



STRENGTHENING INTERNATIONAL
ALLIANCES IN THE GLOBAL
MARKET

UNIDO WORKSHOP LAC – EURASIAN ECONOMIC UNION - BRICS COUNTRIES

“ STRENGTHENING INTERNATIONAL ALLIANCES IN THE GLOBAL MARKET ”

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Background/Country Information

Where in the world is Grenada?



Background/Country Information

COUNTRY PROFILE

- ▶ Tri Island State
- ▶ 344 sq km (133 sq miles)
- ▶ Climate Tropical
(avg. temperature of 75° F 24°C)
- ▶ Official Language: English
- ▶ Time Zone: EST+1 GMT – 4:00)
- ▶ Population: 106,670
- ▶ Literacy Rate: 94%



Sources: World Bank & Grenada Department of Statistics

Background/Country Information

Economic Profile

Diversified economy

GDP:	US\$830 million (2013)
Per Capita Income:	US\$7,460 (2013)
Exports (FOB Value):	US\$36,252,787
Imports (CIF Value):	US\$292,736,561
Exchange Rate:	US\$1 = EC\$2.70

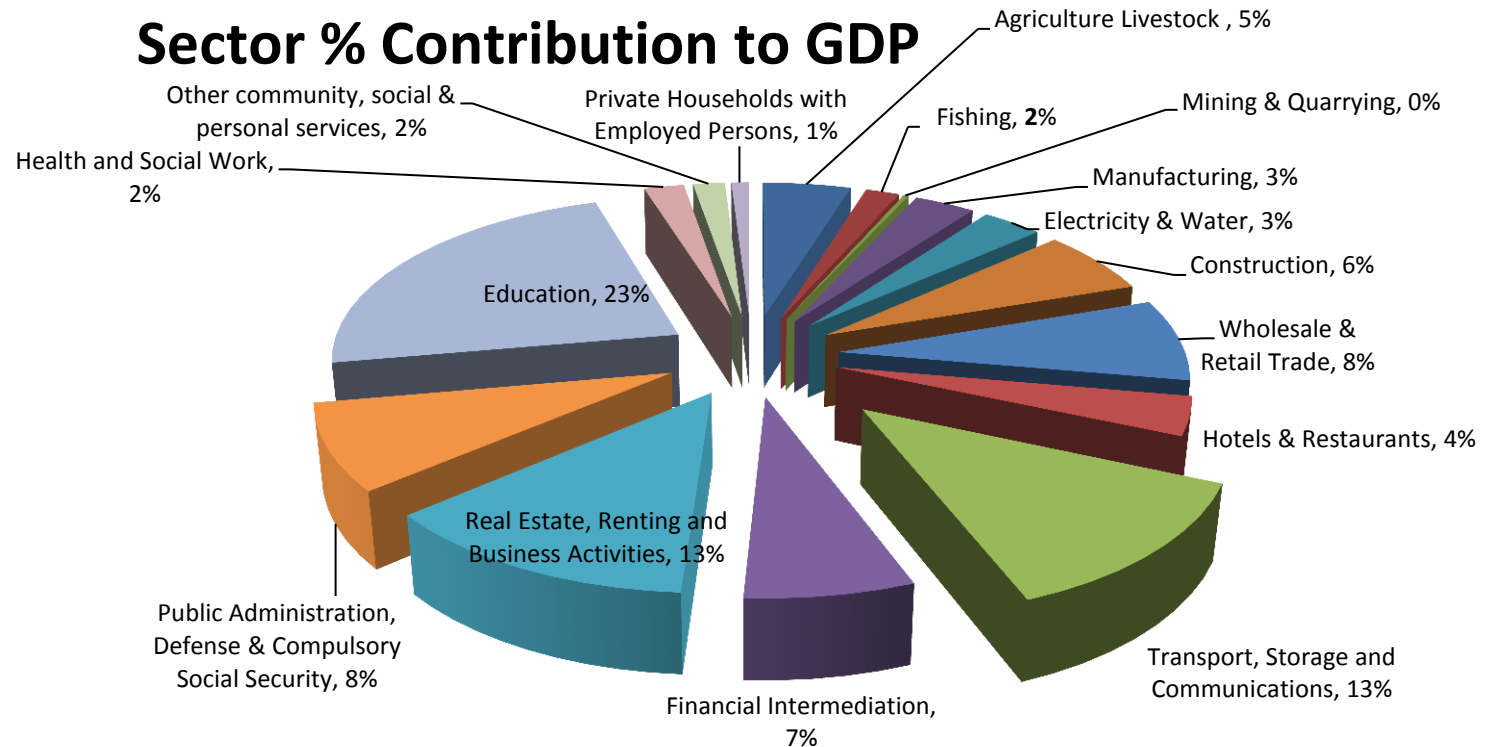
The priority sectors for export development are:

- Tourism Services
- Creative Industries
- The Ocean Economy
- Agricultural products
- Transport
- Information Communication Technology

Source: World Bank & Grenada Department of Statistics



Background/Country Information



Source: Grenada Ministry of Finance, Planning, Economic Development, Trade, Energy & Cooperatives



Summary of Grenadian Exports 2013		
Product	Value of Export (US \$)	% Value of Exports
Nutmeg	\$12,675,420.28	35%
Cocoa Beans	\$6,366,503.68	17%
Non-fillet Fresh Fish	\$5,994,816.74	16%
Wheat Flours	\$2,245,574.36	6.2%
Toilet Paper	\$1,505,921.52	4.1%
Scrap Iron	\$1,384,069.07	3.8%
Animal Food	\$666,157.32	1.8%
Knit T-shirts	\$446,034.00	1.2%
Beer	\$402,812.64	1.1%
Recreational Boats	\$365,056.00	1.0%
Other Paints	\$358,803.00	0.98%
Safety Glass	\$289,002.14	0.79%
Coated Flat-Rolled Iron	\$244,711.88	0.67%
Hard Liquor	\$215,016.68	0.59%
Frozen Fruits and Nuts	\$209,182.51	0.57%
Chocolate	\$204,886.94	0.56%
Scrap Copper	\$140,560.60	0.39%
Knit Socks and Hosiery	\$138,877.00	0.38%
Packaged Medicaments	\$124,330.00	0.34%



COMMODITIES EXPORTED FROM GRENADA TO VARIOUS COUNTRIES

Agricultural Produce:

- Nutmeg,
- Other spices,
- Soursop,
- Avocados,
- Golden apples,
- plantains (dried),
- Peppers (hot, seasoning etc.),
- Mangoes,

Agro processed Goods:

- Jams, jellies and marmalades,
- Other rum & tafia and Essential oils of nutmeg
- Fermented beverages (cider, perry, mead),
- Other waters including mineral waters and areated waters containing sugar
- Chocolate
- Malt beverages,
- Other flavoured or coloured sugar syrups and Nutmeg

Other:

- Clothing
- Waste and Scrap metals,
- Fish fresh or chilled (yellow fin Tunas, Snapper, Croaker, Grouper,)



Major Importers of Grenada's Products

- St. Vincent
- Suriname
- St. Lucia
- St. Kitts and Nevis
- Barbados
- Dominica
- Jamaica
- Antigua & Barbuda
- United Kingdom
- Trinidad & Tobago
- United States of America

Opportunities for EEU and LAC cooperation

Sectors for cooperation are as follows:

– **Agricultural products:**

- Assistance with product and market diversification with value and supply chain development;
- Assistance with market research on the market entry possibilities based on market requirements
- Technical assistance to access Specialty Food markets;
- Research, Analysis & Development of indigenous herbs and spices;
- Assistance to meet voluntary standards, such as organic, Fair Trade standards and environmental standards;
- Technical Assistance to develop clusters; in order to achieve economies of scale, greater efficiency and harmonized quality standards.

– **Tourism & Education Services:** Student exchanges & Internships with a focus on research and capacity development.

– **Creative Industries:** Training in; Film, Music, Fashion & Craft development. Access to markets for these sectors within the alliance.

– **The Ocean Economy:** Climate Change; Study's on marine ecosystems to determine the best sustainable use of these resources and ways of adapting to the effects of climate change,

– **Transport:** Support to establish low cost shipping arrangements for the trade and export of goods in the region.





How to strengthen alliances and cooperation?

- **Institutional support to trade development and trade facilitation stakeholders:**
 - Capacity building for Business Service Organisations (BSOs) in the area of export development;
 - Support is also needed to navigate the requirements for sustaining local brands in foreign markets;
 - Support for the implementation of a programme that will allow access to relevant standards and certification as entry points to global supply chains;
 - Support to overcome the potential obstacles of packaging and labelling requirements, technical regulations and other potential non-tariff barriers to trade in specific markets;
 - Establishing cross territorial partnerships between various trade and investment promotion agencies to share information and undertake joint promotional activities such as trade fairs;
 - Technical assistance to develop E-Commerce frameworks that require legislative changes, for example to offer secure electronic transactions;
- **Study Tours and Exchanges between Government Agencies and Business Service Organizations involved in Export Development.**
- **Study tours and exchanges for Entrepreneurs to learn best practices in export.**
- **Support for Businesses to access trade fairs within the EEU and LAC region.**
- **Sharing best practices and case studies between SMEs & BSOs in the alliance.**



Areas for further cooperation

- Use of branding strategies (shared or collective brands),
- Clustering to pursue strategic market opportunities within the EEU, LAC, OECS and CSME, French Caribbean, and EU;
- Collaboration to between national agencies to open new tourism markets and using linkages between agriculture and tourism to boost production of goods and services towards organized supply chains;
- Training in packaging of visitor tours and experiences to reflect unique facets of indigenous culture;
- Support for greening the economy and the use of green standards and certification to tap into new markets in addition to the development of eco-friendly product lines;
- Building strategic partnerships and alliances, including export expansion through licensing and franchising;
- Collaborating in areas of Heritage tourism, Community-based tourism, Health and Wellness tourism;
- Collaborating to open new markets for Waste reduction/ Recycling and reclamation industries;

Export Instruments

Incentives: There are no specific incentives for exporters. The general incentive regime applies to all businesses operating within the priority sectors in Grenada. However companies can receive a reduction in customs Service Charge (CSE) and Value Added Tax (VAT) based on the value of exports.

FREE TRADE AND PROCESSING ZONE ACT, 2015: The Grenada Government approved a Bill for the establishment of a Free Trade Zone in July 2015 to promote investment and export development.

Mechanism to promote export:

- **Export Development Unit** in the Ministry of Trade assist exporters to take products to market;
 - **Trade Portal;** provides trade information and networks key public and private sector agencies that would provide timely information on new trade opportunities, markets and products and link up potential exporters with markets. It provides information on how to export and requirements for exporting various products to the specified markets,
 - **National Small Business Policy;** was developed in 2008 to stimulate the sustainable development, growth and expansion of viable micro, small and medium-scale enterprises and to create appropriate conditions for the entrepreneurial spirit. The policy also advocates for firms to be competitive through innovation and accessing export markets. (The National Small Business Act is currently in the draft stage)
 - **Grenada Export Strategy** was developed in 2006 to cover five years. The aim of the strategy is to increase employment as a direct result of increased export opportunities in all sectors and to reduce poverty as a direct result of export activity.

Export Instruments

- **Grenada Investment Promotion Strategy:** was developed in 2012 to enhance Grenada's approach to focused investor targeting and to develop opportunities for domestic investment in the targeted sectors
- **Trade Agreements**
 - **Economic Partnership Agreement (EPA):** seeks to create a free trade area (FTA) between the European Union and the African, Caribbean and Pacific Group of States (ACP).
 - **CARICOM Single Market & Economy (CSME):** Free movement of goods and services - through measures such as eliminating all barriers to intra-regional movement and harmonising standards to ensure acceptability of goods and services traded;



Mechanism for Supporting Export

1. The Government of Grenada promotes export led growth and has articulated its current approach in policy statements. It supports business initiatives and has fiscal incentives to promote sectors such as:

- Manufacturing,
- Processing industries,
- Data processing,
- Deep sea fishing,
- Incentives are also given for hotels and ancillary activities

2. Grenada is a member of the World Intellectual Property Organisation and a signatory to a number of international agreements on intellectual property rights.

3. With respect to Trademarks, Grenada operates a re-registration system based on registration in the United Kingdom. The Registration of United Kingdoms Patent Act governs the system of registering Patents.

Mechanism for Supporting Export

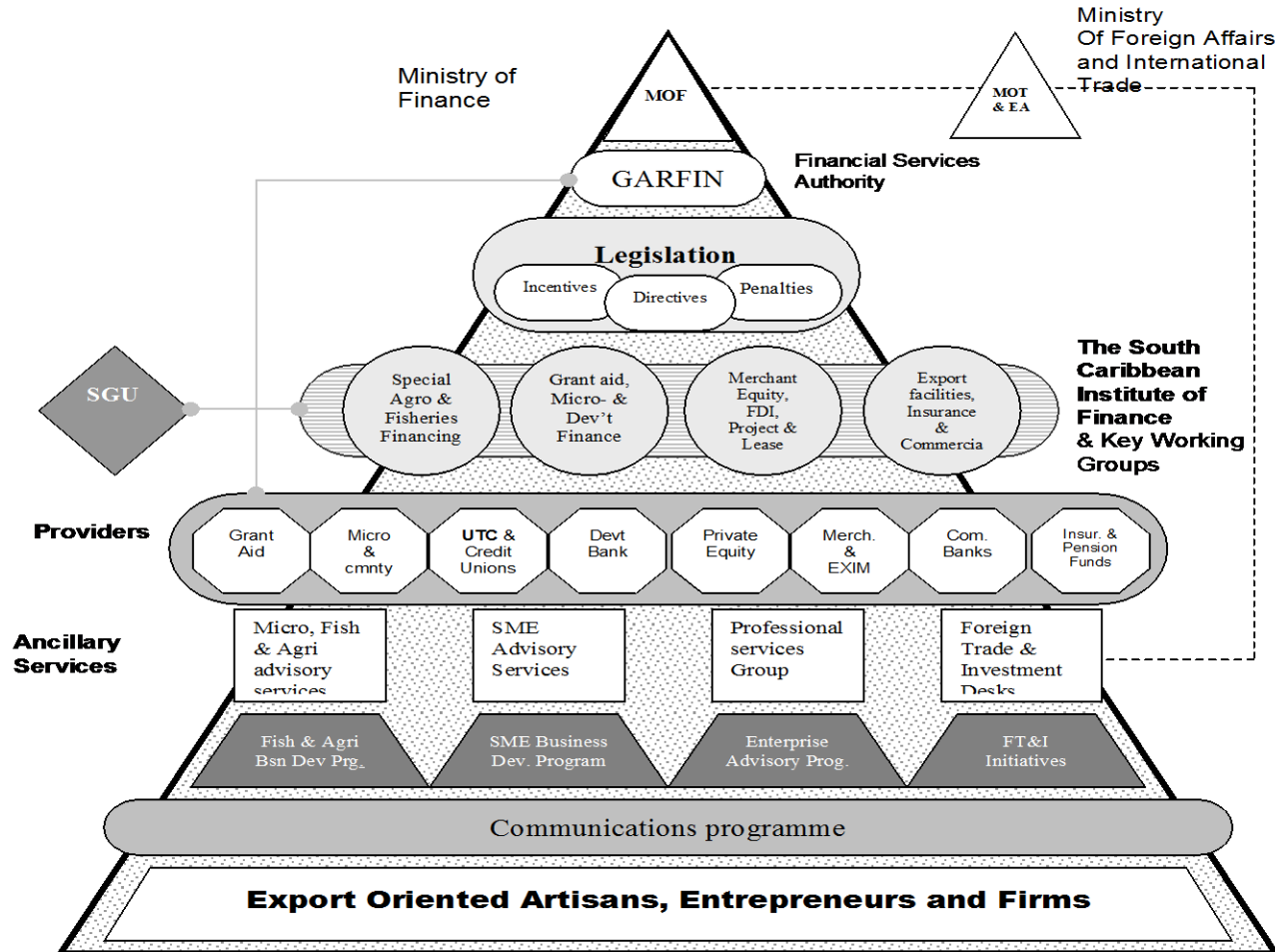
Grenada's Growth & Poverty Reduction Strategy focuses on Small & Medium Enterprise Development

In the area of SME Development

- The policy also points to the importance of land reform to effective business operations, and the need for strengthening the rural economy.
 - This includes skills training and certification through continuing education,
 - stimulating investments in ICT,
 - food-based manufacturing,
 - tourism and other export-oriented industries in the rural sector, and increasing linkages between HACCP compliant agri-food production,
 - tourism and domestic consumption, import substitution and export growth.



The Grenada Export Finance Framework



Source: Grenada Export Strategy 2006



Mechanism for Supporting Export

Local Agencies:

- **Grenada Industrial Development Corporation:** Provides technical assistance to firms through business planning and development of export marketing plans in addition to assisting firms to source grant funding and technical assistance to export,
- **Grenada Bureau of Standards & Produce Chemist Laboratory:** Provides technical assistance to businesses in the area of product testing and guidance on packaging & labeling requirements for the export market,
- **MINIB & Other Commodity Boards** are major exporters of agricultural products from Grenada
- **Grenada Coliation of Services (GCSI)** is geared towards the development and growth /expansion of the services sector in Grenada, Carriacou & Petit Martinique.

Mechanism for Supporting Export

Regional Agencies

- **OECS Trade Policy Unit:** In 2003 the OECS Secretariat established the Trade Policy Unit within the Economic Affairs Division to assist Member States to formulate and implement trade policies and negotiate trade rules and arrangements which will facilitate sustainable development.
- **Caribbean Export Development Agency:** seeks to enhance the competitiveness and value of Caribbean brands through the delivery of transformative and targeted interventions in export development and investment promotion.
- **Organization of Eastern Caribbean States (OECS) Competitive Business Unit (CBU):** Acts as the primary sub-regional institution of the OECS Member States for the development, promotion, and expansion of exports through the mobilization of technical and financial support for the agriculture and manufacturing private sector, and the provision of advice and assistance to member Governments and the public sector agencies.

General Challenges Facing Exporters In Grenada

- Limited institutional capacity to support export development
- Constraints in access to appropriate finance
- Low customer knowledge and knowledge of market requirements
- Weak or non-functioning private sector associations
- Low levels of interest in collaboration between producers
- Low levels of integration with regional and global supply chains
- Relatively low levels of export orientation
- Generally there is greater focus on short -term market promotion as opposed to longer term relationship building and strategic market development
- Relatively low levels of skills in the service sector, labour supply issues in manufacturing and agriculture
- Low production capacities and potential for economies of scale
- High costs of inputs

General Challenges Facing Exporters In Grenada

- Relatively high energy costs
- Relatively high production and transaction costs
- Inadequate and unreliable transport infrastructure (air and sea)
- Lack of and/or poor branding of products and services
- Low levels of creativity and innovation and limited research and development
- Low levels of entrepreneurship
- Low productivity and inadequate knowledge of manufacturing and farming practice, technical know-how and branding practices
- Lack of diversification in the export patterns
- Limited added value of the goods produced
- Difficulties in complying with international standards i.e. standards, packaging and labelling



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Investment instruments /manufacture

- There is no explicit export policy document, which outlines specific sectors for exports with the necessary incentives to stimulate production in these sectors. As a result there is not much focus on exportable products and proper market studies have not developed at the time of making the investment decision.
- Whilst the Government of Grenada offers generous fiscal incentives for all sectors of the economy, the export sector is disadvantaged. Except for the drawback on exports, there is no policy that targets specific sectors with export potential and provides attractive incentives to encourage or stimulate investments in exporting sectors or targeting high export potential products and sectors. This is even more pertinent to the agricultural sector.



Current Investment Incentives

100% investment
allowances

Duty exemptions –
equipment,
furnishings

Reduced Property
Transfer Tax

Duty exemptions
–building,
packaging, raw
materials



Revised Incentives Framework

Policy considerations for Cabinet
Presented 18th May, 2015

Benefits of a Revised Incentives Framework

1. A clear and transparent system for granting investment incentives
2. Establishes best practice in the granting of investment incentives

Investment Infrastructure

- Modern telecom sector
- Reliable supply of electricity and water
- Young, literate and trainable workforce
- Competitive cost base
- Stable economy
- Supportive government policies
- Good Institutional Framework
- No restrictions on foreign currency, foreign ownership, repatriation of capital, dividends, interest and other distribution or gains
- Minimum entry requirements
 - Aliens Land Holding Licence to hold interest in shares or land
 - Work Permit to work



Attractive Investment Incentives

- Tax & Duty exemptions on building materials , equipment packaging material and raw materials;
- Reduced property transfer tax;
- Reduction in Customs Service Charge (CSE) based on value of exports ;
- Tax credits for training, research and development;
- Loss carried forward up to 6 years



Useful links

- <http://www.grenadaworld.com/>
- <http://www.thegcic.org/>
- <http://www.gov.gd/ministries/environment.html>
- <http://tradegrenada.gd/>
- <http://www.mnib.gd/#!/home/mainPage>
- <http://www.gdbs.gd/>
- <http://www.grenadagrenadines.com/>
- <http://www.carib-export.com/>
- <http://www.caribfoodexport.com/>
- <https://www.crosq.org/>
- <http://exporthelp.europa.eu/thdapp/index.htm>
- <http://www.oecs.org/our-work/units/trade-policy#sthash.dyM91Y1Z.dpuf>
- <http://www.oecs.org/our-work/units/cbu>



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business in Grenada

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