

Leeward and Windward Islands

(Antigua and Barbuda, Dominica, Grenada, Montserrat,
St. Kitts-Nevis, St. Lucia, St. Vincent and the Grenadines)

Economy

The recent economic development of the Leeward and Windward Islands has been plagued by uncontrollable factors - a series of hurricanes and volcanic eruptions followed by a short-lived period of recovery, then a major international economic recession. These external factors have been by exacerbated internal events - political crises in Dominica, changes in government in St. Lucia, and political changes in Grenada. The net result has been economic depression, with the major sectors - agricultural production, tourism, and light manufacturing - exhibiting significant declines. World prices for the Islands' principal export crops - sugar, bananas, cocoa, nutmeg - have all declined. The degree and speed of recovery will vary from country to country, but invariably will be predicated on the continuation and severity of the global recession in the major industrialized countries.

The islands have continued and will continue to be highly dependent on development assistance to finance their public investment programs. Unemployment is generally high (12-25%), inflation is above 10%, there is a high dependence on imports of food, raw materials and manufactured products, and complete dependence on imports of oil; as well all experience serious balance of payments problems.

Investment Climate

Although conditions differ among the Commonwealth (CARICOM) countries of the Eastern Caribbean, there are a number of common investment incentives and favourable conditions for investment throughout the territory:

- Fiscal incentives. These incentives are listed in the CARICOM Agreement on the Harmonization of Fiscal Incentives to Industry. These include periods of up to 15 years of exemption from taxes and from import duties on imported factory equipment, machinery, spare parts and raw materials. Maximum benefits under this Agreement extend to those approved enterprises locating in the Leeward and Windward Islands and in Belize (the LDC's) as opposed to in the larger CARICOM countries (the MDC's). The extent of benefits available also depends on factors such as the local value-added content of production, its export-orientation, and the size of the investment. In general local participation in the venture is encouraged.
- Awareness that foreign technology and capital are essential elements for development.