

barrels of liquid petroleum gases will save Barbados an estimated Cdn\$1.2 million annually in foreign exchange. A natural gas pipeline, financed by the Canadian International Development Agency (CIDA) and completed in early 1988, has improved the distribution of gas to domestic and industrial users.

Offshore Banking. Offshore financial services are growing in importance as a sector of the economy, with a direct contribution to revenue of Cdn\$3.1 million. Tax treaties with Canada and a new agreement with the United States offer substantial incentives for companies investing in Barbados. Approximately 500 offshore companies now operate or are registered in Barbados (banks, exempt insurance companies, offshore sales corporations and one shipping company).

Investment Incentives

The Fiscal Incentives Act, legislated in 1974, grants manufacturers of approved products a maximum of 10 years' tax holiday as follows:

Enterprise	Value Added	Maximum Tax Holiday
Enclave Capital intensive (not less than \$25 m)	—	10 years
Group I	50% or more	10 years
Group II	25 - 50%	8 years
Group III	10 - 25%	6 years

Along with these tax incentives manufacturers can also benefit from:

- exemption from import duties on parts, raw materials and machinery;
- capital allowances on fixed assets;
- subsidized factory accommodation on a lease-to-purchase basis;
- training grants;
- export credit guarantee scheme;
- an allowance of 150 per cent of expenses incurred in developing export markets outside CARICOM;
- duty-free access to CARICOM countries.

In order to obtain approved enterprise status and qualify for the concessions mentioned above manufacturers are required to form their business into a locally incorporated company.