels, and government cargo is not reserved for domestically flagged vessels. There are no restrictions on the nationality of the master, officers, and crew on board.

4.98. Other legislation on maritime transport included the Merchant Shipping (Amendments) Act, 2005; the Ship & Port Facility Security Regulations, 2004; the Merchant Shipping (Pleasure Vessel) Regulations, 2007; the Port State Control Regulations; the Merchant Shipping (Maritime Labour Convention, 2006) (Amendments) Regulations, 2014, SRO No. 27 of 2013; and the Merchant Shipping (Maritime Labour Convention, 2006) (Amendments) Regulations, 2014, SRO No. 14 of 2014.

4.99. Taxes and fees, including registration fees, administration fees for registration, and annual fees and taxes, are levied on maritime transport activities; these often vary according to the gross tonnage. Ships wholly owned by a Saint Kitts and Nevis company with its registered office in the Federation, or a Saint Kitts and Nevis national or citizen resident in the Federation, are entitled to a 50% reduction of registration fees.

¹²⁶ St Kitts and Nevis International Ship Registry. Viewed at: <https://www.skanregistry.com/en>.

¹²⁷ Merchant Shipping Act (2002), Part II (Articles 3-8). Viewed at: <https://www.skanregistry.com/en>.

4.3.6 Tourism

4.100. In its GATS schedule, Saint Kitts and Nevis made commitments on hotel services, limited to development of hotels in excess of 50 rooms, as well as full commitments for restaurant services relating to ethnic food. No commitments were made with respect with other tourism-related activities.

4.101. Tourism has traditionally accounted, directly and indirectly, for a large percentage of GDP. Although hotels and restaurants represented just 8.1% of GDP in 2019, before declining to just 2.9% of GDP in 2021, due to the effects of the pandemic, there are sizeable spill-over effects from tourism on construction, distribution services, electricity, agriculture, and manufacturing. The sector was brought almost to a halt by the COVID-19 pandemic and the confinement measures and other restrictions that had to be adopted to fight it.

4.102. Value added in the hotels and restaurants sector contracted by over 20% in 2021 reflecting a further decline in visitor arrivals, with respect to 2020, partially due to travel restrictions and containment measures imposed to contain the COVID-19 virus. Total visitor arrivals fell by 59.3% to 122,609 during the year. This development had negative knock-on effects in supporting sectors including transport, storage, communication, and wholesale and retail.¹²⁸

4.103. Cruise passenger arrivals expanded between 2015 and 2019; they reached their peak of 1.2 million in 2018, before dramatically declining in 2020 and 2021 as a consequence of the COVID-19 pandemic. The number of total visitors reached a peak of 1.3 million in 2018.¹²⁹ Likewise, total visitor expenditure reached XCD 528.6 million in 2018, but declined to just XCD 77 million in 2021, due to the pandemic, before recovering somewhat in 2022. The United States is the main source of tourist arrivals to Saint Kitts and Nevis (61.1% of the total in 2019), followed by other Caribbean countries (20.5%), the United Kingdom (7.4%), and Canada (5.4%) (Table 4.2).

Table 4.2 Tourism statistics, 2015-21

	2015	2016	2017	2018	2019	2020	2021
Total visitors	1,033,816	1,054,901	1,192,959	1,297,349	1,181,822	300,665	122,609
Stay-over visitors	116,871	115,765	114,854	122,896	120,142	29,695	20,210
United States	70,132	67,805	67,081	74,439	73,355	19,054	14,926
Caribbean	22,975	23,775	24,062	26,462	24,640	4,321	2,095
United Kingdom	10,046	10,055	9,921	8,616	8,915	2,136	1,081
Canada	6,937	6,934	6,786	7,185	6,497	2,604	927
Other countries	6,781	7,196	7,004	6,194	6,735	1,580	1,181
Excursionists	3,829	3,955	3,960	4,312	4,099	1,026	455
Cruise ship passengers	909,107	932,230	1,067,412	1,167,647	1,053,388	267,562	101,897
Yacht passengers	4,009	2,951	6,733	2,494	4,193	2,382	47
Number of cruise ship calls	440	422	523	540	478	167	119
Total visitor expenditure (XCD million)	361.34	374.66	430.99	528.56	509.74	122.92	77.00

Source: Eastern Caribbean Central Bank, *Real Sector Statistics – Selected Tourism Statistics*. Viewed at: <https://www.eccb-centralbank.org/statistics/tourisms/comparative-report>.

4.104. The formulation and implementation of tourism policy in Saint Kitts and Nevis at the federal level is the responsibility of the Minister of Tourism, currently the portfolio is in the Ministry of Tourism and International Transport. Marketing and promotion activities are carried out by the Saint Kitts Tourism Authority and the Nevis Tourism Authority, as well as the private sector Saint Kitts Hotel and Tourism Association and the Nevis Hotel and Tourism Association.¹³⁰ The Ministry of Tourism of Nevis deals with product development in Nevis.

4.105. To run a hotel or house, a licence from the Minister of Finance is needed. Saint Kitts and Nevis offers fiscal incentives to encourage the construction or renovation of hotels. The Hotel Aids (Amendment) Act, 1998 provides for the granting of licences to import building materials and hotel equipment free of customs duties or duty drawbacks for the construction or renovation of a hotel.

¹²⁸ ECCB (2022), *2021 Annual Economic and Financial Review: Saint Christopher (St Kitts) and Nevis*. Viewed at: <https://www.eccb-centralbank.org/documents/19#>.

¹²⁹ Eastern Caribbean Central Bank, *Real Sector Statistics – Selected Tourism Statistics*. Viewed at: <https://www.eccb-centralbank.org/statistics/tourisms/comparative-report>.

¹³⁰ For more information on the two local Government promotion activities, see: <https://www.stkittstourism.kn/>; and <https://www.nevisisland.com>.

Saint Kitts and Nevis also provides corporate income tax breaks for the construction or extension of hotels, under the Income Tax Act No. 17, 1966 and the Hotel Aids (Amendment) Act, Cap 18.17, as amended by Act No. 19 of 1998. Tax incentives are also granted to investors on a case-by-case basis by Cabinet for infrastructure projects, with preference given to the construction of hotels, casinos, and villas. No information was available on revenue forgone as a result of these benefits.

4.106. Saint Kitts and Nevis levies a 12% Hotel Room Tax, which comprises a 10% VAT and a 2% Island Enhancement Tax.¹³¹ A travel tax is levied on tickets for air and maritime travel originating in Saint Kitts and Nevis at a rate of 10% of the cost of the fare (Travel Tax (Amendment) Act, 1997 and Travel Tax Act, 1981).

4.3.7 Other offshore services

4.107. There is special domestic legislation for offshore businesses. Offshore companies in Saint Kitts are regulated by the Companies Act of 1996, as amended, and in Nevis by the Nevis Business Corporation Ordinance, 1984 (as amended).¹³²

4.108. Companies that provide online betting and gaming services from Saint Kitts and Nevis must be registered at the Financial Services Department of the Ministry of Finance. These activities must be strictly offshore: nationals of Saint Kitts and Nevis are not permitted to place bets on these gaming activities.

4.109. The Nevis Business Corporation Ordinance (NBCO) regulates the establishment of offshore companies generally known as International Business Companies (IBCs). The NBCO provides for a corporation to be incorporated to conduct any lawful business. Under the Ordinance, IBCs must be incorporated in Nevis prior to conducting any business; a registered agent with a registered office in Nevis must be engaged. The office of the registered agent may act as the office of the company. Companies incorporated as IBCs under the NBCO may make use of nominee shareholders, officers, and directors, who may be of any nationality and who may reside anywhere; the identity of the shareholders is not required to be filed in any public record.

4.110. The NBCO permits the use of shareholders, officers, and directors, who may be of any nationality and who may reside anywhere. The Corporate Secretary may be a corporation or an individual. Corporations may serve as directors, and alternate or substitute directors may be appointed. All shareholders and directors may act by unanimous consent. No annual reports are required to be filed in the public records of Nevis. Corporate records may be kept anywhere in the world and must be readily accessible by the Registered Agent of the corporation and the FSRC – Nevis Branch upon request. Whenever there is a change in beneficial owners, shareholders, directors, or officers, this change must be reflected in the records held by the Registered Agent as stipulated in the NBCO and AML/CFT Regulations. AML/CFT On-site Examinations are conducted by the FSRC – Nevis Branch to ensure that Registered Agents comply with these stipulations. The authorized share capital of a Nevis IBC may be demonstrated in any currency. Bearer shares are only permitted with the approval of the Registrar of Companies or the Regulator. In the case of approval, the registered agent must maintain custody of the bearer share certificate on behalf of the beneficial owner and must maintain a register of each bearer share.¹³³

4.111. In accordance with the Ordinance, Nevis IBCs may amend their articles of incorporation, and merge or consolidate with foreign corporations or other Nevis corporations; the Ordinance allows corporations formed in another jurisdiction to redomicile into Nevis. The Ordinance also provides for the emergency transfer of domicile to Nevis upon the approval of the Registrar of Companies.

¹³¹ The legislative basis of the hotel room tax is the Hotel Accommodation and Restaurant (Amendment) Act No. 16, 1999.

¹³² The Companies Act (Chapter 21.03) has been amended by the Companies (Amendment) Act 2004; the Companies (Amendment) Act 2005; the Companies (Amendment) Act 2010; and the Companies (Amendments) Act No. 4 2011.

¹³³ Nevis FSRC, IBCs. Viewed at: <https://www.nevisfsrc.com/services/ibcs/>.

5 APPENDIX TABLES

Table A1.1 Merchandise visible exports by SITC section, 2014-21

(USD million and %)

Description	2014	2015	2016	2017	2018	2019	2020	2021
(USD million)								
Total exports	56.8	55.4	51.1	50.3	54.2	57.7	52.1	47.2
Domestic exports	50.2	47.3	39.2	39.4	43.1	43.7	40.7	37.2
Re-exports	6.6	8.1	11.9	10.9	11.1	14.0	11.4	9.9
(% of total exports)								
0. Food and live animals	2.8	1.9	3.0	2.8	3.7	1.7	2.5	4.0
1. Beverages and tobacco	5.8	8.0	5.0	4.4	5.3	5.6	5.8	8.5
2. Crude materials, inedible, except fuels	0.1	0.0	0.0	0.2	0.5	0.0	0.2	0.4
3. Mineral fuels and related materials	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0
4. Animal and vegetable oils, fats and waxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Chemicals and related products	0.1	0.2	0.1	0.3	0.2	0.2	0.1	0.2
6. Manufactured goods	0.8	0.7	3.1	5.2	4.7	5.0	1.1	0.7
7. Machinery and transport equipment	77.3	75.6	73.6	72.1	67.8	72.3	79.3	73.9
8. Miscellaneous manufactured articles	10.9	10.2	13.3	13.7	16.0	12.2	9.6	8.6
9. Commodities and transactions not classified elsewhere in SITC	2.1	3.3	1.8	1.0	1.8	2.9	1.5	3.7

Source: Eastern Caribbean Central Bank (ECCB), *Real Sector Statistics-Selected Visible Trade Statistics*.
Viewed at: <https://www.eccb-centralbank.org/statistics/trades/country-report>.

Table A1.2 Merchandise visible imports by SITC section, 2014-21

(USD million and %)

Description	2014	2015	2016	2017	2018	2019	2020	2021
(USD million)								
Total imports	268.4	296.9	333.3	308.9	334.5	338.1	271.5	259.7
(% of total exports)								
0. Food and live animals	17.6	17.2	21.0	21.5	21.2	20.1	24.0	23.4
1. Beverages and tobacco	3.1	3.8	3.6	3.5	3.8	4.0	3.2	3.1
2. Crude materials, inedible, except fuels	2.5	2.7	2.3	2.4	2.6	2.6	2.8	1.9
3. Mineral fuels and related materials	0.6	3.2	0.6	0.7	0.7	0.6	0.7	0.6
4. Animal and vegetable oils, fats and waxes	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.5
5. Chemicals and related products	7.9	7.0	8.5	8.2	7.9	8.2	9.9	11.3
6. Manufactured goods	18.1	16.6	18.8	16.7	17.3	16.5	15.5	16.6
7. Machinery and transport equipment	30.1	26.5	27.5	26.0	25.4	25.3	26.0	28.3
8. Miscellaneous manufactured articles	19.7	22.2	17.4	20.6	20.4	22.1	17.5	14.2
9. Commodities and transactions not classified elsewhere in SITC	0.2	0.6	0.0	0.1	0.3	0.3	0.1	0.2

Source: Eastern Caribbean Central Bank (ECCB), *Real Sector Statistics-Selected Visible Trade Statistics*.
Viewed at: <https://www.eccb-centralbank.org/statistics/trades/country-report>.

Table A1.3 Merchandise exports and re-exports by SITC section, 2014-21

(USD million and %)

Description	2014	2015	2016	2017	2018	2019	2020	2021
Total exports	56.8	55.4	51.1	50.3	54.2	57.7	52.1	47.2
Domestic exports	50.2	47.3	39.2	39.4	43.1	43.7	40.7	37.2
Re-exports	6.6	8.1	11.9	10.9	11.1	14.0	11.4	9.9
	(% of imports)							
0 Food and live animals	2.8	1.9	3.0	2.8	3.7	1.7	2.5	4.0
1 Beverages and tobacco	5.8	8.0	5.0	4.4	5.3	5.6	5.8	8.5
2 Crude materials, inedible, except fuels	0.1	0.0	0.0	0.2	0.5	0.0	0.2	0.4
3 Mineral fuels and related materials	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0
4 Animal and vegetable oils, fats and waxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 Chemicals and related products	0.1	0.2	0.1	0.3	0.2	0.2	0.1	0.2
6 Manufactured goods classified by material	0.8	0.7	3.1	5.2	4.7	5.0	1.1	0.7
7 Machinery and transport equipment	77.3	75.6	73.6	72.1	67.8	72.3	79.3	73.9
8 Miscellaneous manufactured articles	10.9	10.2	13.3	13.7	16.0	12.2	9.6	8.6
9 Commodities and transactions not classified elsewhere in SITC	2.1	3.3	1.8	1.0	1.8	2.9	1.5	3.7

Source: Eastern Caribbean Central Bank (ECCB), *Real Sector Statistics-Selected Visible Trade Statistics*.
Viewed at: <https://www.eccb-centralbank.org/statistics/trades/country-report>.

Table A1.4 Merchandise imports by SITC section, 2014-21

(USD million and %)

Description	2014	2015	2016	2017	2018	2019	2020	2021
Total imports	268.4	296.9	333.3	308.9	334.5	338.1	271.5	259.7
	(% of imports)							
0 Food and live animals	17.6	17.2	21.0	21.5	21.2	20.1	24.0	23.4
1 Beverages and tobacco	3.1	3.8	3.6	3.5	3.8	4.0	3.2	3.1
2 Crude materials, inedible, except fuels	2.5	2.7	2.3	2.4	2.6	2.6	2.8	1.9
3 Mineral fuels and related materials	0.6	3.2	0.6	0.7	0.7	0.6	0.7	0.6
4 Animal and vegetable oils, fats and waxes	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.5
5 Chemicals and related products	7.9	7.0	8.5	8.2	7.9	8.2	9.9	11.3
6 Manufactured goods classified by material	18.1	16.6	18.8	16.7	17.3	16.5	15.5	16.6
7 Machinery and transport equipment	30.1	26.5	27.5	26.0	25.4	25.3	26.0	28.3
8 Miscellaneous manufactured articles	19.7	22.2	17.4	20.6	20.4	22.1	17.5	14.2
9 Commodities and transactions not classified elsewhere in SITC	0.2	0.6	0.0	0.1	0.3	0.3	0.1	0.2

Source: Eastern Caribbean Central Bank (ECCB), *Real Sector Statistics-Selected Visible Trade Statistics*.
Viewed at: <https://www.eccb-centralbank.org/statistics/trades/country-report>.