

# Barbados

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RISK & COMPLIANCE REPORT

DATE: March 2017

## Executive Summary - Barbados

<b>Sanctions:</b>	None
<b>FATF list of AML Deficient Countries</b>	No
<b>Higher Risk Areas:</b>	US Dept of State Money Laundering assessment Not on EU White list equivalent jurisdictions Offshore Finance Centre
<b>Medium Risk Areas:</b>	Compliance with FATF 40 + 9 Recommendations Failed States Index (Political Issues)(Average Score) Weakness in Government Legislation to combat Money Laundering
<b>Major Investment Areas:</b>  <b>Agriculture - products:</b> sugarcane, vegetables, cotton  <b>Industries:</b> tourism, sugar, light manufacturing, component assembly for export  <b>Exports - commodities:</b> manufactures, sugar and molasses, rum, other foods and beverages, chemicals, electrical components  <b>Exports - partners:</b> Trinidad and Tobago 20.8%, US 11.9%, St. Lucia 9.7%, St. Vincent and the Grenadines 6%, Jamaica 5.6%, Antigua and Barbuda 4.9%, St. Kitts and Nevis 4.6%, UK 4.4% (2012)  <b>Imports - commodities:</b> consumer goods, machinery, foodstuffs, construction materials, chemicals, fuel, electrical components  <b>Imports - partners:</b> Trinidad and Tobago 35.9%, US 26.9%, China 5.6% (2012)	

**Investment Restrictions:**

The Government of Barbados, through Invest Barbados, strongly encourages foreign direct investment in Barbados.

The government offers special incentive packages for foreign investments in the hotel industry, manufacturing, and offshore business services.

The services sector holds the largest potential for growth, especially in the areas of financial services, e-commerce, tourism, educational, health, and cultural services. In agriculture, the slow demise of the sugar industry has opened up land for other agricultural uses, and investment opportunities exist in the areas of agro-processing, alternative and renewable energy, and hydroponics. In the financial services sector, the government has improved its regulatory oversight, and the industry is thriving under better regulatory standards, designed to prevent money laundering and tax evasion.

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## Section 1 - Background

The island was uninhabited when first settled by the British in 1627. African slaves worked the sugar plantations established on the island until 1834 when slavery was abolished. The economy remained heavily dependent on sugar, rum, and molasses production through most of the 20th century. The gradual introduction of social and political reforms in the 1940s and 1950s led to complete independence from the UK in 1966. In the 1990s, tourism and manufacturing surpassed the sugar industry in economic importance.



## Section 2 - Anti - Money Laundering / Terrorist Financing

### FATF status

Barbados is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Barbados was undertaken by the Financial Action Task Force (FATF) in 2008. According to that Evaluation, Barbados was deemed Compliant for 9 and Largely Compliant for 13 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

### Key Findings from latest Mutual Evaluation Follow-Up Report (2012):

Since the MER, the authorities in Barbados began to assess the various means to achieve compliance. Some measures included legislative amendments to specific laws and proposals for new legislation. Arising from these measures, it was reported in May 2011 that the International Corporate and Trust Service Providers Act (ICTSPA), the Transnational Organized Crime (Prevention and Control) Act (TOCPCA), the Companies (Amendment) Act (CAA) and the Financial Services Commission Act (FSCA) had been enacted. As a result of the passage of the FSCA, the Financial Services Commission (FSC) came into effect on April 1, 2011. The Money Laundering and Financing of Terrorism (Preventions and Control) Act (MLFTA 2011) became enforceable in November 2011 and contains amendments to the relevant sections of the Securities Act (SA), the Mutual Assistance in Criminal Matters Act (MACMA), the Insurance Act, the Exempt Insurance Act, the Cooperative Societies Act (CSA), the Proceeds of Crime Act (POCA), the International Business Companies Act, the Drugs (Prevention and Control) Act, the Charities Act, the International Trusts Act, the Societies with Restricted Liability Act and the Mutual Funds Act. 6. The enactment of the MLFTA 2011 resulted in substantial improvement in the level of compliance with the examiners' recommendations i.e. Recs. 3, 4, 5, 10, 12, 14, 15, 16, 23, 33, 36, 38, SR I, SR V which includes eight (8) key and core Recommendations. Recs. 6, 8, 9, 11, 21, 22, 24, 34 and SR. III remained outstanding including one key Recommendation. Given the above, Barbados was removed from enhanced to expedited follow-up within the regular follow-up process.

The Follow-Up Report of May 2012 noted the improved level of compliance of Recs. 4, 23, and 38. With regard to other Recommendations, the main means of achieving compliance consisted of proposed revision of AML guidelines, developing amendments to relevant laws, and discussions among the appropriate competent authorities with regard to the monitoring regime for international trusts and the regulatory framework for money value transfer service providers.

The Follow-Up Report of November 2012 noted that the level of compliance of Recs. 6, 8, 9, 11, 21, 22, and 30 had improved. The FSC issued in October 2012 the Anti-Money Laundering/Combating Terrorist Financing Guideline for financial institutions regulated by the FSC (FSC AML/CFT Guideline). The FSC AML/CFT Guideline was issued pursuant to subsections 53 (1) (d) and (e) of the FSCA. With regard to other Recommendations, measures were implemented to formulate proposals for the establishment and supervision of the DNFBP regime and draft guidelines. Proposed legislation including a Prevention of Corruption Bill was in Parliament and a Cabinet Paper concerning regulations to the ICTSPA was before Cabinet.

Since the Follow-Up Report of November 2012, the Prevention of Corruption Act (PCA) was enacted in December 2012. The Act becomes enforceable once it is proclaimed which is due shortly. Additionally, draft Regulations to the ICTSPA are currently under review by the Chief Parliamentary Counsel.

Parliament was dissolved on February 12, 2013 for general elections which were held in Barbados on February 21, 2013.

The Plenary in November 2012 in the Virgin Islands decided that countries in the expedited follow-up process would be required to achieve substantial progress on outstanding recommendations and report back to the Plenary in May 2013 and must ensure full compliance with all outstanding key and core recommendations by November 2013. Given the above, this report will focus on the status and any progress made in all outstanding recommendations. Additionally, in view of the November 2013 deadline, recommended measures which are still outstanding in the Key and Core recommendations will be identified so Barbados is aware of what needs to be completed by the deadline.

## US Department of State Money Laundering assessment (INCSR)

**Barbados is categorised by the US State Department as a Country/Jurisdictions of Primary Concern in respect of Money Laundering and Financial Crimes.**

### OVERVIEW

Barbados is a regional financial center with a sizeable IBC presence. The country's susceptibility to money laundering is primarily associated with the domestic sale of illegal narcotics and the laundering of foreign criminal proceeds. There are some reports of proceeds from illicit activities abroad being laundered through domestic financial institutions.

### VULNERABILITIES AND EXPECTED TYPOLOGIES

Narcotics trafficking, money laundering, and firearms trafficking are major sources of illicit funds in the country. In addition to the use of financial institutions, money is laundered through the purchase of real estate, vehicles, vessels, and jewelry as well as through a variety of businesses.

Bearer shares are not permitted. There are no FTZs and no domestic or offshore casinos.

### KEY AML LAWS AND REGULATIONS

The Central Bank of Barbados (CBB) is responsible for regulating and supervising commercial and offshore banks, trust companies, merchant banks, and finance companies. The CBB estimates the offshore sector is a \$32 billion industry. As of 2015, there were nine commercial banks and holding companies and 13 trusts and merchant banks licensed by the CBB. As of August 2016, there were 27 international banks licensed by the CBB. There are no clear statistics available on the IBC sector, although promotional material suggests there are over 4,000 IBCs. IBCs are subject to heightened due diligence requirements for license applications and renewals, and are audited if total assets exceed \$500,000.

There is a Double Taxation Treaty with the United States and a specific agreement between Barbados and the United States for the exchange of information with reference to taxes.

Entities that must comply with CDD rules are banks, securities and insurance brokers and companies, money exchanges or remitters, financial management firms, lawyers, real estate brokers, high-value goods dealers, accountants, investment services or any other financial services, credit unions, building societies, restricted liability societies, friendly societies, offshore banks, IBCs and foreign sales corporations, mutual funds and fund administrators and managers, and international trusts.

#### **AML DEFICIENCIES**

Barbados' criminal law limits the government's ability to seize assets acquired through criminal activity without conviction. The Government of Barbados should continue developing new non-conviction-based asset forfeiture laws to increase the efficacy of asset recovery procedures.

## **ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS**

The Government of Barbados should allot more resources to ensure the FIU, law enforcement, supervisory agencies, and prosecutorial authorities are fully staffed and have the capacity to perform their duties. The FIU is administrative in nature, which means it does not have the capacity to do investigative work or resolve legal issues.

The government should consider taking a more aggressive approach to conducting examinations of the financial sector and asserting more control over vetting and licensing of offshore entities. Supervision of NPOs, charities, DNFBPs, and money transfer services could be strengthened through increased reporting requirements and oversight. Information sharing among regulatory and enforcement agencies also needs improvement.

Barbados should become a party to the UN Convention against Corruption.

### **Current Weaknesses in Government Legislation (2014 INCRS Comparative Tables):**

According to the US State Department, Barbados does not conform with regard to the following government legislation: -

**States Party to United Nations Convention Against Corruption** - States party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

**States Party to United Nations Transnational Organised Crime Convention** - States party to the United Nations Convention against Transnational Organized Crime (UNTOC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

### **EU White list of Equivalent Jurisdictions**

Barbados is not currently on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

## **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

## **Offshore Financial Centre**

Barbados is considered to be an Offshore Financial Centre

**US State Dept Narcotics Report 2017 (introduction):**

**Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines**

The seven independent countries of Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines are collectively referred to in this report as the Eastern Caribbean (EC).

The region hosts abundant transshipment points for illicit narcotics, primarily from Venezuela destined for North American, European and domestic Caribbean markets. Local and international law enforcement believe traffickers are increasingly using yachts for drug transit, though “go-fast” boats, fishing trawlers, and cargo ships continue to play major transit roles.

Homicide rates throughout the region remained at levels similar to those of 2015, although there was an increase in drug-related violent and non-violent crimes (including money laundering and bulk cash smuggling). Many of the homicides that do occur are a result of turf wars between organized groups fighting for control of drug distribution. Marijuana remains the most commonly used illicit drug within the region.

Eight consecutive years of declining macroeconomic growth leave EC law enforcement capacity increasingly beleaguered. EC governments made some improvements to still-antiquated criminal codes. However, in some countries, leaders failed to address public concerns about official corruption.

**Conclusion**

The United States encourages the countries of the Eastern Caribbean to continue to embrace CBSI partnership and to fulfill their budgetary commitments to the RSS. The United States also encourages the Eastern Caribbean countries to support programming to increase regional counternarcotics operations and build regional capacity, through joint training and cooperation. The United States further encourages the seven countries to continue to pass legislation to modernize their criminal codes, making use of regional best practices in fighting transnational organized crime.

**US State Dept Trafficking in Persons Report 2014 (introduction):**

Barbados is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Barbados is a source and destination country for men, women, and children subjected to sex trafficking and forced labor. Authorities and NGOs report foreign women have been forced into prostitution in Barbados. Foreigners have been subjected to forced labor in Barbados, most notably in domestic service, agriculture, and construction. Legal and illegal immigrants

from Jamaica, the Dominican Republic, and Guyana are especially vulnerable to trafficking. The prostitution of children occurs in Barbados. UNICEF has documented children engaging in transactional sex with older men for material goods throughout the Eastern Caribbean; this is a high risk group for human trafficking.

The Government of Barbados does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government identified and assisted an increased number of trafficking victims during the reporting period compared with 2012. It established formal, victim-centered guidelines to guide officials in the identification and protection of trafficking victims and the prosecution of trafficking offenders. No traffickers have been convicted of human trafficking offenses; however, the government arrested suspected trafficking offenders during the reporting period, including a government official for alleged complicity in trafficking. It also pledged to improve its anti-trafficking legal framework.

## International Sanctions

None Applicable

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	61
World Governance Indicator – Control of Corruption	93

### Corruption and Government Transparency - Report by US State Department

Corruption is not a major problem in Barbados, but some U.S. companies have reported unfair treatment by Barbados' Customs and Excise Department. Other U.S. companies have reported efforts by political actors to trade political support for payment or partial project ownership.

In 2012, Barbados enacted the Prevention of Corruption Act (2010) which repealed an archaic law from the 1920s. Barbados has not signed and ratified the Inter-American Convention on Mutual Assistance in Criminal Matters and has signed but not ratified the UN Convention on Corruption and the Inter-American Convention against Corruption. Barbados has also signed the CARICOM Mutual Legal Assistance Treaty on Serious Criminal Matters.

## Section 3 - Economy

Barbados is the wealthiest and most developed country in the Eastern Caribbean and enjoys one of the highest per capita incomes in Latin America. Historically, the Barbadian economy was dependent on sugarcane cultivation and related activities. However, in recent years the economy has diversified into light industry and tourism with about four-fifths of GDP and of exports being attributed to services. Offshore finance and information services are important foreign exchange earners and thrive from having the same time zone as eastern US financial centers and a relatively highly educated workforce. Barbados' tourism, financial services, and construction industries have been hard hit since the onset of the global economic crisis in 2008. Barbados' public debt-to-GDP ratio rose from 56% in 2008 to 90.5% in 2013. Growth prospects are limited because of a weak tourism outlook and planned austerity measures.

### **Agriculture - products:**

sugarcane, vegetables, cotton

### **Industries:**

tourism, sugar, light manufacturing, component assembly for export

### **Exports - commodities:**

manufactures, sugar and molasses, rum, other foods and beverages, chemicals, electrical components

### **Exports - partners:**

Trinidad and Tobago 20.8%, US 11.9%, St. Lucia 9.7%, St. Vincent and the Grenadines 6%, Jamaica 5.6%, Antigua and Barbuda 4.9%, St. Kitts and Nevis 4.6%, UK 4.4% (2012)

### **Imports - commodities:**

consumer goods, machinery, foodstuffs, construction materials, chemicals, fuel, electrical components

### **Imports - partners:**

Trinidad and Tobago 35.9%, US 26.9%, China 5.6% (2012)

## Banking

The financial services sector includes international/offshore banks, commercial banks, finance companies, trust companies and merchant banks all of which are regulated and supervised by the Central Bank of Barbados (CBB). Offshore banks are governed by the International Financial Services Act, CAP 325, (IFSA), which defines international financial

services to include the receiving and using of foreign funds from non-residents or prescribed persons for international banking business.

Onshore commercial banks, trust companies, finance companies, merchant banks, and similar financial institutions are regulated by the Financial Institutions Act CAP 324A (FIA). Trust companies, finance companies, and merchant banks, in addition to carrying on banking business, can also perform functions as trustee, administrator or executor, or the business of broker, investment analyst, investment adviser, or such other business not prohibited by the CBB.

## Stock Exchange

The Barbados Stock Exchange is among the four major regional Caribbean stock exchanges. The other three being the exchanges of Jamaica, the Eastern Caribbean, and Trinidad and Tobago. The BSE is the third largest stock exchange in the Caribbean region. The BSE along with officials from Jamaica and Trinidad and Tobago are working to integrate these stock exchanges into a single unit known as the Caribbean Exchange Network.

### Executive Summary

The Government of Barbados strongly encourages foreign direct investment. However, Barbados has a large government debt and deficit, saw its sovereign debt rating downgraded in 2013, and is expected to have a GDP contraction of 1.2% in 2014. Despite the recession, the services sector holds the largest potential for investment growth, while a new energy law will likely lead to increased production of renewable energy.

The government offers special incentive packages for foreign investments in the hotel industry, manufacturing, and offshore business services. Foreign nationals receive the same legal protections as local citizens. Local enterprises generally welcome joint ventures with foreign investors to access technology, expertise, markets, and capital. Barbados has a low level of corruption, a relatively high degree of economic freedom, and a moderate ranking on the World Bank's Ease of Doing Business index.

Companies can freely repatriate profits and capital from foreign direct investment. The Embassy is not aware of any outstanding expropriation claims or nationalization of foreign enterprises in Barbados. Barbados bases its legal system on the British common law system.

Barbados 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. These rules are in keeping with international standards. The regulatory system can be slow, and at times not forthcoming on information regarding the refusal of a license.

Barbados is a member of the Caribbean Basin Initiative, which permits duty free entry of many products manufactured or assembled in Barbados into markets of the United States. Barbados has no bilateral investment treaty with the United States, but has a double taxation treaty and tax information exchange agreement.

### 1. Openness To, and Restrictions Upon, Foreign Investment

The Government of Barbados, through Invest Barbados, encourages foreign direct investment, with stated goals to create jobs and earn foreign currency.

The government offers special incentive packages for foreign investments in the hotel industry, manufacturing, and offshore business services. For example, International Business Companies (IBCs) have a maximum tax rate of 2.5% on income and exemption from foreign exchange controls.

The services sector holds the largest potential for growth, especially in the areas of international financial services, tourism, information technology, educational, health, and cultural services. In agriculture, the gradual deterioration of the sugar industry has opened up land for other agricultural uses, and investment opportunities exist in the areas of agro-processing, alternative and renewable energy, and hydroponics. In the financial services sector, the government has improved its regulatory oversight, and the industry is thriving under better regulatory standards, designed to prevent money laundering and tax evasion.

Referencing “mounting external pressures due a persistent current account deficit and a high fiscal deficit,” Standard & Poor’s downgraded Barbados in November 2013. In December 2013, Moody’s downgraded Barbados’s rating from Ba1 to Ba3 with a negative outlook, citing poor economic growth prospects, increasing external vulnerability in face of a sharp decline in foreign reserves, increased government liquidity risk, and government deficit/debt levels. Fitch Ratings does not rate Barbados.

Foreign nationals receive the same legal protections as local citizens. The police and court systems are unbiased in commercial matters, and the government operates in a mostly transparent manner, although the lack of adequate government staff and bureaucratic procedures can slow certain processes and limit access to information. There are no requirements for participation either by nationals or by the government in foreign investment projects.

Local enterprises generally welcome joint ventures with foreign investors in order to access technology, expertise, markets, and capital. Barbados' economy is small, and in the past, new enterprises that might compete with entrenched local establishments, especially in the retail and restaurant sector, may face an objection to their license by local private interests. In the past, licenses for importers of U.S. ice cream and poultry products, and some U.S. fast food franchises were considerably delayed due to this objection process. Recently, there has been a relaxation on the use of this mechanism and there has been an increase in the entry of franchises on the island.

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

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	(15 of 177)	<a href="http://cpi.transparency.org/cpi2013/results/">http://cpi.transparency.org/cpi2013/results/</a>
Heritage Foundation’s Economic Freedom index	2013	(45 of 177)	<a href="http://www.heritage.org/index/ranking">http://www.heritage.org/index/ranking</a>
World Bank’s Doing Business Report “Ease of Doing Business”	2013	(91 of 189)	<a href="http://doingbusiness.org/rankings">http://doingbusiness.org/rankings</a>

Global Innovation Index	2013	(47 of 142)	<a href="http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener">http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener</a>
World Bank GNI per capita	2013	USD \$15,080	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## 2. Conversion and Transfer Policies

Companies can freely repatriate profits and capital from foreign direct investment if they registered with the Central Bank of Barbados at the time of investment. The Central Bank may limit or delay conversions depending on the level of international reserves under the bank's control.

The Ministry of Finance and Economic Affairs controls the flow of foreign exchange, and the Exchange Control Division of the Central Bank executes fiscal policy under the Exchange Control Act. Individuals may apply through a local bank to convert the equivalent of US\$3,750 per year for personal travel and up to a maximum of US\$25,000 for business travel. To convert any amount over these limits, one must apply to the Central Bank. International businesses, including Exempt Insurance and Qualifying Insurance Companies, are exempt from these exchange regulations.

Barbados is a member of the Caribbean Financial Action Task Force and according to the 2013 International Narcotics Control Strategy Report (INSCR), Barbados is categorized as a jurisdiction of concern.

## 3. Expropriation and Compensation

The Barbados Constitution and Companies Act Cap 308 contain provisions that permit the government to acquire compulsorily property for public use upon prompt payment of compensation at fair market value. The Embassy is not aware of any outstanding expropriation claims or nationalization of foreign enterprises in Barbados.

## 4. Dispute Settlement

Barbados bases its legal system on the British common law system. The Attorney General, the Chief Justice, Puisne Judges, and Magistrates administer justice in Barbados. The Caribbean Court of Justice (CCJ) is the highest court of appeal for Barbados.

The United States and Barbados 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 Barbados Arbitration Act (1976) and the Foreign Arbitral Awards Act (1980), which recognizes the 1958 New York Convention on the Negotiation and Enforcement of Foreign Arbitral Awards, contain provisions for arbitration of investment disputes. Parliament has written the New York Convention's provisions into domestic law, but has not ratified the convention. Barbados is also a member of the International Center for the Settlement of Investment Disputes (ICSID), also known as the Washington Convention. Additionally, individual

agreements between Barbados and multilateral lending agencies have provisions calling on Barbados officials to accept recourse to binding international arbitration to resolve investment disputes between foreign investors and the state.

Barbados is ranked number 28 for ease of "resolving insolvency" in the World Bank's Doing Business Report. The Companies Act makes provision for the insolvency and/or liquidation of a company incorporated or continued under the Act. The Bankruptcy and Insolvency Act 2002 gives the Company three options: receivership, Bankruptcy (voluntary and Involuntary), and reorganization of the company.

## **5. Performance Requirements and Investment Incentives**

Most investment incentives in Barbados are tax incentives, although there are some special programs for manufacturers. Potential investors should contact Invest Barbados, a licensed accountant, and/or lawyer in Barbados to find out which incentives fit best with their goals.

In the manufacturing sector, the Barbados Investment and Development Corporation (BIDC) has established ten well-equipped industrial parks. The BIDC may also supply limited training grants and technical assistance through a program with a focus on developing local businesses.

Invest Barbados may provide a training grant to qualifying manufacturing and information and communication technology enterprises during the initial operating period.

Companies must meet export performance requirements to take advantage of certain tax incentives. For example, "enclave enterprises" must produce goods exclusively for export outside the CARICOM region. Foreign investors must finance their investments from external sources or from income that the investment generates. When a foreign investment generates significant employment or other tangible benefits for the country, the authorities may allow the company to borrow locally for working capital.

There is no requirement that locals own shares of a foreign investor's enterprise, but some restrictions may apply to share transfers. The Companies Act does not permit bearer shares. Foreign investors do not need to establish facilities in any specific location, although there are zoning restrictions. There is no requirement that enterprises must purchase a fixed percentage of goods from local sources, but the government encourages local sourcing.

The BIDC also offers local small businesses access to its Small Business Development Center, with conference room facilities, communications services, short-term office space, and a commercial library. To help further manufacturers, the Central Bank of Barbados has established an export credit guarantee scheme, covering pre-shipment financing requirements and post-shipment credit risks for manufacturing companies.

The Fiscal Incentives (Amendment) Act (2001) provides a maximum 15-year tax holiday to any manufacturer of an approved product, provided that it meets the definition of an enclave enterprise: manufacturing exclusively for export outside of CARICOM; manufacturing approved products containing a specified percentage of local value added; or being highly capital intensive. Under the Fiscal Incentives Act, such enterprises may import duty-free equipment, spare parts, and raw materials from outside CARICOM. Dividends and other distributions to shareholders during the tax holiday are also exempt from the payment

of income tax. Non-resident shareholders liable to tax in their country of residence are subject to Barbados withholding tax at a lower rate. To qualify for these incentives, the enterprise must apply to the Ministry of Industry. It should be noted that the Fiscal Incentives may be discontinued in 2015 based on WTO rules.

Enterprises not obtaining benefits under the Fiscal Incentives (Amendment Act 2007) and generating export profits (other than from exports within CARICOM) may receive an export allowance expressed as a rebate of corporation tax (between 35-93%) on those profits. The maximum rebate of 93% applies if more than 81% of an enterprise's profits result from extra-regional exports. The Export Development Allowance permits a company to deduct from taxable income an additional 50% of what the company spends in developing export markets outside CARICOM.

Initial Allowances or Investment Allowances of up to 40% on capital expenditure are available for businesses making capital expenditures on machinery and plants, or on an industrial building or structure. Annual depreciation allowances on such expenditures are also available.

Barbados' method of calculating export allowance is as follows:

Export Profit as Percentage of Total Profit	Rebate of Income Tax as Percentage of Income Tax on Export Profits
Up to 20%	35%
21%, but under 41%	45%
41%, but under 61%	64%
61%, but under 81%	79%
81% and over	93%

In the tourism sector, a Market Development Allowance allows a company to deduct an additional 50% of what it spends encouraging tourists to visit Barbados. Under the Tourism Development Act of 2002, businesses and individuals that invest in the tourism sector can write off capital expenditure and 150% of interest. They are also exempt from import duties, the value added tax, and environmental levies on furniture, fixtures and equipment, building materials, supplies, and equity financing. The Act expands the definition of tourist sector to include not just accommodation, but restaurants, recreational facilities, and services. The Act encourages the development of attractions that emphasize the island's natural, historic, and cultural heritage, and encourages construction of properties in non-coastal areas. The Ministry of Tourism must first be engaged on projects under this legislation.

Regarding taxation, Barbados has entered into double taxation treaties with the United States, Canada, CARICOM, China, Austria, Cuba, Finland, Iceland, the Czech Republic, Luxembourg, Norway, Sweden, Switzerland, the United Kingdom, Botswana, and Kingdom of the Netherlands, Mauritius, Malta, Spain, Panama, Mexico, Seychelles, and Venezuela.

Barbados has signed Tax Information Exchange Agreements with Denmark, the Faroe Islands, and Greenland. Accords awaiting ratification include treaties with Qatar, Bahrain, San Marino, Ghana, and Portugal. A revised treaty with the United Kingdom is also awaiting ratification. A new amendment to the tax treaty between the U.S. and Barbados went into effect on January 1, 2005. The revised tax treaty strengthens measures to prevent U.S. companies from using Barbados as a tax shelter on income earned in the United States.

Offshore businesses may operate either free of income tax (e.g., captive insurance) or with a tax rate from 0.25% to 2.5%. An International Business Company (IBC) must by the terms of its license export 100% of its services or products in order to enjoy the following tax rates on gains and profits:

Gains and Net Profits	Corporate Tax Rate
Up to US\$5 million	2.5%
US\$5-10 million	2.0%
US\$10-15 million	1.5%
Over US\$15 million	0.25%

The rate for income over US \$15 million was reduced to 0.25% effective income year 2013. In addition, there are no withholding taxes on dividends, interest, royalties or management fees paid to non-residents.

An IBC may import machinery and equipment into Barbados free from certain taxes and customs duties. IBCs in the information services sector have the same maximum tax rate of 2.5% on profits mentioned above, full exemption from import duties on production-related equipment, including computers, full and unrestricted repatriation of capital, profits, dividends, rental of subsidized office space, and training grants to subsidize worker training.

International financial service companies also enjoy several tax incentives. Under the Exempt Insurance Act, a company incorporating with a minimum capital of US\$125,000 and at least one Barbadian director is eligible for taxation on profits at 0% for the first 15 years, and thereafter at 8% on the first US\$125,000 of taxable income, as well as an exemption from a withholding tax on royalties and exchange control restrictions. Its beneficial shareholders also must not be persons resident in CARICOM. In 1998, legislation allowed companies involved in the international insurance business to register as Qualifying Insurance Companies, entitled to: a tax rate of 1.75%, after deducting a foreign currency earnings allowance, and exemption from withholding taxes and exchange controls.

The International Trust Act allows non-residents to create trusts for the benefit of non-residents, with no minimum capital requirements and no withholding taxes, but subject to 35% tax on profits earned in or remitted to Barbados. Exempt Societies of Restricted Liability, which may not acquire land in Barbados or transact business with CARICOM residents, enjoy certain concessions for up to 30 years, including exemption from exchange controls and withholding tax on dividends, royalties, interest, or other interest paid to non-residents. The

European Union's 2001 WTO challenge to the U.S. Foreign Sales Corporations (FSC) has eliminated the exemption to U.S. taxes previously enjoyed on profits derived from FSC export sales.

The Shipping Incentives Act of 1982 provides concessions to shipping companies engaged in the operation of passenger ships, leasing of ships, shipbuilding, maintenance or repair. The concessions include a 15 year exemption on tax and custom duties on materials connected with the shipping activities.

## **6. Right to Private Ownership and Establishment**

It is a constitutional right for nationals and non-nationals to establish and own private enterprises and private property in Barbados. These rights also pertain to the acquisition and disposition of interests in private enterprises.

No industries are closed officially to private enterprise, although the government reserves the right not to allow certain investments. Some activities, such as telecommunications, utilities, broadcasting, banking, and insurance, require a license from the government. There is no percentage, or other restrictions, on foreign ownership of a local enterprise or participation in a joint venture.

The Government of Barbados has been engaged for the past several years in efforts to strengthen the private sector by divesting itself of a number of costly and often unprofitable state-owned enterprises. Since 1992, the government has sold over US\$120 million of its commercial property to private investors through the sale of shares in Barbados External Telecommunications (to Cable & Wireless of the U.K.), Barbados Telephone Company (to Cable & Wireless), Barbados Mills (to Archer Daniels Midland), the Arawak Cement Company, Barbados Dairy Industries, Barbados National Oil Company, and Heywoods resorts. After selling its controlling stake in the Barbados National Bank to Republic Bank of Trinidad in 2003, the Government sold its remaining shares in December 2012, giving Republic Bank 100% ownership.

## **7. Protection of Property Rights**

The Barbados Government has improved the legal regime for property rights. Civil law protects physical property and mortgage claims. Barbados is ranked 142 in the Doing Business report for ease of "registering property." The report noted that the Barbados had not introduced reform measures to improve this process during the last five years.

### ***Intellectual Property***

While the legal structures governing intellectual property could be considered strong, enforcement has been weak. Barbados signed the Paris Convention on Intellectual Property Rights (IPR), the Madrid accords, and is a member of the United Nations World Intellectual Property Organization (WIPO). The Government of Barbados adopted a new Copyright Act in August 1998, and amended it in 2004 to provide for tougher penalties. In the early 2000s, the government also approved legislation for Integrated Circuits Topography, Geographical Indications, and Protection against Unfair Competition. In addition, the government revised The Trademark and Industrial Designs Acts to meet world standards. Article 45 of the Protocol Amending the Treaty that established CARICOM commits all 15 members to implement

stronger IP protection and enforcement. In spite of this, the Office of the United States Trade Representative added Barbados to the Special 301 Report Watch List in 2013 for concerns over the interception and retransmission of programming by local cable operators without the consent of, and without adequately compensating, U.S. rights holders. Barbados' slow legal system, inert state of enforcement, and lack of reform contribute to their inclusion.

IPR infringement in most areas is small-scale, although video stores sell and rent pirated DVDs and videos, and other stores sell illegal copies of computer software, designer items, and music. For additional information about treaty obligations and points at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

#### Resources for Rights Holders

##### Contact at Mission:

- U.S. Embassy Barbados and the Eastern Caribbean
- Name: Michael Carver
- Title: Economic/Commercial Officer
- Telephone Number: (246) 227-4274
- Email address: [CarverMJ@state.gov](mailto:CarverMJ@state.gov)

##### Country/Economy Resources:

- American Chamber of Commerce for Barbados and the Eastern Caribbean
- Name: Dustin Delany
- Title: Chairman
- Telephone: (246) 228-2260
- Email: [dd@amchambec.com](mailto:dd@amchambec.com)

Local attorneys list: [http://barbados.usembassy.gov/dominica\\_attorneys.html](http://barbados.usembassy.gov/dominica_attorneys.html)

## **8. Transparency of the Regulatory System**

Barbados 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. These rules are in keeping with international standards. The regulatory system can be slow at times; and at times, not forthcoming on information regarding the refusal of a license.

The International Business Customer Charter provides for the processing of long (usually for no more than five years) and short-term (for six months or less) work permits in two to four weeks if the application is completed in totality. To receive a work permit for senior management, the company must show that a Barbadian national or resident does not possess the skill set to fill the position.

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. The Fair Competition Act codified the establishment of the Fair Trading Commission which is responsible for the promotion and maintenance of fair competition and participates in the Caribbean Competition Commission. Sectoral regulation of competition in the telecommunications field is provided for under the Telecommunications Act.

One of the principal regulatory agencies is the Ministry of Finance and Economic Affairs. The Ministry of Finance regulates the Exchange Control Authority of the Central Bank of Barbados, including inward investment, registration of foreign capital, currency accounts, and repatriation of capital and earnings. While local on-shore companies must meet stringent exchange control requirements, government also welcomes investment by non-residents with external sources of financing.

The Financial Services Commission commenced operations in April 2011, under the provisions of the Financial Services Commission Act, and supervises the non-banking financial sector. It is responsible for the examination, supervision and regulation of non-bank financial institutions such as the domestic and offshore insurance industries, the securities industry, credit unions, and pension plan funds.

The Corporate Affairs and Intellectual Property Office (CAIPO) is a department of the Ministry of Industry, International Business, Commerce and Small Business Development and is primarily responsible for keeping and maintaining a wide variety of business and commercial records. In particular, CAIPO administers the Companies Act and other statutes dealing with company affairs. The Companies Act is modeled on the Canada Business Corporations Act, and creates flexibility and simplicity for the incorporation and operation of companies in Barbados.

Companies using or manufacturing chemicals must obtain approval of their environmental and health practices from the Barbados National Standards Institution and the Ministry of Health's Environmental Division.

The Ministry of Commerce on rare occasions institutes price controls, listed in the Official Gazette. The government controls gasoline prices.

Barbados enacted legislation in 2000 to create the Fair Trading Commission (FTC) to provide consumer protection in telecommunication and utility services among other issues. There is no specific antitrust legislation in Barbados.

The Chief Town Planner must approve new construction or changes in land use. Zoning restrictions protect agricultural land, and the government pursues policies to ensure environmental integrity.

The Central Bank must verify real property purchases for non-residents. If a non-resident uses foreign funds and pays for the property in Barbados, the Central Bank will normally endorse the transaction. The sale of property is subject to a 2.5% Property Transfer Tax in addition to a 1% stamp duty. Brokerage and legal fees are additional. The Commissioner of Land Tax charges an annual fee based on the assessed property value. The government taxes hotels on 50% of the improved value at 0.65%, and residential properties are taxed as follows:

- 0% on the first US\$95,000
- 0.10% on next US\$155,000
- 0.45 % on next US\$375,000
- 0.75 % on excess of US\$625,000
- 0.6% on vacant land

## **9. Efficient Capital Markets and Portfolio Investment**

Barbados has a small stock exchange, an active banking sector, and opportunities for portfolio investment. Local policies seek to facilitate the free flow of financial resources, unless there is a shortage of funds. The government has intervened in the local credit market to control interest rates, limit the volumes of funds available for borrowing, and borrow on the local market. However, the Central Bank has raised interest rates in the past without any government intervention. There are a variety of credit instruments in the commercial and public sectors that local and foreign investors may access.

The government has implemented a continuous review process for legislation in the financial sector in an effort to strengthen and improve the regulatory regime in order to attract and facilitate retention of foreign portfolio investments. A self-assessment undertaken by the Bank Supervision Department of the Central Bank found their on-shore and offshore sectors in general compliance with the Basel Core Principles of Effective Banking Supervision, utilizing the Basel Committee's Core Principles Methodology. The International Financial Services Act, which replaced the Offshore Banking Act in June 2002, incorporates the Basel standards, and provides for on-site examinations of offshore banks. This allows the Central Bank to augment its offsite surveillance system of reviewing anti-money laundering policy documents and analyzing prudential returns.

Under the authority of the Money Laundering and Financing of Terrorism Prevention and Control Act, Cap 129, the government established the Anti-Money Laundering Authority and its operating arm, the Financial Intelligence Unit, in 2000. The Bank Supervision Department of the Central Bank of Barbados, in conjunction with the Anti-Money Laundering Authority in 2001, issued in 2001 the Anti-Money Laundering Guidelines for Licensed Financial Institutions, which were revised in 2006.

The Barbados domestic financial sector consists of six commercial banks and forty-one offshore banks. There are also 35 credit unions and one money remitter. The offshore sector

includes 3,945 international business companies, 347 international societies with restricted liability, 261 exempt insurance companies and 45 offshore banks. Starting in 2001, the government required Barbados institutions and legal entities to reveal the identity of beneficiaries receiving dividends and/or interest.

The Securities Exchange Act of 1982 established the Securities Exchange of Barbados (SEB), which was re-incorporated as the Barbados Stock Exchange (BSE) in 2001. The 1982 Act was replaced by the Securities Act, Cap 318A, which removed regulatory responsibility for the securities market activity from the BSE. This Act helped to strengthen the regulatory framework and development of the capital market. In 1997, the BSE began trading corporate stocks and fixed income securities, including government bonds (not commercial paper). Activities on the BSE include regional cross-border trading arrangements for shares listed on the Trinidad and Jamaica stock exchanges.

The BSE operates a two-tier electronic trading system comprised of a Regular Market and a Junior Market. Companies applying for listing on the Regular Market must observe and comply with certain requirements. Specifically they must inter alia have assets of not less than US\$500,000 and adequate working capital based on the last three years of their financial performance, as well as three-year projected performance. Companies must also demonstrate competent management and be incorporated under the laws of Barbados or other regulated jurisdiction approved by the Financial Services Commission. Applications for listing on the Junior Market are less onerous, requiring minimum equity of one million shares at a stated minimum value of US\$100,000. Reporting and disclosure requirements for all listed companies include interim financial statements, and an annual report and questionnaire. Non-nationals must obtain exchange control approval from the Central Bank of Barbados to trade securities on the BSE.

The BSE has stated its intent to fully immobilize traditional share certificates where clearance and settlement is computerized through the Barbados Central Securities Depository Inc., which is a wholly owned subsidiary of the Barbados Stock Exchange Inc. The Financial Services Commission under the Property Transfer Tax Act can accommodate investors requiring a traditional certificate for a small fee. The Financial Services Commission also regulates Mutual Funds in accordance with the Mutual Funds Act, Cap 320B.

The BSE recorded a downturn in 2013, as reflected in the Composite Index. In January 2014, the BSE introduced new rules in accordance with International Organization of Securities Commission designed to protect investors, ensure a fair, efficient, and transparent market, and reduce systemic risk. Public companies now have only 90 days from the close of their financial year to file audited financial statements with the BSE, 30 days fewer than before. Companies have 60 days to file quarterly statements. Additionally, a fine not exceeding \$5,000 has been added to the list of possible penalties for any person under the jurisdiction of the BSE who contravenes or is not in compliance with any of the requirements.

The BSE continued to press on with the establishment of the international securities market in order to raise capital on the Barbados market. This move would offer greater support to the international business community and complement existing bilateral trade agreements. The BSE has already submitted the rules for review by the Financial Services Commission. If approved by regulators, the international trading facility could attract four types of listings:

companies that would have their primary listing in Barbados; companies that would use Barbados as a dual or secondary listing; fixed income securities; and mutual funds.

#### **10. Competition from State-Owned Enterprises**

Statutory corporations or state owned enterprises in Barbados include National Insurance Scheme and the recently established National Revenue Authority. These companies do not generally pose a threat to investors, as they are not designed for competition. They support government programs such as the national pension plan and the collection of government revenue.

#### **11. Corporate Social Responsibility**

In Barbados, producers and consumers alike demonstrate awareness of corporate social responsibility (CSR) principles. The private sector remains heavily involved in public service projects, including 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**

Barbados has not experienced political violence since riots in the 1930s.

#### **13. Corruption**

Corruption is not a major problem in Barbados, but some U.S. companies have reported unfair treatment by Barbados' Customs and Excise Department. Other U.S. companies have reported efforts by political actors to trade political support for payment or partial project ownership.

In 2012, Barbados enacted the Prevention of Corruption Act (2010) which repealed an archaic law from the 1920s. Barbados has not signed and ratified the Inter-American Convention on Mutual Assistance in Criminal Matters and has signed but not ratified the UN Convention on Corruption and the Inter-American Convention against Corruption. Barbados has also signed the CARICOM Mutual Legal Assistance Treaty on Serious Criminal Matters.

#### **14. Bilateral Investment Agreements**

Barbados has no bilateral investment treaty with the United States, but has a double taxation treaty and tax information exchange agreement. Barbados has bilateral investment treaties with Canada, China, Cuba, Germany, Italy, Mauritius, Switzerland, the U.K., and Venezuela. Bilateral investment treaties with Luxembourg and Ghana are awaiting ratification.

#### ***Caribbean Community (CARICOM)***

The Treaty of Chaguaramas established CARICOM in 1973 to promote economic integration among its fifteen Member States. Investors operating in Barbados 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.

### ***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 Barbados 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**

At the end of 2013, Barbados' labor force was approximately 142,900 distributed in the following sectors: commerce, tourism, government, manufacturing, construction, agriculture, and fishing. This is expected to rise with the ongoing public sector retrenchments and consequent private sector layoffs. The total average unemployment rate toward the end of 2013 was approximately 11.6%.

Wages in Barbados are among the highest in the Caribbean. Minimum wages for only a few categories of workers are administratively established and enforced by law. The minimum wage for shop assistants, US\$3.13 per hour, is only marginally sufficient to meet minimum living standards. The Ministry of Labor recommended that companies use this as the de facto minimum wage, and most employees earned more than the minimum wage. The Labor Department within that ministry was charged with enforcing the minimum wage. The standard legal workweek is 40 hours in five days, and the law requires overtime payment for

hours worked in excess. The law prescribes that all overtime must be voluntary. Workers are guaranteed a minimum of fourteen days of annual leave and are covered by unemployment benefits legislation and National Insurance (social security) legislation.

Trade unions, and the leaders of the trade union movement, enjoy a strong voice in the labor and economic affairs of the country through their participation in Barbados' Social Partnership, a tri-partite consultative mechanism. Approximately 25 to 30% of the labor force belongs to trade unions, but this small percentage belies the power and importance of unions in Barbados; all key sectors are unionized, with all private and public employees in agriculture, tourism, and at the airport and seaport belonging to a single union confederation.

The major unions recognize the advantages accruing to Barbados from foreign investment and foreign expertise, and they are generally flexible and accommodating in their dealings with employers. However, local labor leadership is sensitive when it perceives a lack of respect for Barbadian laws and customs by large, visible foreign employers. It is generally cooperative with management in unionized shops.

Barbados does not have labor legislation that mandates a legal process necessary for unions to achieve status as bargaining agents, and employers have no legal obligation to recognize unions under the Trade Act of 1954, but most employers do so when a majority (usually 50% plus one) of their employees desire representation. While there is no specific law that prohibits discrimination against union activity, the courts provide a method of redress for employees who allege wrongful dismissal. The courts commonly awarded monetary compensation but rarely ordered reemployment.

The law provides for the right to strike, and workers exercised this right in practice. All private and public sector employees are permitted to strike, but essential workers may strike only under certain circumstances and after following prescribed procedures. Early contact and rapport with Labor Ministry officials and union leaders by foreign investors may be helpful in terms of fostering labor harmony.

The law provides for a minimum working age of 16, and this provision generally was observed in practice. Compulsory primary and secondary education policies reinforced minimum age requirements. The Labor Department had a small cadre of labor inspectors who conducted spot investigations of enterprises and checked records to verify compliance with the law. These inspectors may take legal action against an employer who is found to have underage workers. Additionally, legislation to address termination of employment and benefits and to prohibit sexual harassment is pending. In April 2013, the Employment Rights Act came into force which regulates the relationship between the employer and the employee particularly in such areas as a written statement of particulars of payment, the right to a written statement of employment particulars, hiring and dismissal. The Act also establishes an Employment Rights Tribunal to adjudicate on disputes over the new rights, though complaints must first be referred to the Chief Labor Officer (CLO) for an opportunity for a settlement to be reached by conciliation. The Chief Labor Officer is also given more power under the new Act.

Implementing regulations for the 2005 Occupation Health at Work Act became effective in January 2013. The law requires that in certain sectors firms employing more than 50 workers

create a safety committee that could challenge the decisions of management concerning the occupational safety and health environment. The Labor Department also enforced health and safety standards and followed up to ensure that management corrected problems cited. Trade union monitors identified safety problems for government factory inspectors to ensure the enforcement of safety and health regulations and effective correction by management. The Labor Department's Inspections Unit conducted several routine annual inspections of government-operated corporations and manufacturing plants. Workers had the right to remove themselves from dangerous or hazardous job situations without jeopardizing their continued employment.

### 17. Foreign Trade Zones/Free Ports

There are no foreign trade zones or free ports in Barbados.

### 18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

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

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
<b>Economic Data</b>	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (Millions U.S. Dollars)	Insert (2012)	Amount 4.267	Insert (2012)	Amount 4.225	<a href="http://data.worldbank.org/country/barbados">http://data.worldbank.org/country/barbados</a>
<b>Foreign Direct Investment</b>	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 (Millions U.S. Dollars,	Insert N/A	Amount N/A	Insert (2012)	Amount 13, 082	U.S. Bureau of Economic Analysis

<i>stock positions)</i>					
Host country's FDI in the United States ( <i>Millions U.S. Dollars, stock positions)</i>	Insert N/A	Amount N/A	Insert (2012)	Amount 705	U.S. Bureau of Economic Analysis
Total inbound stock of FDI as % host GDP ( <i>calculate</i> )	Insert (N/A)	Amount N/A	Insert (2012)	Amount 8.4	

\* Provide sources of host country statistical data used.

**TABLE 3: Sources and Destination of FDI**

Direct Investment from/in Counterpart Economy Data						
From Top Five Sources/To Top Five Destinations ( <i>US Dollars, Millions</i> )						
Inward Direct Investment			Outward Direct Investment			
Total Inward	4,292	100%	Total Outward	930	100%	
United Kingdom	1,975	46%	Canada	313	34%	
Canada	544	13%	United States	219	24%	
Luxembourg	539	13%	Trinidad and Tobago	173	19%	
Trinidad and Tobago	274	6%	St. Lucia	87	9%	
St. Lucia	252	6%	Jamaica	56	6%	
"0" reflects amounts rounded to +/- USD 500,000.						

**TABLE 4: Sources of Portfolio Investment**

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
World	18,816	100%	World	4,426	100%	World	14,390	100%
United States	9,635	51%	Cayman Islands	1,110	25%	United States	9,036	63%
Canada	1,593	8%	Canada	974	22%	Australia	1,376	10%
Australia	1,379	7%	Jamaica	762	17%	Canada	619	4%
Cayman Islands	1,131	6%	United States	599	14%	Netherlands	446	3%
Jamaica	765	4%	Bahamas, The	400	9%	Sweden	442	3%

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chiefs of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

English common law; no judicial review of legislative acts

### International organization participation:

ACP, AOSIS, C, Caricom, CDB, CELAC, FAO, G-77, IADB, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRC, ILO, IMF, IMO, Interpol, IOC, ISO, ITSO, ITU, ITUC (NGOs), LAES, MIGA, NAM, OAS, OPANAL, OPCW, UN, UNCTAD, UNESCO, UNIDO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

## Section 6 - Tax

### Exchange control

For further information - <http://www.investbarbados.org/dtas.php>

### Treaty and non-treaty withholding tax rates

Barbados has exchange of information relationships with 42 jurisdictions through 38 DTCs and 5 TIEAs.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Antigua and Barbuda	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Austria	DTC	27 Feb 2006	1 Apr 2007	No	No	
Bahrain	DTC	3 Dec 2012	16 Jul 2013	Yes	Yes	
Belize	DTC	6 Jul 1994	30 Nov 1994	No	No	
Botswana	DTC	23 Feb 2005	25 Aug 2005	No	No	
Canada	DTC	22 Jan 1980	22 Dec 1980	No	No	
China	DTC	15 May 2000	27 Oct 2000	Yes	Yes	
Cuba	DTC	17 Jun 1999	16 Mar 2000	Unreviewed	No	
Czech Republic	DTC	26 Oct 2011	6 Jun 2012	Yes	Yes	
Denmark	TIEA	3 Nov 2011	14 Jun 2012	Yes	Yes	
Dominica	DTC	6 Jul 1994	30 Nov 1994	No	No	
Faroe Islands	TIEA	3 Nov 2011	not yet in force	Unreviewed	Yes	
Finland	DTC	15 Jun 1989	20 Aug 1992	Yes	Yes	
Ghana	DTC	22 Apr 2008	not yet in force	Yes	No	
Greenland	TIEA	3 Nov 2011	not yet in force	Unreviewed	Yes	
Grenada	DTC	6 Jul 1994	30 Nov 1994	No	No	
Guyana	DTC	6 Jul 1994	30 Nov 1994	Unreviewed	No	
Iceland	DTC	3 Nov 2011	14 Feb 2012	Yes	Yes	
Jamaica	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Luxembourg	DTC	1 Dec 2009	8 Aug 2011	Yes	Yes	
Malta	DTC	5 Dec 2001	19 Jun 2002	Yes	No	
Mauritius	DTC	28 Sep 2004	28 Jan 2005	Yes	No	
Mexico	DTC	7 Apr 2008	16 Jan 2009	Yes	Yes	
Netherlands	DTC	28 Nov 2006	12 Jul 2007	Yes	Yes	
Norway	DTC	15 Nov 1990	30 Jul 1991	Yes	Yes	
Panama	DTC	21 Jun 2010	18 Feb 2011	No	Yes	
Portugal	DTC	22 Oct 2010	not yet in force	Yes	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Qatar	DTC	6 Dec 2012	not yet in force	Yes	Yes	
Saint Kitts and Nevis	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Saint Lucia	DTC	6 Jul 1994	30 Nov 1994	No	No	
Saint Vincent and the Grenadines	DTC	6 Jul 1994	30 Nov 1994	No	No	
San Marino	DTC	14 Dec 2012	6 Aug 2013	Unreviewed	Yes	
Seychelles	DTC	19 Oct 2007	28 Feb 2008	Yes	No	
Singapore	DTC	15 Jul 2013	not yet in force	Unreviewed	Yes	
South Africa	TIEA	17 Sep 2013	not yet in force	Unreviewed	Yes	
Spain	DTC	1 Dec 2010	14 Oct 2011	Yes	Yes	
Sweden	DTC	1 Jul 1991	1 Dec 1991	Yes	Yes	
Switzerland	DTC	20 Aug 1963	20 Aug 1963	No	No	
Trinidad and Tobago	DTC	6 Jul 1994	30 Nov 1994	No	No	
United Kingdom	DTC	26 Apr 2012	19 Dec 2012	Yes	Yes	
United States	DTC	31 Dec 1984	28 Feb 1986	Yes	No	
United States	TIEA	3 Nov 1984	3 Nov 1984	Yes	No	
Venezuela	DTC	11 Dec 1998	1 Jan 2001	Unreviewed	No	

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD](#) [PKF International](#))

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