

Grenada

RISK & COMPLIANCE REPORT

DATE: January 2017

Executive Summary - Grenada	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Compliance with FATF 40 + 9 Recommendations Not on EU White list equivalent jurisdictions Offshore Finance Centre
Medium Risk Areas:	US Dept of State Money Laundering assessment Weakness in Government Legislation to combat Money Laundering Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)
<p>Major Investment Areas:</p> <p>Agriculture - products: bananas, cocoa, nutmeg, mace, citrus, avocados, root crops, sugarcane, corn, vegetables</p> <p>Industries: food and beverages, textiles, light assembly operations, tourism, construction</p> <p>Exports - commodities: nutmeg, bananas, cocoa, fruit and vegetables, clothing, mace</p> <p>Exports - partners: Nigeria 40.2%, St. Lucia 10.7%, Antigua and Barbuda 7.3%, US 6.6%, St. Kitts and Nevis 6.5%, Dominica 6.5%, Switzerland 4.3% (2012)</p> <p>Imports - commodities: food, manufactured goods, machinery, chemicals, fuel</p> <p>Imports - partners: Trinidad and Tobago 44.3%, US 16.4%, China 4.6% (2012)</p>	

Investment Restrictions:

There is no economic or industrial strategy that has discriminatory effects on foreign investors, or sectors in which foreign investors are not treated the same as national investors.

Grenada has a generally liberal investment regime. The Investment Promotion Act of 2009, provide incentives for priority industries/sectors as well as priority projects. Priority industries are industries which the Government considers will make substantial contribution to the socio-economic development of Grenada. These are Tourism, Manufacturing, Agriculture & Agri-Business, Education & Training, ICT Services, Financial Services, Health & Wellness Services, Creative Industries, Energy, and Research & Development.

Investors may purchase or lease privately owned land and dispose of or transfer their interests in the land under the Alien Land Holding Licence Act and the Property Transfer Tax Act, No 37 of 1998. Investors may hold State lands by grant or lease from the State.

Foreign and domestic private entities may freely establish, acquire, own and dispose of interests in business enterprises.

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Section 1 - Background

Carib Indians inhabited Grenada when Christopher COLUMBUS discovered the island in 1498, but it remained uncolonized for more than a century. The French settled Grenada in the 17th century, established sugar estates, and imported large numbers of African slaves. Britain took the island in 1762 and vigorously expanded sugar production. In the 19th century, cacao eventually surpassed sugar as the main export crop; in the 20th century, nutmeg became the leading export. In 1967, Britain gave Grenada autonomy over its internal affairs. Full independence was attained in 1974 making Grenada one of the smallest independent countries in the Western Hemisphere. Grenada was seized by a Marxist military council on 19 October 1983. Six days later the island was invaded by US forces and those of six other Caribbean nations, which quickly captured the ringleaders and their hundreds of Cuban advisers. Free elections were reinstated the following year and have continued since that time. Hurricane Ivan struck Grenada in September of 2004 causing severe damage.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Grenada 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 Grenada was undertaken by the Financial Action Task Force (FATF) in 2009. According to that Evaluation, Grenada was deemed Compliant for 4 and Largely Compliant for 9 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 5 of the 6 Core Recommendations.

Key Findings from latest Mutual Evaluation Follow-up Report (2013):

Since the MER, the authorities in Grenada began to assess the various means to achieve compliance. The main focus of the authorities was instituting changes in the legal framework including consolidation of previous statutes, legislative amendments to specific laws and proposals for new legislation. As a result of this process the Money Services Business Act 2009 (MSBA) was enacted in April 2009 and the Insurance Act No 5 of 2010 (IA) in December 2009. Since the Follow-Up Report of November 2011, the Proceeds of Crime Act, 2012 (POCA) was enacted in January, 2012, followed by the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations, 2012 (POCAAMLFR), the Financial Intelligence Unit Act, 2012 (FIUA), and the Terrorism Act (TA) in February 2012. At the same time on February 17, 2012, the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Guidelines (AMLTF Guidelines) were issued by the Anti-Money Laundering and Combating Terrorism Financing Commission (the Commission) as per section 32(1) of POCA. These statutes and guidelines provide for measures which addressed a large number of the outstanding examiners' recommended actions resulting from Grenada's MER. As noted in the previous report enactment of the POCA, POCAAMLFR, FIUA and the TA improved the level of compliance of Recommendations 1, 14, 17, 20, 25, 31, 35, SRII, SRIV, and SRV. However while the AMLTF Guidelines contained provisions which address many of the examiners' recommendations for Rs. 5, 6, 7, 8, 11, 12, 15, 16, 18, 21, 22, 24, SRVII and SRVIII, the fact that the AMLTF Guidelines were not considered other enforceable means (OEM) resulted in the level of compliance of these recommendations remaining unchanged. The authorities have advised that under subsection 32(3)(b) of the POCA the AMLTF Guidelines are subject to negative resolution of the House of Representatives which would under the FATF Methodology make them enforceable. Consequently, it was planned to present the AMLTF Guidelines at the next session of Parliament for negative resolution. During the latter half of 2012, Parliament was prorogued and on February 9, 2013, it was dissolved. As a result, the AMLTF Guidelines were

not presented. Elections were held on February 19, 2013 and a new Government was elected. Parliament was reopened in April 2013. The next sitting is scheduled for May 2013 at which time the AMLTF Guidelines and other amendments will be presented.

The Plenary in November 2012 in the Virgin Islands decided that countries in the International Co-operation Review Group (ICRG) process would be required to achieve substantial progress on reforms of outstanding recommendations by May 2013. Given the above, this report will assess whether Grenada has achieved substantial compliance in the outstanding recommendations.. As already mentioned Grenada was rated partially compliant or non-compliant on 10 Core and Key Recommendations and 27 other Recommendations. The outstanding core and key recommendations are Recs. 1, 5, 13, 23, 35, SR.1, SR. II, SR. III, SR. IV and SR. V. The report below will focus on measures implemented since the Fifth Report and also give a brief update on the level of compliance of those Core and Key Recommendations which have not changed since the Fifth Report.

US Department of State Money Laundering assessment (INCSR)

Grenada was deemed a Jurisdiction of Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Grenada's geographic location in the Caribbean places it in close proximity to drug shipment routes from South America to the United States and Europe, but it is not a regional financial center. As a transfer point, money laundering in Grenada is principally related to smuggling and narcotics trafficking by local organized crime rings. Illegal proceeds are typically laundered through a variety of businesses, as well as through the purchase of real estate, boats, jewelry, and cars.

Although offshore banking and trust companies and international business companies are permitted, there are no offshore banks or trust companies in Grenada. Additionally, no casinos or internet gaming sites are in operation. The International Companies Act regulates the establishment and management of international companies in Grenada and requires registered agents to maintain records of the names and addresses of company directors and beneficial owners of all shares. Bearer shares are not permitted. There are no free trade zones in Grenada.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES
KYC covered entities: Commercial, investment, and merchant banks and building societies; trusts and trust companies; insurance companies; registered agents; exchange bureaus, money and funds remitters, and postal courier services; credit unions; lending, factoring, and forfeiting firms; check cashing services; financial leasing; venture risk capital; issuers and administrators of means of payment; guarantors; investment and funds traders, advisors, and underwriters; bullion dealers; financial intermediaries; custody services; asset management services; company formation and management services; collective investment schemes and mutual funds; real estate agents; casinos, internet gaming, pool betting, and lottery agents; lawyers, accountants, and notaries

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 102 in 2015
Number of CTRs received and time frame: Not applicable
STR covered entities: Commercial, investment, and merchant banks and building societies; trusts and trust companies; insurance companies; registered agents; exchange bureaus, money and funds remitters, and postal courier services; credit unions; lending, factoring, and forfeiting firms; check cashing services; financial leasing; venture risk capital; issuers and administrators of means of payment; guarantors; investment and funds traders, advisors, and underwriters; bullion dealers; financial intermediaries; custody services; asset management services; company formation and management services; collective investment schemes and mutual funds; real estate agents; casinos, internet gaming, pool betting, and lottery agents; lawyers, accountants, and notaries

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 5 in 2015
Convictions: 5 in 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: YES Other mechanism: YES
With other governments/jurisdictions: YES

Grenada is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

In 2014, the office of the Attorney General, the Royal Grenada Police Force, Chambers of the Director of Public Prosecution, Customs and Excise, Inland Revenue Department, Grenada Airports Authority, Grenada Postal Corporation and the Financial Intelligence Unit joined to form a Technical Working Group focusing on cooperation and coordination in AML/CFT efforts.

Grenada passed the Proceeds of Crime Amendment in April 2014, which effectively codifies non-conviction-based asset confiscation. Grenada should begin filing cases under this amendment.

Grenada became a party to the UN Convention against Corruption on April 1, 2015.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

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

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

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.

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.

EU White list of Equivalent Jurisdictions

Grenada 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

Grenada is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2016 (introduction):

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

Barbados and the six independent member countries of the Organization of Eastern Caribbean States (OECS), Antigua and Barbuda, 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 declined in 2015 from the previous year, continuing a two-year trend, but the overall crime rate (including drug related violent crimes) has increased. Many homicides resulted from turf wars between organized groups fighting to control local drug distribution. Cannabis consumption and cultivation remains common in many EC states, though very little is produced in Barbados.

Seven consecutive years of declining macroeconomic growth leave EC law enforcement capacity increasingly beleaguered. EC governments have made some improvements to still antiquated criminal codes. Political leaders, however, have largely failed to address public concerns about official corruption.

Drug Control Accomplishments, Policies, and Trends

Institutional Development

EC countries are parties to the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials. All have an Extradition Treaty and a Mutual Legal Assistance Treaty in force with the United States. Several have become signatories to Inter-American Conventions such as the Convention Against Corruption, the Convention on Extradition, the Convention on Mutual Assistance in Criminal Matters, and the Convention Against Terrorism.

The United States and Canada jointly fund an \$11.25 million project to refurbish two aging Maritime Patrol Aircraft, which are owned and operated by the Regional Security System (RSS), a treaty based, collective defense organization of which the EC countries are members. These aircraft are used for counternarcotics purposes. The first of the two refurbished C-26A Maritime Patrol Aircraft was returned to the RSS in June 2015. Since then, the aircraft has conducted hundreds of flight hours (routine flights and flights based on intelligence) leading to the interruption of numerous drug trafficking operations and the arrest of dozens of suspected drug traffickers. Delivery of the second refurbished C-26A Maritime Patrol Aircraft to the RSS is scheduled for 2016.

In 2014 and 2015, EC countries demonstrated their commitment to drug control through multiple measures. Grenada, Saint Vincent and the Grenadines, Antigua and Barbuda, and Dominica passed several new laws that will facilitate the prosecution of narcotics cases, including comprehensive civil asset forfeiture laws with a dedicated forfeiture fund to attack transnational organized crime by seizing illicit assets. The laws require that forfeited funds be channeled to support police, prosecutors, RSS contributions, victim restitution, and drug abuse prevention and treatment. In 2015, Barbados passed "Interviewing the Suspects" legislation which requires the police to comply with human rights standards when interrogating suspects. The Government of Dominica has committed its limited resources and personnel to establishing the first vetted counternarcotics unit in the EC, "Strike Force." The United States agreed to partner with Dominica and has provided training and some equipment for the initiative. The selected unit is semi-operational but will be fully operational in 2016 pending further training and the receipt of specialized equipment.

Supply Reduction

Venezuela-based drug traffickers use the region's many uninhabited islands to move cocaine shipments up the island chain for onward transit to North America and Europe. Cannabis cultivation is the highest in the mountainous regions of St. Vincent, St. Kitts, and St. Lucia. Barbados authorities reported increased marijuana and cocaine shipments transiting from Trinidad and Tobago in 2015, though they also reported reduced drug landings due to successful maritime interdictions. Antigua and Barbuda observed an increased flow of cocaine and cannabis from Jamaica via St. Martin. St. Vincent continues to be a primary source for cannabis cultivation in the EC, with most plants being grown for export. The St. Vincent Drug Squad reported a surge in the transshipment of cocaine in 2015. St. Vincent also reported a trend in "men and women being sent to Venezuela for payment...as guarantors for the dealers." Over the first nine months of 2015, drug seizures in the EC increased over 2014 and totaled approximately 6.65 metric tons (MT) of cocaine and 1.11 MT of marijuana, according to statistics shared with U.S. authorities.

Public Information, Prevention, and Treatment

Marijuana is the most widely used illegal drug in the region, though abuse of over-the-counter drugs is also on the rise. Barbados has drug prevention programs, but has not passed a National Drug Strategy. The Government of Barbados established its Drug Treatment Court in February 2014; it currently monitors 14 active clients. St. Kitts and Nevis has several programs credited by its own officials as successful. Grenada operates several programs through its Drug Control Secretariat. Dominica's National Drug Master Plan for 2014-2017 remained pending government ratification at the close of 2015. Barbados, Grenada, and St. Lucia have drug rehabilitation clinics. Barbados has one that specifically serves youth.

Corruption

As a matter of policy, the region's governments do not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. No senior government officials in the EC were prosecuted for engaging in or facilitating the illicit production or distribution of controlled drugs or laundering of proceeds from illegal drug transactions. Nevertheless, many observers believe that drug-related corruption remains a problem in the region, and has allowed some trafficking organizations to elude law enforcement. The United States funded the establishment of an RSS Polygraph Corps, which certified 27 polygraphists from the EC in

December 2014. Regional governments use the new corps of polygraphists to monitor sensitive police and other institutions. Eastern Caribbean governments have established bilateral agreements that allow the polygraph examiners from one EC country to conduct polygraph examinations in another EC country.

International Sanctions

None Applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	56
World Governance Indicator – Control of Corruption	67

Corruption and Government Transparency - Report by US State Department

Grenada is party to the Inter-American Convention against Corruption. According to the World Bank's worldwide governance indicators through 2008, government corruption was a problem. In March 2007, Parliament passed the Integrity in Public Life Act, the country's first anticorruption bill. It requires all public servants to report their income and assets for review by an Integrity Commission. The Commission became operational in February 2010. The Office of Ombudsman was established by the Ombudsman Act of 2007, and the country's first Ombudsman since independence was named in September, 2009. As of December 2010, the Ombudsman received approximately 69 complaints, six of which have been solved, twenty six investigations are ongoing, and the rest either discontinued, beyond judgment or referred.

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

Corruption was also alleged in the 2010 RMS trade complaint against Grenada made before, and rejected by, ICSID, as noted above. Allegations of corruption were aired in the course of the 2007 and 2013 election campaigns. Grassroots organizations are vocal in serving as whistle-blowers for possible instances of corruption.

Section 3 - Economy

Grenada relies on tourism as its main source of foreign exchange especially since the construction of an international airport in 1985. Hurricanes Ivan (2004) and Emily (2005) severely damaged the agricultural sector - particularly nutmeg and cocoa cultivation - which had been a key driver of economic growth. Grenada has rebounded from the devastating effects of the hurricanes but is now saddled with the debt burden from the rebuilding process. Public debt-to-GDP is nearly 110%, leaving the MITCHELL administration limited room to engage in public investments and social spending. MITCHELL in 2013 announced a structural adjustment program that includes a plan to increase tax revenue. Strong performances in construction and manufacturing, together with the development of tourism and higher education - especially in medicine - have contributed to growth in national output; however, economic growth remained stagnant in 2010-13 after a sizeable contraction in 2009, because of the global economic slowdown's effects on tourism and remittances.

Agriculture - products:

bananas, cocoa, nutmeg, mace, citrus, avocados, root crops, sugarcane, corn, vegetables

Industries:

food and beverages, textiles, light assembly operations, tourism, construction

Exports - commodities:

nutmeg, bananas, cocoa, fruit and vegetables, clothing, mace

Exports - partners:

Nigeria 40.2%, St. Lucia 10.7%, Antigua and Barbuda 7.3%, US 6.6%, St. Kitts and Nevis 6.5%, Dominica 6.5%, Switzerland 4.3% (2012)

Imports - commodities:

food, manufactured goods, machinery, chemicals, fuel

Imports - partners:

Trinidad and Tobago 44.3%, US 16.4%, China 4.6% (2012)

Banking

As of 2009, there were Five commercial banks present in Grenada, four of which are subsidiaries or branches of large regional or foreign banks and one which is a locally owned public company.

Stock Exchange

The Eastern Caribbean Securities Exchange (ECSE) is the first regional securities market in the Western Hemisphere, established by the Eastern Caribbean Central Bank to serve the eight (8) member states of Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat; St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines. It is headquartered on the island of St. Kitts. It has been in operation since 1971, and the ECSE currently lists securities for about 14 companies.

Openness to, and Restrictions Upon, Foreign investment

The GOG encourages the establishment and development of new businesses and offers a wide range of incentives to potential investors. All of these incentives and concessions are designed to make investments more profitable. Concessions are available under the Income Tax Act, the Common External Tariff (SRO 42/09), the Property Transfer Act, the Petrol Tax Act and the Customer Service Charge Act. To receive fiscal incentives, applicants are required to submit a complete application form for incentives to the Grenada Industrial Development Corporation accompanied with a business plan and detailed information of the owner(s) and directors of the enterprise to include percentage of interest owned, name, nationality, profession/occupation, business history, criminal history, and other business interest.

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

The judicial system upholds the sanctity of contracts.

Grenada has a generally liberal investment regime. The Investment Promotion Act of 2009, provide incentives for priority industries/sectors as well as priority projects. Priority industries are industries which the Government considers will make substantial contribution to the socio-economic development of Grenada. These are Tourism, Manufacturing, Agriculture & Agri-Business, Education & Training, ICT Services, Financial Services, Health & Wellness Services, Creative Industries, Energy, and Research & Development. Priority projects are projects which the Government considers will make a significant contribution to national socio-economic development such as accelerating technology transfer and/or acquisition; enabling technology based capital formation; enhancing foreign exchange savings/earnings; reducing dependence on imported energy; enhancing skills development and skill-based employment; increasing the sustainable use of local resources; providing incremental economic diversification with significant value-added; and creating positive linkage between emerging & traditional economic sectors.

There is no economic or industrial strategy that has discriminatory effects on foreign investors, or sectors in which foreign investors are not treated the same as national investors.

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

Measure	Year	Index/Rank
TI Corruption Index	2010	70% Percentile
World Bank's Doing Business Report	2013	100 (down from 97 in 2012)
Standard & Poor's Sovereign		CCC+/C "negative"

Conversion and Transfer Policies

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

Expropriation and Compensation

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

Dispute Settlement

Grenada is a constitutional monarchy within a Parliamentary System based on the British model. The executive power is vested in the Prime Minister and his Cabinet, who have responsibility for concluding and signing trade treaties and trade-related agreements with foreign countries.

The Judicial System is based on English Common Law.

The judiciary has four levels. Magistrates Court deals with minor civil and criminal cases, while the High Court deals with cases falling under the different Acts of Parliament. Appeals from the Magistrates Court are heard by the High Court, while appeals from the High Court are heard by the Eastern Caribbean Court of Appeal. The Privy Council in London is the final Court of Appeal once all appeals have been exhausted at the local and regional levels.

Grenada is a member of the International Centre for Settlement of Investment Disputes (ICSID). In 2009 and again in 2010, ICSID ruled in Grenada's favor in a 2005 dispute involving oil exploration licenses provided to an American investor, RSM Production. The 2009 ruling is at present the object of a stayed annulment proceeding.

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

Performance Requirements/Incentives

The Government does not maintain any measures alleged to violate the WTO's TRIMs text.

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

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

Right to Private Ownership and Establishment

Investors may purchase or lease privately owned land and dispose of or transfer their interests in the land under the Alien Land Holding Licence Act and the Property Transfer Tax Act, No 37 of 1998. Investors may hold State lands by grant or lease from the State.

Foreign and domestic private entities may freely establish, acquire, own and dispose of interests in business enterprises.

Protection of Property Rights

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

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

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

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

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

Grenada's system for registering patents is governed by the Registration of the United Kingdom Patents Act, Cap. 283. In accordance with the legislation, based on Section 91 of the U.K.'s Patents and Design Act of 1907, any patent holder in the United Kingdom may apply within three years from the date of issue of the patent to have it registered in Grenada.

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

Transparency of the Regulatory System

The Government of Grenada recognizes that, for investors, transparent information on rules and regulations dealing with investment, their formulation and their implementation are critical. The Investment Act promotes transparency by authorizing key sectors for which the government may (but need not) offer investment incentives, streamlining processes,

standardizing treatment of investors, defining investment rights, providing procedural guarantees and reducing the scope for political influence in business negotiation. The Government also promotes investments by consulting with interested parties; simplifying and codifying legislation; using plain language drafting; developing registers of existing and proposed regulation; expanding the use of electronic dissemination of regulatory material; and by publishing and reviewing administrative decisions. While these steps help deliver clarity to investors, there are occasions where consultations are not broad enough to generate public awareness of particular proposals or where draft legislation does not receive a public hearing.

Tax, labor, environment, health and safety, and other laws and policies do not distort nor impede investment, though the laws are not always applied in a consistent manner. In theory, bureaucratic procedures, including those for licenses and permits are sufficiently streamlined and transparent. In practice, local authorities recognize that the implementation of procedures is inconsistent, that much red tape remains to be cut, and that greater emphasis on service with training to increase the work force's capabilities is needed. There are no informal regulatory processes managed by non-governmental organizations or private sector associations.

Legal, regulatory and accounting systems are generally transparent and consistent with international norms.

Efficient Capital Markets and Portfolio Investment

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

The private sector has access to the limited number of credit instruments available. Grenadian stocks are traded on the Eastern Caribbean Securities Exchange (ECSE), whose limited liquidity may pose difficulties in conducting transactions. The Grenada Authority for the Regulation of Financial Institutions (GARFIN) establishes a regulatory system for encouraging and facilitating portfolio investment. While the estimated total assets of the largest banks are US 1.03 billion, information is not available on the percentage of the asset base deemed to be non-performing. Grenada has not experienced cross-shareholding or hostile takeovers.

Competition from State-Owned Enterprises (SOEs)

Grenadian state-owned enterprises are established by Acts of Parliament, feature a Board of Directors named by the Government, and are answerable to particular ministries. Twenty five of 28 authorized SOEs are operational. They secure credit on commercial terms from commercial banks. SOEs submit annual reports to the Government Audit Department and

are subject to audits shared with their parent ministries. SOEs manage transportation infrastructure (ports and airports), housing, schools, hospitals, and cement production, investment promotion and small business development among other functions.

Political Violence

Grenada is a politically stable country with little or no political violence. Political infighting can negatively impact investment immediately preceding or following a change in government. On the whole, investors in Grenada benefit from a stable economy; developed infrastructure, relatively low crime rate, and generally good quality of life. Several sectors, including agriculture, health, and tourism, remain underdeveloped.

Bilateral Investment Agreements

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

Reciprocal Encouragement and Protection of Investment with the United States – The agreement protects U.S. investors against performance requirements, restrictions on transfers, and arbitrary expropriation and sets forth procedures for the settlement of disputes. By providing a more open and secure environment for investment, it also promotes private sector development.

Investment Protection and Promotion Agreement with the United Kingdom – The agreement encourages British investor confidence by setting high standards of investor protection applicable in international law. Key elements include provisions for equal and non-discriminatory treatment of investors and their investments, compensation for expropriation, transfer of capital and returns and access to independent settlement of disputes.

Foreign Trade Zones/Free Ports

There are no Foreign Trade Zones or Free Ports.

Foreign Direct Investment Statistics and Foreign Portfolio Investment Statistics

FDI Inflows, 2006-2011 (Historical)

(USD mil dollars)

Source: Grenada's Central Statistics Office

Indicators	2006	2007	2008	2009	2010	2011
Foreign Capital Inflow	95.6	172.35	148.1	104.03	63.42	40.8

GDP in constant prices (2006) USD mil dollars

2006	2007	2008	2009	2010	2011
600.63	638.38	649.15	612.28	604.51	611.24

Ratio of FDI Inflows to GDP (historical):

2006	2007	2008	2009	2010	2011
0.16	0.26	0.22	0.17	0.10	0.07

Gross Domestic Product, 2006-2011

Current Prices (USD mil dollars)

Source: Grenada's Central Statistics Office

2006	2007	2008	2009	2010	2011
600.63	653.18	716.32	674.07	672.74	701.56

Priority Sector FDI Inflows 2006-2010 (Historical) (USD mil dollars)

Source: Grenada Industrial Development Corporation

	2006	2007	2008	2009	2010	2011
PRIORITY SECTOR						
Tourism	6.1	210.2	207.7	91.1	52.0	9.4
Manufacturing	0.2	10.2	2	8.3	5.0	.80
Services	2.1	9	69.9	44.2	6.3	0.22

Percentage of FDI Inflow to Priority Investment Sectors by Country of Origin 2005-2011

Source: Grenada Industrial Development Corporation

North America

2006	2007	2008	2009	2010	2011
3.4%	1.86%	1%	2.58%	12.82%	0.02%

Europe (including UK)

2006	2007	2008	2009	2010	2011
94.1%	87.9%	98.1%	83.91	77.04	99.92

Caribbean

2006	2007	2008	2009	2010	2011
2.3%	3.64%	.25%	13.51%	10.14%	0.06%

China (PRC)

2006	2007	2008	2009	2010	2011
.2%	6.6%	.65%	0%	0%	0%

Number of Jobs Generated by FDI Inflow, 2006-2011

Source: Grenada Industrial Development Corporation

Indicators	2006	2007	2008	2009	2010	2011
Jobs Created	171	223	132	174	333	214

Foreign Direct Investment – Stock: Pending or Not Available

Grenadian Foreign Direct Investment Abroad – Stock: Pending or Not Available

Examples of Foreign Direct Investments:

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

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief 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:

common law based on English model

International organization participation:

ACP, AOSIS, C, Caricom, CDB, CELAC, FAO, G-77, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRCs, ILO, IMF, IMO, Interpol, IOC, ITU, ITUC, LAES, MIGA, NAM, OAS, OECS, OPANAL, OPCW, Petrocaribe, UN, UNCTAD, UNESCO, UNIDO, UPU, WHO, WIPO, WTO

Section 6 - Tax

Exchange control

There are no exchange controls in Grenada at this time. Foreign currency up to a maximum equivalent of EC\$ 250,000 can be purchased from any of the commercial banks. Amounts in excess of this limit are subject to permission being obtained from the Ministry of Finance. This permission is generally not withheld and can be obtained within a short time period.

Treaty and non-treaty withholding tax rates

Grenada has exchange of information relationships with 30 jurisdictions through 13 DTCs and 18 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	No	No	
Aruba	TIEA	28 May 2012	not yet in force	Yes	Yes	
Australia	TIEA	30 Mar 2010	9 Jan 2012	Yes	Yes	
Barbados	DTC	6 Jul 1994	30 Nov 1994	No	No	
Belgium	TIEA	18 Mar 2010	not yet in force	Yes	Yes	
Belize	DTC	6 Jul 1994	30 Nov 1994	No	No	
Denmark	TIEA	19 May 2010	14 Feb 2012	Yes	Yes	
Dominica	DTC	6 Jul 1994	30 Nov 1994	No	No	
Faroe Islands	TIEA	19 May 2010	not yet in force	Unreviewed	Yes	
Finland	TIEA	19 May 2010	22 Feb 2012	Yes	Yes	
France	TIEA	31 Mar 2010	9 Jan 2012	Yes	Yes	
Germany	TIEA	11 Feb 2011	not yet in force	Yes	Yes	
Greenland	TIEA	19 May 2010	not yet in force	Unreviewed	Yes	
Guyana	DTC	6 Jul 1994	30 Nov 1994	Unreviewed	No	
Iceland	TIEA	19 May 2010	not yet in force	Yes	Yes	
Ireland	TIEA	31 May 2011	23 Apr 2012	Yes	Yes	
Jamaica	DTC	6 Jul 1994	30 Nov 1994	No	No	
Netherlands	TIEA	18 Feb 2010	20 Jan 2012	Yes	Yes	
Norway	TIEA	19 May 2010	9 Feb 2012	Yes	Yes	
Poland	TIEA	19 Jul 2012	not yet in force	Yes	Yes	
Saint Kitts and Nevis	DTC	6 Jul 1994	30 Nov 1994	No	No	
Saint Lucia	DTC	6 Jul 1994	30 Nov 1994	No	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Saint Vincent and the Grenadines	DTC	6 Jul 1994	30 Nov 1994	No	No	
South Africa	DTC	6 Aug 1960	5 Oct 1960	No	No	
Sweden	TIEA	19 May 2010	not yet in force	Yes	Yes	
Switzerland	DTC	20 Aug 1963	1 Jan 1961	No	No	
Trinidad and Tobago	DTC	6 Jul 1994	30 Nov 1994	No	No	
United Kingdom	DTC	4 Mar 1949	4 Mar 1949	No	No	
United Kingdom	TIEA	31 Mar 2010	10 Jan 2012	Yes	Yes	
United States	TIEA	18 Dec 1986	13 Jul 1987	Yes	No	
Vanuatu	TIEA	31 May 2011	not yet in force	No	Yes	

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

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