



Executive Summary

In most respects, the business climate in Grenada is quite strong. Grenada is a liberal, parliamentary democracy, has a functioning court system, low rates of crime, and is devoid of political violence. Grenada's legal framework for business is strong, though at times, implementation of legislation can be found wanting. Similarly, while Grenada strives for bureaucratic efficiency and transparency in matters related to business and investment, bureaucratic processes can be time consuming. The Government of Grenada saw the country's ranking on the World Bank's Doing Business Indicator slip from 100 in 2013 to 107, and has dedicated itself publicly to the improvement of the country's investment climate.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude Toward FDI

Generally, the investment regime of Grenada can be termed quite liberal with supporting strategic, legislative, regulatory, and institutional landscapes.

The strategic agenda of the Government of Grenada palpably demonstrates its belief that investment is directly related to growth and development. As a result, an increasing number of foreign investment opportunities have been presented over the last year and no restrictions have been added, to the very limited list that previously existed. Accession to international trade and development agreements have further promoted foreign investment as a greater number of sectors have been liberalized, opening them up to foreign investment opportunities.

Legislative provisions in the form of the Investment Code Incentives Act CAP 155 of 1983 and others, which are below-described in this narrative, outline the criteria, procedure and entitlements regarding incentives in an effort to attract investment and present lucrative packages that would be beneficial to the country and the investor; the Grenada Industrial Development Corporation undertakes the operational aspects regarding the administration of these incentive packages.

The Grenada Industrial Development Corporation is the primary Investment Promotion Agency in Grenada and has been tasked with the responsibility of attracting new foreign direct investment; increasing the number of indigenous, innovative, efficient and profitable small businesses registered and operating in Grenada and facilitating the growth and development of existing domestic and foreign businesses.

Business enterprises carrying out a priority investment project; those operating within priority industries/sectors and those located within priority geographic areas of the country are entitled to investment incentives. Priority Investment projects are projects in excess of EC\$500,000 or undertakings which employ in excess of 20 Grenadians and contribute to increased foreign exchange; technology transfer/acquisition; reduction in the dependence on imported energy;

enhancement of skills development and skill-based employment; sustainable use of domestic raw materials, supplies and services; incremental economic diversification with significant value-added and linkages between emerging & traditional economic sectors. In order for business enterprises to receive these incentives, applicants are required to submit a complete application form for incentives to the Grenada Industrial Development Corporation. This must be accompanied by a business plan and detailed information of the owner(s) and directors of the enterprise to include percentage of interest owned, name, nationality, profession/occupation, business history, criminal history, and other business interest.

Priority industries include sectors that have been determined to make substantial contributions to the socio-economic development of Grenada, namely tourism; manufacturing; agriculture, & agri-business; Information Communication Technology (ICT); financial services; education & training; health & wellness; creative industries; energy; and research and development. It is important to note that while the Investment Promotion Act of 2009 supports the Investment Policy which delineates the above investment areas that attractive incentive entitlement, this Act has not entered into force, but its provisions are administratively implemented.

Applicants for incentives are also required to sign a “shareholders declaration form” to vouch for their bona fides in order to proceed with the investment. Within six weeks of submission of an application for incentives, an applicant is advised of the decision on the application for incentives granted. An investor may elect to carry out the project absent investment incentives.

There is no economic or industrial strategy that has discriminatory effects on foreign investors, or sectors in which foreign investors are not treated the same as national investors. However, non-Grenadian investors may be subject to obtaining an Alien Landholding License, and a property transfer tax which levies a 10 percent fee on the purchase of shares in a Grenadian registered company or real estate. In addition the sale of such shares or real estate to non-nationals will attract a property transfer tax of 15 percent payable by the seller. Foreign investors employed in Grenada are subject to annual renewal of a Work Permit. There are practically no limits on foreign ownership or control. Foreign investors may not invest in or operate investment enterprises which are prejudicial to national security or detrimental to the natural environment, public health or the national culture or which contravene the Laws of Grenada. Grenada has accepted but not yet implemented regional obligations on anti-competition concerns.

There is no existing legislation governing competition law in Grenada. However model draft bills are currently in development as part of initiatives to develop work plans and strengthen the market regimes under the CARICOM Single Market & Economy. Moreover, a regional competition authority, the CARICOM Competition Commission, has been established and plans are underway to have a sub-regional entity, the Eastern Caribbean Competition Commission, fully functioning soon.

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or	Website Address
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		value	
TI Corruption Perceptions index	2013	Not ranked	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	Not ranked	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	107 of 189	http://doingbusiness.org/rankings
Global Innovation Index	2013	Not ranked	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 7220	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

The **Reciprocal Encouragement and Protection of Investment Agreement with the United States** protects U.S. investors against performance requirements, restrictions on transfers, and arbitrary expropriation and sets forth procedures for the settlement of disputes. By providing a more open and secure environment for investment, it also promotes private sector development. There have been no recent changes in the Agreement. There is no difficulty in obtaining foreign exchange. There are no restrictions or delays regarding remittances.

3. Expropriation and Compensation

Under the Constitution, the Government shall not compulsorily acquire or take possession of any investment enterprise, or any asset of an investor except for a purpose which (a) is in accordance with the laws of Grenada; (b) is on a non-discriminatory basis; (c) is in accordance with the procedures provided by law; (d) provides for prompt payment of adequate and effective compensation together with interest from the date of acquisition or taking possession of the investment enterprise or asset to the date of payment at the commercial bank rate on loans to the corporate sector; and (e) provides for the right of access to the High Court by any person claiming such compensation for the determination of any interest in or right over the investment enterprise or asset and the amount of compensation. There have been no expropriation actions against foreign investors in recent times, although some Grenadian citizens have had their lands expropriated to permit foreign investment. There are no sectors at greater risk of expropriation than another. There are no laws requiring local ownership.

4. Dispute Settlement

Grenada, a constitutional monarchy with a Parliamentary System, has vested the Prime Minister and his Cabinet with the executive power for concluding and signing international agreements and conventions with other States and international organizations.

The Judicial System of the nation is based on English Common Law. The judiciary has four levels: Magistrates Court; High Court, the Eastern Caribbean Supreme Court and the Privy Council.

The Magistrates Court primarily handles minor civil and criminal cases, while the High Court adjudicates cases under the purview of the Acts of Parliament. Appeals from the Magistrates Court are heard by the High Court, while appeals from the High Court are heard by the Eastern Caribbean Supreme Court. The Eastern Caribbean Supreme Court is composed of the Chief Justice, who serves as the Head of the Judiciary; four Justices of Appeal; nineteen High Court Judges; and three (3) Masters, who are primarily responsible for procedural and interlocutory matters. The Court of Appeal judges are based at the Court's Headquarters in Castries, Saint Lucia where administrative and legal support is provided under the supervision of the Court Administrator and Chief Registrar respectively.

The Privy Council serves Grenada as the final Court of Appeal. Noteworthy however is the fact that the Caribbean Court of Justice has been granted compulsory and exclusive jurisdiction under the Section 211 of the Revised Treaty of Chaguaramas (which Grenada is a party to and which delineates rights and responsibilities in CARICOM) to hear and determine disputes concerning the interpretation and application of the Treaty.

On the international front, Grenada stands as a member of the International Centre for Settlement of Investment Disputes (ICSID). It has engaged this dispute settlement platform in the past and gain rulings in its favor in past matters.

In the event of disputes between foreign parties within an investment, or between foreign investors and Grenadian parties, or between Grenadian partners, or between the investors and the GOG with respect to an enterprise, the disputants shall first seek to settle their differences through consultation or mediation to reach an amicable settlement. In the event that the disputants fail to resolve the matter, they may then: (a) submit their dispute to arbitration under the Arbitration Act No 2 of 1989; (b) invoke the jurisdiction of the courts of Grenada; (c) invoke the jurisdiction of the Caribbean Court of Justice; or (d) adopt such other procedures as provided for in the Articles of Association of the investment enterprise. There is generally no government interference in the court system. While occasionally such government interference has been alleged, it has not been proven to date. A more common problem in Grenada's judicial system is lengthy and/or incomplete trials. These are dragged out by the non-appearance of required witnesses or attorneys resulting in multiple continuances. It is exceedingly rare that a judge holds anyone in contempt for ignoring a summons and many trials are eventually dropped because of the no-shows.

In addition to the above, Grenada also features a Court Connected Mediation mechanism that can be accessed through the Meditation Centre. This Centre was established by the statutory provisions of the Practice Direction Act No.1 of 2003. It extends court connected mediation to all Member States of the Organization of Eastern Caribbean States (OECS). It makes provision for the referral to mediation of civil actions filed in the Court.

Through this system parties are able to utilize any form of dispute resolution including, in particular mediation, upon the consideration of the Court that this is an appropriate mechanism to be employed.

Court connected mediation however cannot be used in family proceedings, insolvency (including winding up of companies), non-contentious probate proceedings, proceeding when the High Court is acting as a prize court and any other proceeding in the Supreme Court instituted under any enactment, in so far as rules made under that enactment regulate those proceedings.

Data storage and protection remains a challenge for the Government of Grenada. There have been previous regional consultancies undertaken in conjunction with the Organization of Eastern Caribbean States and other stakeholders to address matters relating to electronic regimes. While draft Model Laws were developed under the Harmonization of ICT Policies, Legislation and Regulatory Procedures (HIPCAR) Project in this regard, laws specific to data storage and protection have not yet made it to the national legislative agenda.

5. Performance Requirements and Investment Incentives

Grenada has been a member of the World Trade Organisation since February 1996 and is a party to various Agreements established under the organisation. In pursuit of WTO-compliance, the Government of Grenada has recently signed and is in the process of negotiating trade and investment agreements that contain provisions that are better aligned with the provisions of the WTO. This represents a departure from preferential trade that Grenada previously benefited from, including the Cotonou Agreement, prior to the implementation of the CARIFORUM-EU EPA.

The legislation of Grenada provides a package of benefits and concessions for specific investment activities. Incentives available include tax waiver, import duty exemptions, repatriation of profits and withholding tax exemptions. Incentives that are trade-related are notified under Article 25 and Article 27 of the Agreement on Subsidies and Countervailing Measures. Concessions are available under the Income Tax Act, the Common External Tariff (SRO 42/09), the Property Transfer Act, the Petrol Tax Act and the Customer Service Charge Act. Incentives include accelerated depreciation (10% on plant & machinery; 2% on industrial building); investment allowance (100% write off on total investment); carry forward of losses for 3 years, reductions in the property transfer tax, 100% relief from customs duties on plant, equipment & raw materials; and deductible expenditure incurred for training, research and development. Other incentives include no restrictions on foreign ownership; no restrictions on foreign currency transactions; no restrictions on the repatriation of profits, capital, and dividends. Certain incentives may be linked to the site of investment, the number of persons employed, or

other factors. There has been no instance in which the GOG has had to review an approved investor for non-compliance with incentive requirements.

There are no performance requirements linked to investments. The **Reciprocal Encouragement and Protection of Investment Agreement with the United States** protects U.S. investors against performance requirements. An investment enterprise may be wholly owned by either foreign or domestic investors. There are no requirements that foreign investors purchase from local sources; that Grenadian nationals own shares in a foreign investment; that foreign equity in a project be reduced over time; or that technology be transferred.

Grenada does not have an established research and development sector, though some research and development activities are undertaken in institutions of higher learning in Grenada, particularly St. George's University.

6. Right to Private Ownership and Establishment

The Alien Landholding Regulation Act No. 29 of 1968 (last amended in 2009) is the primary legislative instrument governing the right to private ownership of property and establishment by licensed Aliens; inclusive of investors. Provisions are therefore made for investors to purchase or lease privately owned land and dispose of or transfer their interests in the land under the Act. Investors may hold State lands by grant or lease from the State.

7. Protection of Property Rights

The Constitution and Investment Code Incentives Act protect personal property including investments and the property of investors. Grenada recognizes and enforces secured interests in moveable and real property. The legal system protects the acquisition and disposition of all property rights.

The intellectual property rights of investors and investment enterprises, such as, but not limited to, patents, trademarks, brand names, and copyrighted materials in printed, recorded, or electronic format are guaranteed by the Patents Act (Cap 227 of the Consolidated Laws of Grenada) or the Trade Marks Act (Cap 284 of the Consolidated Laws of Grenada), or the Copyright Act Cap No 32 of 1988 (Cap 67 of the Consolidated Laws of Grenada). Grenada is a member of the World Intellectual Property Organization (WIPO), the Paris Convention, the Berne Convention and the Patent Cooperation Treaty.

Domestic legislation regarding intellectual property protection has not yet been amended to bring it in line with the TRIPs Agreement.

Administration of intellectual property laws in Grenada is under the responsibility of the Ministry of Legal Affairs.

The registration of patents, trademarks and copyright is done at the Corporate and Intellectual Property Office. Grenada operates a re-registration system based on registration in the United Kingdom.

Grenada's system for registering patents is witnessing a change, through the implementation of the Patent Act No. 16 of 2011. Regulations however have not yet been developed and implemented. The Registration of the United Kingdom Patents Act, Cap. 283 governs this regime at present. In accordance with the legislation, based on Section 91 of the U.K.'s Patents and Design Act of 1907, any patent holder in the United Kingdom may apply within three years from the date of issue of the patent to have it registered in Grenada.

Under the Registration of the United Kingdom Trade Marks Act, Cap 284, any person being registered as the proprietor of a trademark in the United Kingdom may apply at any time during the existence of the registration to have it registered in Grenada.

Draft Bills in relation to Industrial Design and Geographical Indications have been placed on the legislative Agenda. It is hoped that these primary and legislative instruments will soon enter into force.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Embassy point of contact: Louis Crishock CrishockLJ@state.gov

Local lawyers list: http://barbados.usembassy.gov/attorneys_list.html

8. Transparency of the Regulatory System

Transparency builds integrity and credibility within every regulatory system. As a result, the Government of Grenada recognizes that, for investors, transparent rules and regulations dealing with investment are critical. Further, there must be clarity, coherency and lucidity associated with the formulation and implementation of these mechanisms. The Investment Act, though not enforced, is administratively applied in an effort to promote transparency by authorizing key sectors for which the government may offer investment incentives, streamlining processes, standardizing treatment of investors, defining investment rights, providing procedural guarantees and reducing the scope for political influence in business negotiation. The Government also promotes investments by consulting with interested parties; simplifying and codifying legislation; using plain language drafting; developing registers of existing and proposed regulation; expanding the use of electronic dissemination of regulatory material; and by publishing and reviewing administrative decisions. While these steps help deliver clarity to investors, there are occasions where consultations are not broad enough to generate public awareness of particular proposals or where draft legislation does not receive a public hearing.

The Grenada Industrial Development Corporation works in close conjunction with the Ministry of Finance and Ministry of Trade and Economic Development in this regard.

Tax, labor, environment, health and safety, and other laws and policies do not distort nor impede investment, though the laws are not always applied in a consistent manner. In theory, bureaucratic procedures, including those for licenses and permits are sufficiently streamlined and transparent. In practice, local authorities recognize that the implementation of procedures is inconsistent.

Legal, regulatory and accounting systems are generally transparent and consistent with international norms. In addition, there are clear institutional arrangements established to support the implementation of transparent regimes governing investment.

9. Efficient Capital Markets and Portfolio Investment

Grenada possesses both a robust legislative and policy framework that facilitates free flow of financial resources. Its currency, the Eastern Caribbean dollar, has a fixed exchange rate established by the regional Eastern Caribbean Central Bank. Foreign personnel of investment enterprises and their families may also repatriate their earnings, after paying of Grenadian personal income tax and all other taxes due. The GOG encourages foreign investors to seek investment capital from financial institutions chartered outside Grenada due to the short supply of capital within the country rather than tap the local financial market or access low-interest rate loans or government grants directed towards local borrowers. However, exceptions occur. Foreign investors are more likely to tap local financial markets for working capital.

The private sector has access to the limited number of credit instruments available. Grenadian stocks are traded on the Eastern Caribbean Securities Exchange (ECSE), whose limited liquidity may pose difficulties in conducting transactions.

The Financial Industry in Grenada is co-regulated by two entities; the Eastern Caribbean Central Bank and the Grenada Authority for Regulation of the Financial Industry (GARFIN). The former possesses regulatory authority over the banking system, while the latter oversees non-banking financial institutions. GARFIN establishes a regulatory system for encouraging and facilitating portfolio investment. While the estimated total assets of the largest banks are in excess US 1.03 billion, information is not available on the percentage of the asset base deemed to be non-performing. Grenada has not experienced cross-shareholding or hostile takeovers.

This industry features the application of modern and innovative mechanisms to its daily operation and products offered its customers. This modernity eases the burden of financial transactions and creates an attractive investment environment. It should be noted however that there are some insufficiencies especially in relation to the legal framework that hamper the development of the industry.

10. Competition from State-Owned Enterprises

Grenadian state-owned enterprises are legislatively established by Acts of Parliament. These enterprises all have Boards comprising Directors attached to them. The Directors are appointed by the Government, and are answerable to particular ministries. Twenty five of 28 authorized

SOEs are operational. They secure credit on commercial terms from commercial banks. SOEs submit annual reports to the Government Audit Department and are subject to audits shared with their parent ministries. SOEs manage transportation infrastructure (ports and airports), housing, education, hospitals, and cement production, investment promotion and small business development among other functions.

11. Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a concept that has been introduced to Corporate Grenada relatively recently. As a result, many businesses have slowly been rebranded to incorporate this principle into their corporate image. As a result, many businesses affix their brand to various events as sponsors. Sponsorship can take the form of monetary or in-kind contributions. In addition, other initiatives are undertaken by the Corporate Community reflecting sound social responsibility. These take the form of education programmes, fitness and sporting activities and cultural endeavors.

While firms that promote CSR are more favorably viewed by the community, there is little familiarity with international CSR standards.

12. Political Violence

Grenada is a politically stable country, devoid of political antagonism that is manifested through violence.

13. Corruption

Grenada is party to the Inter-American Convention against Corruption. According to the World Bank's worldwide governance indicators through 2008, government corruption was a problem. In March 2007, Parliament passed the Integrity in Public Life Act, the country's first anticorruption bill. It requires all public servants to report their income and assets for review by an Integrity Commission. The Commission became operational in February 2010. The Office of Ombudsman was established by the Ombudsman Act of 2007, and the country's first Ombudsman since independence was named in September, 2009. In 2012, the last year for which statistics are currently available, the Ombudsman received 121 complaints, 37 of which were closed, forty remained ongoing, 25 resulted in advice or referrals, and the remaining were either discontinued or determined to be beyond the jurisdiction of the office.

Bribery is illegal in Grenada. Grenadian officials take allegations seriously. Corruption allegations may be handled by a variety of institutions, including the Ombudsman, the Financial Intelligence Unit of the Ministry of National Security, the Attorney General and the Department of the Public Prosecutor. The Financial Intelligence Unit housed within the Ministry of National Security investigated anonymous allegations of corruption against a previous Minister of Finance, concluding that they were based on forged documents.

Corruption was also alleged in the 2010 RMS trade complaint against Grenada made before, and rejected by, ICSID. Allegations of corruption were aired in the course of the 2007 and 2013

election campaigns. Grassroots organizations are vocal in serving as whistle-blowers for possible instances of corruption.

14. Bilateral Investment Agreements

Bilateral Investment Agreements established between Grenada and several countries are designed to encourage and protect international investments and to ensure that investors receive fair, equitable, and nondiscriminatory treatment.

15. OPIC and Other Investment Insurance Programs

Grenada’s accession to the Overseas Private Investment Corporation (OPIC) entered into force on June 27, 1968. A current OPIC project provided insurance in 1994 to a USD 7.5 million transaction between the Grenada Electricity Services Ltd (GRENLEC) and WRB Enterprises. Grenada is a member of the Multilateral Investment Guarantee Agency (MIGA).

16. Labor

Grenada has signed and ratified all of the International Labor Organization’s undertakings and has enshrined these rights in its labor laws, including the Labor Relations Act No.1 of 1999 and the Employment Act No. 1 of 1999. Grenadian law upholds the right of workers to be represented by a trade union of their choice. There are practically no restrictions on the activities of trade unions, save that they operate within the parameters of local law. The majority of the workforce is unionized and the labor relations atmosphere on the island is generally stable. The increase in prices of food and other basic items as a result of higher oil prices coupled with the global economic downturn and increases in taxes will impact wage and salary negotiations, increasing the potential for strikes. In accordance with the Trade Union Recognition Act No 29 of 1979 (Cap 325 of the Consolidated Laws of Grenada), investors shall grant union representation at any site of employment if the majority of their employees indicate the desire for union representation and investment enterprises shall contribute to the social insurance and welfare programs for their workers in accordance with the National Insurance Act.

17. Foreign Trade Zones/Free Ports

There are no Foreign Trade Zones or Free Ports in Grenada.

18. Foreign Direct Investment Statistics

TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	2014 Budget of Grenada		USG or international statistical source		World Bank
Economic Data	Year	Amount	Year	Amount	

Host Country Gross Domestic Product (GDP) (Millions U.S. Dollars)	2013	830.5	2012	766.5	http://data.worldbank.org/country/grenada
Foreign Direct Investment	2014 Budget of Grenada		USG or international statistical source		U.S. Dept. of Commerce, Bureau of Economic Analysis
U.S. FDI in partner country (Millions U.S. Dollars, stock positions)	N/A	N/A	2012	7	http://www.bea.gov/iTable/iTable.cfm?ReqID=2&step=1#reqid=2&step=7&isuri=1&202=1&203=30&204=10&205=1,2&200=1&201=1
Host country's FDI in the United States (Millions U.S. Dollars, stock positions)	N/A	N/A	2012	8	http://www.bea.gov/iTable/iTable.cfm?ReqID=2&step=1#reqid=2&step=7&isuri=1&205=1,2&203=22&204=10&202=1&200=2&201=1
Total inbound stock of FDI as % host GDP (calculate)	2013	7.5%	2012	3.9 %	http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?order=wbapi_data_value_2012%20wbapi_data_value%20wbapi_data_value-last&sort=asc

Foreign Direct Investment – Stock: Not Available

Grenadian Foreign Direct Investment Abroad – Stock: Not Available

Sources of Foreign Direct Investments

St. George's University
 KM2 Solutions
 Clear Harbor Inc.
 Superfund Group
 Amerijet
 Republic Bank of Trinidad and Tobago
 LIME
 Digicel
 Sandals La Source Grenada

19. Contact Point at Post for Public Inquiries

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Contacts for Investment-Related Inquiries

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P.O. Box 129, St. George's Grenada
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Email: gcic@spiceisle.com
Website: www.grenadachamber.org

Grenada Industrial Development Corporation (GIDC)
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Tel: (473) 444-1035
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Email: Invest@grenaidc.com
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The Carenage, St. George's, Grenada
Tel: (473) 440-2928/440-2731-6
Fax: (473) 440-4115
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Website: www.gov.gd

Web Resources

Foreign Commercial Service, U.S. Department of Commerce
<http://www.buyusa.gov/caribbean/en/>
<http://www.export.gov/index.asp>

Foreign Agricultural Service, U.S. Department of Agriculture
<http://fas.usda.gov/>
<http://www.export.gov/fas/fas.asp?pName=mr>

Government of Grenada

<http://laws.gov.gd/>