



Executive Summary

Antigua and Barbuda's economy is expected to grow by 1.8% in 2014. Antigua and Barbuda completed and exited a three-year Standby Agreement with the International Monetary Fund in 2013. Recent improvements in fiscal management are leading to economic recovery, particularly coupled with the uptick of tourist arrivals.

The government is pursuing investment in niche markets, particularly tourism, international financial services, offshore education, agro-processing, light manufacturing, real estate & construction and information & communication technology (ICT).

Companies registered in Antigua and Barbuda have the right to repatriate all capital, royalties, dividends and profits free of all taxes or any other charges on foreign exchange transactions.

The United States and Antigua and Barbuda are both parties to the World Trade Organization (WTO). The WTO Dispute Settlement Panel and Appellate Body resolve disputes over WTO agreements, while courts of appropriate jurisdiction in both countries resolve private disputes. The United States and Antigua and Barbuda brought a case before the WTO, and the WTO ruled in favor of Antigua and Barbuda.

Foreign investors may hold up to 100% of an investment, and the entrepreneur needs 26 days from start to finish to transfer the title on a piece of property. The government of Antigua & Barbuda owns 55% of the land in Antigua. The remaining 45% is privately owned. Currently, land ownership is prohibited on the island of Barbuda.

Antigua and Barbuda bases its legal system on the British common law system. There is one ongoing dispute regarding expropriation of an American-owned property, for which the government has not paid compensation for many years despite a court ruling in favor of the American.

Antigua and Barbuda has bilateral investment treaties with Germany and the United Kingdom. Antigua and Barbuda has also signed free trade agreements with Costa Rica and the Dominican Republic but the agreements have not entered into force. Antigua and Barbuda has double taxation agreements with Denmark, Norway, Sweden, and the United Kingdom.

1. Openness To, and Restrictions Upon, Foreign Investment

The Government of Antigua and Barbuda strongly encourages foreign direct investment, particularly in industries that create jobs, earn foreign currency, and have a positive impact on its citizens. Antigua and Barbuda is one of the more prosperous states in the Eastern Caribbean. The government is pursuing investment in niche markets, particularly tourism, international financial services, offshore education, agro-processing, light manufacturing, real estate & construction and information & communication technology (ICT).

The government has a number of incentive programs in place to attract foreign investment. Currently, these packages are based on the size of capital investment and the economic impact that it will have on the country. Tourism and international financial services are the largest sectors in the Antigua and Barbuda economy.

The government treats foreign investors and local investors equally with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investment in its territory. The police and court systems are efficient and unbiased in commercial matters, and the government operates in a generally transparent manner. Antigua and Barbuda is a member of the Organization of Eastern Caribbean States (OECS) and the Eastern Caribbean Currency Union. The currency of exchange is the Eastern Caribbean dollar (XCD). Deregulation in the telecommunications industry has facilitated access to the market of new competitors, whereas historically the industry was monopolized. There are currently three service providers: Cable and Wireless (Lime), Digicel, and the Antigua Public Utilities Authority.

All potential investors applying for government incentives must submit their proposals for review by the Antigua and Barbuda Investment Authority to ensure that the project is consistent with the national interests and provides economic benefits to the country. There are no limits on foreign ownership or control. The Antigua and Barbuda Investment Authority (ABIA) foreign direct investment policy is to attract FDI into priority sectors, and advise the government on the formation and implementation of policies and programs to attract investment within Antigua and Barbuda. The main laws concerning foreign investment include the ABIA Act (2006), the Fiscal Incentive Acts, and the Free Trade Zone Act.

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

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	N/A	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	N/A	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	(71 of 189)	http://doingbusiness.org/rankings
Global Innovation Index	2013	N/A	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD \$12,480	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Companies registered in Antigua and Barbuda have the right to repatriate all capital, royalties, dividends and profits free of all taxes or any other charges on foreign exchange transactions. Corporation taxes are levied at the rate of 25%. Withholding taxes are also levied on non-resident corporations and individuals where they are receiving income in the form of dividends, preferred share dividends, interest and rentals, management fees, and royalties, as well as on interest on bank deposits to non-resident corporations. One must be on the island for 180 days to be considered a resident. As a member of the OECS, Antigua and Barbuda has a foreign exchange system that is fully liberalized.

3. Expropriation and Compensation

According to the Investment Authority Act of 2006, investments in Antigua and Barbuda will not be nationalized, expropriated or subject to indirect measures having an equivalent effect, except where any such measures are adopted for the public good and in accordance with due process of law, on a non-discriminatory basis and accompanied by prompt, adequate and effective compensation. Compensation in such cases will amount to the fair market value of the expropriated investment immediately before the expropriation or the impending expropriation became public knowledge, whichever is earlier. It shall include interest from the date of dispossession of the expropriated property until the date of payment. Compensation is required to be paid without delay, in convertible currency, and be effectively realizable and freely transferable.

There is one ongoing dispute regarding expropriation of an American-owned property, for which the government has not paid compensation for many years despite a court ruling in favor of the American. For this reason, the U.S. Embassy in Bridgetown recommends caution when investing in real estate or conducting business in Antigua and Barbuda.

4. Dispute Settlement

Antigua and Barbuda bases its legal system on the British common law system. The Attorney General, the Chief Justice, Puisne Judges, and Magistrates administer justice in the country. An appeal may be taken to the Eastern Caribbean Supreme Court's Court of Appeal, and the final court of appeal for Antigua and Barbuda is the Judicial Committee of the Privy Council in the United Kingdom.

The United States and Antigua and Barbuda are both parties to the World Trade Organization (WTO). The WTO Dispute Settlement Panel and Appellate Body resolve disputes over WTO agreements, while courts of appropriate jurisdiction in both countries resolve private disputes. The United States and Antigua and Barbuda brought a case before the WTO. The WTO ruled in favor of Antigua and Barbuda.

Antigua and Barbuda is not a member of the International Center for the Settlement of Investment Disputes (ICSID), also known as the Washington Convention.

5. Performance Requirements and Investment Incentives

Antigua and Barbuda has many incentives for investors. The legal basis for Antigua and Barbuda's tax holidays for investors is codified on the Antigua and Barbuda Investment Authority Act 2006. The definition of local value added is the amount realized from the sales of the product over a continuous 12 months with the exception of a number of items which include but are not limited to, wages and salaries paid to foreign nationals, profits and dividends distributed to foreign nationals, interest, management charges and other income payments to non-residents.

The list of incentives include exemption from or reduction of payment of duty on the importation or purchase of raw materials, building materials, furniture, fixtures, fittings, appliances, machinery, plant and equipment for use in the construction and operation of the business; exemption from or reduction of duty on the importation or purchase of vehicles for use in the operation of the business and reduction of property tax under the Property Tax Act, 2000 of up to 10% in respect of land and buildings used in the operation of the business.

While there are no formal performance requirements, government encourages investments that will create jobs, increase exports and foreign exchange earnings. There are no requirements for participation either by nationals or by the Government in foreign investment projects. There is no requirement that enterprises must purchase a fixed percentage of goods from local sources, but the government encourages local sourcing.

Citizenship through Investment

Under the Citizenship by Investment Program, foreign individuals can obtain citizenship in accordance with the Citizenship by Investment Act 2012, which grants the right of citizenship (without voting rights) by investment. Applicants through the program are required to go through a due diligence process before citizenship can be granted. The minimum that would entitle an investor to qualify is a US\$250,000 contribution to the National Development Fund or a real estate purchase valued at US\$400,000 or above. Applicants must also provide a full medical certificate, a police certificate and evidence of the source of funds.

6. Right to Private Ownership and Establishment

Foreign investors may hold up to 100% of an investment, and the entrepreneur needs 26 days from start to finish to transfer the title on a piece of property. In June 1995, the government introduced a permanent residence scheme to encourage a limited number of high net worth individuals to establish tax residency in Antigua and Barbuda. As residents all their income would be free of local tax.

To obtain a permanent residence certificate an applicant must: maintain a permanent place of abode in Antigua and Barbuda; obtain an alien landholding license costing five percent of the property value; pay a purchaser's stamp duty of 2.5%; pay an annual levy of US\$20,000 per year; and reside in Antigua and Barbuda for not less than 30 days a year.

7. Protection of Property Rights

The government of Antigua & Barbuda owns 55% of the land in Antigua. The remaining 45% is privately owned. Currently, land ownership is prohibited on the island of Barbuda. The Land Department under the Ministry of Agriculture, Lands, and Marine Resources is the main governing body.

Both citizens and non-citizens can lease or buy land from the government or the private sector. Land sold to non-citizens is subject to the Non-Citizen Land Holding Regulation Act that makes provisions for the buyer to obtain a license to purchase land. It is advised that the buyer consults with a local attorney.

The Town and Country Planning office of the Development Control Authority (DCA) designates land usage areas, including for commercial, agricultural, industrial, or tourism use. Government manages several industrial estate and other plots for suitable projects. Currently there are no privately owned or managed industrial estates. Presently there are seven designated industrial estates on Antigua. The Land Department, the Free Trade and Processing Zone and Industrial Development Board manage these estates.

Intellectual Property

Antigua and Barbuda signed the Paris Convention on Intellectual Property Rights (IPR) and the Madrid accords, and is a member of the United Nations World Intellectual Property Organization (WIPO). Article 45 of the Protocol Amending the Treaty that established CARICOM commits all 15 members to implement stronger IP protection and enforcement. Under current legislation, patent, trademark and industrial designs are protected in Antigua and Barbuda if they are registered in the United Kingdom.

8. Transparency of the Regulatory System

Antigua and Barbuda uses transparent policies and effective laws to foster competition and establish clear rules for foreign and domestic investors in the areas of tax, labor, environment, health, and safety. The laws, regulations, administrative practices and procedures of general application, and judicial decisions that affect or pertain to investments or investors in Antigua and Barbuda are published. Where the government establishes policies that affect or pertain to investments or investors which are not expressed in laws and regulations or by other means, the government will make them publicly available.

The Revised Treaty of Chaguaramas provides the competition policy applicable to CARICOM States. Member States are required to establish and maintain a national competition authority for facilitating the implementation of the rules of competition. At the CARICOM level, a regional Competition Commission is established to apply the rules of competition in respect of anti-competitive cross-border business conduct. The CARICOM competition policy addresses anti-competitive business conduct, such as agreements between enterprises, decisions by associations of enterprises, and concerted practices by enterprises that have as their object or effect the prevention, restriction or distortion of competition within the Community; and actions by which

an enterprise abuses its dominant position within the Community. No legislation is yet in operation to regulate competition in Antigua and Barbuda. The Organization of Eastern Caribbean States (OECS) has agreed to establish a regional competition body to handle competition matters within its single market. The draft OECS bill has been submitted to the Ministry of Legal Affairs for review. The Antigua and Barbuda Investment Authority has the main responsibility for investment monitoring, whereas the Ministry of Finance and Economy monitors investments to collect information for national statistics and reporting purposes.

Antigua and Barbuda's international financial services sector began with the enactment of the International Business Corporations (IBC) Act CAP 222 in 1982. Initially, the IBC Act was administered by the Ministry of Finance. By 1990, the country's financial services industry had grown significantly and the government, encouraged by this growth, sought to position the country as a premier international financial center. The Financial Services Regulatory Commission has oversight over the sector. Part of the repositioning strategy was the enactment of anti-money laundering legislation enshrined in the Money Laundering Prevention Act 1996. Antigua and Barbuda's Financial Services industry is generally regarded as transparent.

The Antigua and Barbuda Bureau of Standards is a statutory body established under the Standards Act of 1987 to prepare and promulgate standards in relation to goods, services, processes and practices. The Bureau is currently preparing standards which are relevant to the economy of Antigua and Barbuda. In so doing, it will provide a broad base of technical, advisory and monitoring services for retailers, manufactures and service providers.

9. Efficient Capital Markets and Portfolio Investment

The Eastern Caribbean Central Bank (ECCB) controls the currencies of several island states including Antigua and Barbuda. The ECCB regulates domestic banks in Antigua and Barbuda.

Antigua and Barbuda's monetary and exchange rate policies are determined by the ECCB. Antigua and Barbuda is a member of the OECS, and as such, it is also a member of the Eastern Caribbean Securities Exchange (ECSE). The ECSE is a regional securities market established by the Eastern Caribbean Central Bank and licensed under the Securities Act of 2001, a uniform regional body of legislation governing securities market activities to facilitate the buying and selling of financial products for the eight member territories.

According to the most recent data available from the government, assets of commercial banks totaled US\$2.2 billion in November 2012, and remained relatively consistent throughout the year. The reserve requirement for commercial banks was 6% of deposit liabilities.

Antigua and Barbuda is also a member of the Regional Government Securities Market.

10. Competition from State-Owned Enterprises

The state-owned enterprises in Antigua and Barbuda include the Social Security and the Medical Benefits Schemes. These companies do not generally pose a threat to investors, as they are not designed for competition. They collect special payroll taxes to provide short and long-term

benefits such as healthcare and pension benefits. The Antigua Public Utilities and State Insurance Corporation, however, openly compete in sectors where the government encourages investment.

11. Corporate Social Responsibility

In Antigua and Barbuda, there is an awareness of corporate social responsibility (CSR) among both producers and consumers. The private sector is involved in projects that benefit society, including in support of environmental, social and cultural causes. Individuals benefit from business sponsored initiatives when local and foreign owned enterprises pursue volunteer opportunities and make monetary or in kind donations to local causes.

The NGO community, while comparatively small, is involved in fundraising and volunteerism in gender, health, environmental and community projects. The government at times partners with non-governmental organizations (NGO) in activities. The government encourages philanthropy.

12. Political Violence

Antigua and Barbuda does not have a history of political violence.

13. Corruption

Allegations of corruption against government officials in Antigua and Barbuda are fairly common; however, none of the investigations of these allegations has resulted in confirmed findings. Antigua and Barbuda passed three sets of legislation related to corruption after the 2004 elections. This legislation was designed to reduce corruption and encourage good governance, as well as provide for criminal penalties for official corruption. The government generally implements these laws effectively. Antigua and Barbuda also has a Special Task Force on Crime and Corruption.

The Integrity in Public Life Act requires public officials to disclose all income, assets (including those of spouses and children), and personal gifts while in public office. The law established an Integrity Commission, appointed by the governor general, to receive and investigate complaints regarding noncompliance with or contravention of any provisions of this law or the Prevention of Corruption Act.

The Freedom of Information Act gives citizens the statutory right to access official documents from public authorities and agencies, and it created a commissioner to oversee the process. In practice citizens have found it difficult to obtain documents, possibly due to government funding constraints rather than obstruction.

Antigua and Barbuda is party to the Inter-American Convention Against Corruption and its follow-up mechanism. In 2006, it acceded to the United Nations Convention against Corruption.

14. Bilateral Investment Agreements

Antigua and Barbuda has bilateral investment treaties with Germany and the United Kingdom. Antigua and Barbuda has also signed free trade agreements with Costa Rica and the Dominican Republic but the agreements have not entered into force. Antigua and Barbuda has double taxation agreements with Denmark, Norway, Sweden, and the United Kingdom. Antigua and Barbuda is also party to the following:

Caribbean Community (CARICOM)

The Treaty of Chaguaramas established CARICOM in 1973. Its purpose is to promote economic integration among its fifteen (15) Member States. Investors operating in Antigua and Barbuda are given preferential access to the entire CARICOM market. The Revised Treaty of Chaguaramas goes further to establish the CARICOM Single Market and Economy (CSME), by permitting the free movement of goods, capital and labor within CARICOM States.

Organisation of Eastern Caribbean States (OECS)

The Treaty of Basseterre establishes the Organisation of Eastern Caribbean States (OECS). The OECS consists of seven full Member States of Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts & Nevis, St. Lucia and St. Vincent & the Grenadines, plus two associate members, Anguilla and the British Virgin Islands. The purpose of the Treaty is to promote harmonization among Member States in areas concerning foreign policy, defense and security, and economic affairs. The six independent countries of the OECS ratified the Revised Treaty of Basseterre establishing the OECS Economic Union on January 21, 2011. The Economic Union established a single financial and economic space within which all factors of production, including goods, services and people, move without hindrance.

Economic Partnership Agreement (EPA)

The Economic Partnership Agreement (EPA) was concluded between the CARIFORUM States and the European Community and its Member States. The EPA is designed to replace the now expired transitional trade regime of the Cotonou Agreement. The overarching objectives of the EPA are to alleviate poverty in CARIFORUM, to promote regional integration and economic cooperation and to foster the gradual integration of the CARIFORUM states into the world economy by improving their trade capacity and creating an investment-conducive environment. The Agreement promotes trade related developments in areas such as competition, intellectual property, public procurement, the environment and protection of personal data.

Caribbean Basin Initiative (CBI)

The objective of the Caribbean Basin Initiative is to promote economic development through private sector initiative in Central America and the Caribbean islands by expanding foreign and domestic investment in non-traditional sectors, diversifying CBI country economies and expanding their exports. It permits duty free entry of products manufactured or assembled in Antigua and Barbuda into markets of the United States.

Caribbean / Canada Trade Agreement (CARIBCAN)

CARIBCAN is an economic and trade development assistance program for Commonwealth Caribbean countries in which Canada provides duty free access to its national market for the majority of products which originate in Commonwealth Caribbean countries.

15. OPIC and Other Investment Insurance Programs

OPIC provides financing and political risk insurance to viable private sector projects, helps U.S. businesses invest overseas, and fosters economic development in new and emerging markets.

16. Labor

Antigua and Barbuda has a labor force of about 35,000 persons with a literacy rate of approximately 90%. The law stipulates a minimum working age of 16 years, which corresponds with the provisions of the Education Act. In addition persons under 18 years of age must have a medical clearance to work and may not work later than 10 p.m. The Ministry of Labor, which is required by law to conduct periodic inspections of workplaces, effectively enforces this law. The labor commissioner's office also has an inspectorate that investigates exploitive child labor matters.

Workers have the right to associate freely and to form labor unions. Approximately 60% of workers in the formal sector belong to a union. Unions are free to conduct their activities without government interference. Labor unions form an important part of the base of both political parties.

The labor code provides for the right to strike, but the Industrial Relations Court may limit this right in a given dispute. Workers who provide essential services (including bus, telephone, port, petroleum, health, and safety workers) must give 21 days' notice of intent to strike. Once either party to a dispute requests that the court mediate, strikes are prohibited under penalty of imprisonment. Because of the delays associated with this process, unions often resolve labor disputes before a strike is called. In addition an injunction may be issued against a legal strike when the national interest is threatened or affected. Labor law prohibits retaliation against strikers, and the government effectively enforces those laws. The labor code provides that the minister of labor may issue orders, which have the force of law, to establish a minimum wage. Tripartite consultations were held when the minimum wage was set. The minimum wage was EC\$7.50 (\$2.78) an hour for all categories of labor, which provided a barely adequate standard of living for a worker and family. In practice the great majority of workers earned substantially more than the minimum wage.

The law provides that workers are not required to work more than a 48-hour, six-day work week, but in practice the standard work week was 40 hours in five days. Laws provide for overtime work in excess of the standard work week; excessive or compulsory overtime is not specifically prohibited.

Investors in Antigua and Barbuda are required to maintain workers' rights and safeguard the environment. While there are no specific health and safety regulations, the Labor Code provides

general health and safety guidance to Labor Ministry inspectors. The Labor Commission settles disputes over safety conditions. Workers have the right to report unsafe work environments without jeopardy to continued employment; inspectors then investigate such claims, and workers may leave such locations without jeopardy to their continued employment.

17. Foreign Trade Zones/Free Ports

The Antigua and Barbuda Free Trade and Processing Zone was established by an Act of Parliament in 1994 and is based on the legal foundation enacted twelve years earlier which set guidelines for the establishment of International Business Corporations in Antigua and Barbuda. The Free Zone is administered by a Commission, empowered by the Free Trade and Processing Zone Act No. 12 of 1994, to function as a private enterprise.

The Free Trade and Processing Zone is part of an initiative undertaken by the Government of Antigua and Barbuda to diversify the economy of the State. The organization is mandated to attract investment in the areas deemed to be of priority by the Government for the economic development of Antigua and Barbuda.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

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

	ECCB		World Bank		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (<i>Millions U.S. Dollars</i>)	2012	1.19 billion	2012	1.176 billion	http://www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other

U.S. FDI in partner country (<i>Millions U.S. Dollars, stock positions</i>)	n/a	n/a	2012	2	(BEA) click selections to reach. <ul style="list-style-type: none"> Bureau of Economic Analysis
Host country's FDI in the United States (<i>Millions U.S. Dollars, stock positions</i>)	n/a	n/a	2012	3	(BEA) click selections to reach <ul style="list-style-type: none"> Bureau of Economic Analysis
Total inbound stock of FDI as % host GDP (<i>calculate</i>)	n/a	n/a	2012	216.3	www.unctad.org

* Provide sources of host country statistical data used.

19. Contact Point at Post for Public Inquiries

- **NAME:** Jonelle Watson
- **TITLE:** Economic and Commercial Affairs
- **ADDRESS OF MISSION/AIT:** U.S. Embassy Barbados and the Eastern Caribbean
- **TELEPHONE NUMBER:** 246-227-4052
- **EMAIL ADDRESS:** WatsonJM@state.gov