CARIBBEAN OVERVIEW

Prepared by:

Caribbean and Central America Division,
Office of Trade Development,
Latin America and Caribbean,
Department of External Affairs,
OTTAWA, Ontario
K1A 0H5

September 1982

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September 1982

BARBADOS

Economy

During the period 1976-80, Barbados showed strong economic performance, with an average annual growth rate of 5% in real terms. Growth was led by continuing improvement in the manufacturing sector and a rise in tourist arrivals up to 370,000 in 1980. Both developments contributed to a rapid fall in unemployment. This period was characterized, however, by rapid increases in real wages and by rising inflation.

In contrast, in 1981 the Barbados economy faltered significantly registering a decline of 2.6% in real terms. The decline in output was concentrated almost exclusively in the major export sectors - sugar production declined by 30% to 95,000 tonnes from the high of 135,000 tonnes in 1980; tourism fell by 9.1%; manufacturing declined by 5%. Real growth was recorded in all other sectors. Due in part to continuing construction activities, unemployment decreased from 12.6% to 10.8%. Inflation increased marginally to 14.6%. The balance of payments swung from the surplus position that the island had enjoyed over the previous three years to a deficit of US $18.8 million. Sugar earnings had dropped by 50%, tourism receipts were stagnant and domestic exports fell by 15%, while at the same time retained imports rose by 11%, including a 60% increase in the volume of imported fuels. (Although Barbados had supplied a quarter of its own oil needs in 1980, a shift in location of production meant that only 15% of domestic requirements were produced in 1981.)

Recovery in the Barbadian economy will be profoundly conditioned by developments in the industrialized countries. Barbados is a small open economy where imports represent some 70% of GDP. Since prospects for enhanced foreign exchange earnings are slim, Barbados has undertaken to adjust domestic demand temporarily, while at the same time laying the groundwork for future growth when there is an upturn in economic activity.

Investment Environment

The Government of Barbados continues to stress the vital role of the private sector and to actively encourage foreign investment in Barbados. The four principal agencies dealing with the development of the manufacturing sector are the Ministry of Trade and Industry, the Industrial Development Corporation, the Barbados Development Bank and the Export Promotion Corporation. Barbados has traditionally maintained good relations with overseas investors and offers a variety of incentives. Main objectives of the current Development Plan (1979-83) are expansion of employment opportunities and economic diversification. The government looks to continued cooperation with the private sector in the development of both import - substitution and export-oriented industries. The 7.5% average annual growth rate in production in the manufacturing sector over the 1976-1980 period reflected successful years for the light industries and assembly activities of foreign as well as domestic investors in Barbados. In spite of the subsequent downturn in 1981, the electronics industry remained buoyant.

There are several major factors which have stimulated foreign (and domestic) investment in Barbados,

(a) its record of political and economic stability,
(b) its proximity to, and modern telecommunications links with North America,
(c) its preferential access to CARICOM and European Community markets,
(d) a relatively well-educated (English-speaking) labour force and, until more recently,
(e) a history of calm industrial relations. However, over the last few years, concern has arisen regarding the worsening labour relations climate in the country and the high level of recent wage settlements. It is felt that, to some extent, such wage increases have eroded Barbados' competitive position, particularly within the region.

A variety of investment incentives are provided by the Government of Barbados for "approved" enterprises. These include duty-free importation of raw materials, equipment and spare parts; a 10 to 15 year tax exemption (plus 50% of taxes thereafter if the enterprise is primarily export-oriented); no capital gains tax; full repatriation of capital and profits subject to a 10% withholding tax on dividends; and subsidized factory space.

An agreement to avoid double taxation and a foreign investment insurance agreement are in place between Canada and Barbados.

Further information may be obtained from:

- Barbados High Commission
  Suite 700, 151 Slater Street
  Ottawa, Ontario K1P 5H3

  Telephone: (613) 236-9517

- Consulate of Barbados
  11 King Street, West
  Suite 1108
  Toronto, Ontario M58 1A3

  Telephone: (416) 869-0182

- Barbados Industrial Development Corporation
  800 Second Avenue, 17th Floor
  New York, N.Y. 10017

  Telephone: (212) 867-6420

Major Market Opportunities

Canadian exports to Barbados have continued to increase, going from Cdn. $29.7 million in 1979 to Cdn. $40.7 million in 1981. Traditional exports include foodstuffs, newsprint and writing paper, textiles, telecommunications equipment, equipment and supplies for the tourism sector, pharmaceuticals and a range of consumer items.

Given the recent downturn in the economy the Government of Barbados has taken numerous steps to reduce import costs and capital expenditure. It is difficult to guage the possible effects of these measures on Canadian exports of goods and services. These steps include postponement of projects not yet implemented, scaling down of ongoing projects, and restrictions affecting imports of food, fuel, intermediate and capital goods. However, in spite of these corrective measures, it is estimated that imports of goods and services will rise by up to 12% in 1982.

A variety of construction projects mainly funded by international institutions such as the Caribbean Development Bank, (headquarters in Bridgetown), the Inter-American Development Bank and the World Bank are going ahead. For example, upcoming projects planned in fisheries development, roadbuilding, public buildings and industrial parks present opportunities for sales of consulting and construction services, equipment, supplies and furnishings. Consultants and suppliers continue to pursue opportunities in Barbados in the field of alternative energy.

Caribbean and Central America Division
Bureau of Latin America and Caribbean Affairs
Trade Development
Department of External Affairs
September, 1982
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BASIC COUNTRY DATA

BARBADOS

Area: 166 sq. mi. (431 km2)

Population: 249 thousand (mid-1980), growth (1970-1979) 0.5%

Main City: Bridgetown

Head of State: Prime Minister J.M.G. Adams

Exchange Rate: Bds $1 - Cdn $.61 (Aug. 1982). The Barbados $ is linked to the U.S. $ at a 2.1 ratio

Gross Domestic Product (GDP): U.S. $930 million (1981 prelim.)

GDP per capita: U.S. $3736 (1981)

International Economic and Political Affiliations: CARICOM, Associate State of EEC, IBRD, IADB, Caribbean Development Bank, OAS, IMF, UN

Net International Reserves: U.S. $71.2 in 1980; U.S. $45.7 million (1981)

External Public Debt: U.S. $164.2 million (end-1981)

Debt Service/Exports Ratio: 2.8% (1981)

(US $'s millions)	1977	1978	1979	1980	1981(est)
Merchandise Imports (CIF)	272.5	314.1	424.2	524.1	566
Merchandise Exports (FOB)	75.5	93.2	116.4	168.7	144

Main Exports(1980): sugar (21%); manufactured (40%) including electrical components, clothing, chemicals, rum.

Main Imports (1980: consumer goods, 37%; fuels, 15%; intermediate goods, 21%; capital goods, 27%.

Canada-Barbados Trade Relations: Trade between Canada and Barbados is governed by the Canada-CARICOM Treaty of 1979. Canadian exports to Barbados are subject to the CARICOM Commom External Tariff. Barbados exports to Canada are subject to the Commonwealth Preferential, General Preferential, or Most Favoured Nation rate, depending on the tariff item. An exchange of notes concerning a foreign investment insurance agreement took place on November 17, 1970. A double taxation agreement is in force between Canada and Barbados.

(Cdn. $ millions)	1977	1978	1979	1980	1981
Canadian Exports to Barbados:	16.8	18.8	29.6	33.4	40.7
Canadian Imports fm Barbados:	5.8	6.7	8.5	11.4	9.3

Main Canadian Exports: telecommunications equipment, foodstuffs, pharmaceutical products, newsprint, lumber.

Main Canadian Imports: molasses, sporting goods, outerwear.

Representation in Canada: Barbados High Commission
151 Slater Street
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Consulates: 666 Sherbrooke Street West
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Montreal, Quebec
H3A 1E7

11 King St., W., Suite 1108
Toronto, Ontario. M5H 1A3

Telephone: (416) 869-0600/04

Canadian Representatives in Barbados: Canadian High Commission
Box 404
Bridgetown, Barbados

Telex: 2247 CANADA WB

Telephone: (809) 429-3550

Trade Commissioner: Commercial Division
Canadian High Commission
P.O. Box 1246
Huggins Building
72 South Quay
Port-of-Spain
Trinidad

Telex: (Destination code 294) 3429 DOMCAN WG

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CUBA

Economic Overview

By the end of the 1976-80 five-year period, Gross Social Product * was growing at an average rate of 4% per year, at constant prices. During 1981, this fundamental indicator of material production grew at an annual average rate of 12% as valued at current prices in Cuban pesos according to local authorities. However, over the same period, the value of the Cuban peso fell by 9.2% with respect to the U.S. dollar. GSP, therefore, remained relatively unchanged at approximately twenty-seven billion in terms of U.S. dollars.

Despite the strategy aimed at diversification of the industrial base, the cultivation of sugar cane and its processing remains the backbone of the national economy. Raw sugar accounts for over 80% of the value of Cuba's total exports. As the leading world exporter, the state of the international sugar market is of paramount importance to the well-being of the Cuban economy. During the past twelve months, the price of sugar has fallen from 17¢ U.S./pound (at which average production costs are just being covered), to the current level of 7¢ U.S./pound.

One of the implications of this market condition is that hard currency resources are significantly more limited than originally forecast at the time the Five-Year Plan was adopted. This has necessitated cutbacks in the 1982 buying programs, in an attempt to conserve hard currency reserves, causing some delays in the execution of Cuba's industrial development projects.

Forecasted in the 1982 National Economic Plan is a modest rate of growth which should not exceed 2.5%.

Foreign Trade

Foreign trade represents one-quarter of GSP with the total value of exports and imports increasing at an annual average rate of 10%. Last year trade with other members of the Council for Mutual Economic Assistance (CMEA), primarily with the Soviet Union, accounted for 75% of Cuba's total foreign trade.

Although hard currencies held in reserve are somewhat more plentiful than in the early years following the Revolution, Cuba continues to restrict most imports from market economy countries to those items considered essential or unavailable from its CMEA partners.

* GSP is equivalent to the value of all goods and productive services generated in the country in the course of a year.

There are approximately 17 non-Socialist industrialized countries vying for the estimated 20-25% remaining share of Cuban imports from non-Socialist countries. In 1981, Canada again ranked first among OECD countries exporting to Cuba followed by Japan, Spain, France, West Germany and Sweden. Our share of the Cuban market for goods sourced in the market economies was very close to one quarter.

Canada-Cuba Trade Relations

Canada and Cuba enjoy excellent trading relations. This past year set new record levels, both for Canadian exports to Cuba and for our imports from that country. For the second consecutive year, our two-way trade surpassed one half billion Canadian dollars, reaching Cdn. $648.8 million, an increase of 13.3% over the previous record set in 1980. In terms of volume, Cuba ranks as the fourth largest export market for Canadian goods in Latin America.

Exports from Canada to Cuba totalled Cdn. $452.3 million in 1981, the highest level ever recorded and 8.6% higher than the previous year. Agricultural commodities, with a combined sales value of Cdn. $360.5 million, represented 80% of total exports. Wheat and flour, continued to represent the majority of our exports. In 1981, these two products, valued at Cdn. $260.9 million, represented 57.7% of all goods exported.

Other important food exports to Cuba include corn (maize), beans, soya bean meal, barley, peas, seed potatoes and skim milk powder. In the "non-edible" product categories, significant volumes of a wide range of products, particularly sulphur, paper products, lumber, tires and tubes, industrial chemicals, refractory bricks and metal fabricated products represent Canadian successes in penetrating the Cuban market.

Cuban exports to Canada have also shown significant increases. In 1981, the value of Cuban goods shipped to Canada totalled Cdn. $196.5 million, representing a 20.2% increase over the Cdn. $163.5 million traded in 1980.

Sales of raw sugar and molasses represented more than 90% of total Canadian imports from Cuba.

Increasingly, however, the underlying fundamental to success in export sales to Cuba is dictated by the financing package offered. Cuban reserves of hard currency are very scarce in comparison to what they wish to buy from western countries.

Investment Climate

In an effort to expand exports, promote tourism, attract much-needed investment capital and modern Western technology, Cuba has decided to promote joint ventures with foreign partners, especially those with production experience and financial resources. The State Committee for Economic Collaboration (CECE) has been delegated the responsibility of promoting the concept of joint production, management and marketing in industrial sectors (excluding sugar, nickel, seafood, tobacco and citrus) where at least one of the ingredients essential for the optimal utilization of plant capacity is missing.

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Leasing proposals will also be welcome along with proposals to construct new facilities through joint effort. Under a separate set of guidelines, the National Institute for Tourism (INTUR) will coordinate efforts to attract parties interested in establishing joint ventures in the tourism sector.

As a general rule, foreign participation may be as high as 49 percent and in exceptional circumstances, with government authorization, may reach 50 percent or more. Legislative Decree 50, of February 15, 1982, establishes the legal conditions under which economic associations involving Cuban and foreign entities may be arranged.

According to draft legislation, Cuban national banks will offer joint ventures convertible currency financing that compare favourably with that of the international credit market to cover part of their requirements. In addition, the foreign partner will be allowed to remit his share of profits and/or of the liquidation of the joint venture with no restrictions, and foreign specialists and executives who are employed by the enterprise may remit two-thirds of their salaries. The draft legislation also states that no taxes will be paid on the joint venture's gross income, shareholders' dividends or executives' personal income. The net profits tax will be 30 percent, but the State Committee for Finances is enpowered to grant temporary exemptions.

Major Market Opportunities

In the area of capital projects, Cuba's current Five Year Economic Development Plan (1981-1985) includes several potential opportunities in the modernization/expansion of industrial plants originally constructed and still operating using North American technology of the pre-revolutionary period.

Cuba imports from the West mostly semi-processed foodstuffs, industrial raw materials and spare parts for Western machinery and plant already established in Cuba. Few consumer goods are imported. Some specific Canadian exports with good potential in Cuba are: lumber, paper products, industrial chemicals, plastic resins and compounds, tires and tubes, hospital and medical equipment and metal fabricated products.

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September 1982
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BASIC COUNTRY DATA

CUBA

Area: 114,524 sq. km.

Population: 9.8 million (September 1981), average annual growth rate (1970-1979) 1.4%

Main Cities: Havana (1,925,000), Santiago (345,000), Camaguey (245,000)

Head of State: President Fidel Castro Ruz (January 1, 1959)

Exchange Rate: 1 Cuban Peso= U.S. $1.41 (1980), (Inconvertible)
Cdn. $1.50 (1982)

Global Social Product: Cuban estimate does not include "non-productive" services such as finance, housing, personal and professional, health, education, public administration, defense but does include commerce: U.S. $27.4 billion (1981).

Gross National Product (GNP): U.S. $14 billion (1979 estimate)

GNP per capita: U.S. $1,410 (1979 - estimate)

External Public Debt: U.S. $3.3 billion (1981 - estimate)

Debt Service Ratio: 58% (1981 - estimate)

International Economic and Political Affiliations: The United Nations and affiliated organizations including GATT, FAO, UNCTAD, UNDP, ISO; Council for Mutual Economic Assistance (CMEA-COMECON), International Investment Bank, International Bank for Economic Collaboration, SELA.

(U.S. $ millions)	1977	1978	1979	1980	1981
Total Merchandise Imports (cif):	4,360	4,732	5,088	5,987	
Total Merchandise Exports (fob):	3,676	4,544	4,820	5,607	
Total Merchandise Imports from Market Economies:	1,134	1,010	1,013	1,538	
Total Merchandise Exports to Market Economies:	396	458	582	764	

Composition of Imports from Market Economies: (1980) machinery and transport equipment 41%, food 25%, other manufactured goods 25%, chemicals 9%.

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Composition of Exports to Market Economies: (1980) sugar 81%, fish 10%, cigars 4%, nickel 5%, coffee 1%, citrus 2%.

(Cdn. $ millions)	1977	1978	1979	1980	1981
Canadian Exports to Cuba:	184.0	217.8	257.3	415.3	452.4
Canadian Imports fm Cuba:	45.4	60.6	106.6	157.3	196.5

Main Canadian Exports: (1981) wheat, wheat flour, barley, corn, beans, soyabean meal, industrial chemicals, paperboard, sulphur, electrical distribution equipment, lumber, tires.

Main Canadian Imports: (1981) raw sugar, lobster and seafood, molasses, cigars

Representation in Canada:

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H3G 2B2

Telephone: (514) 843-8897

Cuban Consulate
Suite 406
372 Bay Street
Toronto, Ontario
M5H 2W9

Telephone: (416) 362-7704, 362-3622

Cuban State Trading House:

Galax Inc.
5250 Ferrier Street
Montreal, Quebec
H4P 1L3

Telephone: (514) 735-5141

Canadian Representation in Cuba:

Canadian Embassy
Apartado 6125, Calle 30, No. 518 Esquina
7a Avenida Miramar
Havana, Cuba
Mailing Address: Commercial Division
Canadian Embassy
Box 500 (Havana)
Ottawa, Ontario K1N 8T7.
Tel: 2-6421/22/23
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511586/Answerback CAN CU

DOMINICAN REPUBLIC

Economic Overview

The year 1981 started out favourably with the prices of principal exports above the levels of the previous year. During the first quarter all production indicators showed improvement, over 1980. Soon, however, prices of all the principal exports (sugar, ferronickel, coffee and cocoa) started to fall; these developments were reflected in deteriorating tax revenues and falling export earnings. Government responded by reducing the capital investment program, expanding the scope of the unofficial exchange market, banning imports of cars, and tightening credit. The balance of payments continued to deteriorate and this was reflected in increased arrears in commercial payments. Growth in GDP has been estimated at 3.4 percent for 1981.

The outlook for 1982 is that GDP growth will continue to slow down because of the delay in correcting production problems in sugar, the closure of the ferronickel plant and the scarcity of foreign exchange to import inputs for the manufacturing sector.

Analysis of Major Sectors

Mining accounts for only 4.3 percent of real GDP, but 40 percent of the total value of exports originates from this sector. Mining is concentrated in three products: bauxite, ferronickel, and gold and silver alloy. Extraction of gold and silver alloy was started by the Rosario Mining Company in 1975, and currently accounts for the bulk of mining operations. With the sharp rise in prices in the last two years, gold and silver mining has become a major earner of foreign exchange and a major source of government revenue. In 1980, gold and silver alloy accounted for one fourth of total exports and one fifth of total government revenue. The Government acquired complete ownership of the Rosario Mining Company in October 1979.

Manufacturing is the largest contributor to real GDP (18.2 percent in 1980). However, it remains oriented mainly to the domestic market and consists principally of food processing and light industries. Manufacturing of food, beverages, and tobacco accounts for two thirds of total manufacturing output. Sugar refining is the principal industrial activity, accounting for one eighth of the total. In 1980 manufacturing output expanded by 4.4 percent, with sugar refining dropping by 13 percent, because of a poor sugarcane harvest, and other industries growing by 8 percent. Industries that performed particularly well were those producing flour (10.5 percent growth), beer (18 percent), vegetable oil (33 percent), paints (10 percent) and cement (15 percent).

Tourism has become an important sector in terms of value added, foreign exchange, and employment, and may play an increasing role in the years ahead. In 1981 tourism increased substantially over the record 1980 level and accounted for about $195 million in earnings.

Despite a 6.0 percent decline in the Caribbean tourist trade in the winter of 1982, chiefly due to the U.S. recession, 1982 tourism earnings for the Dominican Republic are expected to remain at 1981 levels.

Investment Climate

The Dominican Republic offers several advantages to Canadian investors: an abundance of inexpensive labor and natural resources, proximity to North American and Caribbean markets, and a well developed free zone system. The government fosters foreign investment in tourism, agro-industry, export promotion projects and activities in fields requiring exceptional technical expertise or high capital investment.

The 1978 Foreign Investment Law closed certain areas of the economy to new foreign investors (public utilities, communications, forest exploitation, domestic air, surface and water transportation and national defense production). Under the Law, annual profits in excess of 18 percent of the investor's registered capital (with no carry-forward or carry-back provision) cannot be repatriated. Such profits, however, may be reinvested in the business in which they were earned or in export-oriented agro-industry or tourism projects.

Exchange Rate System

On April 4, 1978 the par value of the Dominican peso (RD $) was redefined to be equivalent to U.S. $1 without reference to gold content. All transactions through the Central Bank of the Dominican Republic take place at this rate. There is also a "paralled market" -- tolerated and in fact used by some government agencies --- in which the exchange rate fluctuates freely and where the exchange rate for the U.S. dollar has been quoted at a premium over the official rate. In April 1981 this premium was about 28 percent (U.S. $1.00 = RD $1.28).

The main sources of supply in this market are (a) remittances made by Dominicans living abroad; (b) tourist receipts not surrendered to the banking system; (c) the overinvoicing of imports in cases where they are subject to low import duties; (d) the underinvoicing of exports, mainly minor exports for which the surrender requirement is not enforced as strictly as for major exports; and (e) the capital inflows not transacted through the banking system. At present, more than 50 percent of all non-petroleum imports are believed to come through the paralled market. Official (Central Bank) funds are provided only to finance imports of some industrial raw materials (including petroleum), essential foods and medicines, and goods needed by the government.

Recently, the Government has taken steps to increase the use of the paralled market by both exporters and importers. Under the new Export Incentive Law, exporters of non-traditional exports are allowed to exchange a percentage of their dollar export earnings on the parallel market (all other export earnings must be converted to pesos at the Central Bank). In addition, the Central Bank has now transferred substantial portions of the country's imports to the parallel market and established quotas on the availability of official foreign exchange for private sector and food imports.

The parallel market exchange rate (presently over RD $1.50 - U.S. $1.00) is an important indicator to potential investors because it shows the premium one must pay either to import via the parallel market or to move capital to or from the country via this route. Investments made via this de facto exchange market avoid the limitations on remission of capital and some other provisions of the Foreign Investment Law. They also are not subject to the Central Bank delays of over one year in authorized dividend/profit remissions.

Major Market Opportunities

Tourism development has been spurred by the Government's initiatives, which include fiscal and exchange incentives, subsidized long-term credit and large government investment in tourism infrastructure. INFRATUR, the Central Bank tourism development agency, with World Bank funding has for several years been financing a North Coast tourism infrastructure project at Playa Dorada near Puerto Plata. Also, about 100 kilometers east of Puerto Plata, INFRATUR has just completed construction of the necessary infrastructure to develop its second North Coast tourism area near Rio San Juan.

Irrigation, tourist hotel and rural electrification projects will bring opportunities for Canadian firms to supply energy systems, food processing equipment, agricultural and construction machinery and electricity distribution equipment. Several of these opportunities involve projects vital to the Dominican economy which need to be undertaken despite the current economic difficulties.

Caribbean & Central America Division
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Trade Development
Department of External Affairs
September, 1982
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BASIC COUNTRY DATA

DOMINICAN REPUBLIC

Area: 48,734 sq. km.

Population: 5.4 million (1980), average annual growth rate (1970-1979) 3.0%

Main Cities: Santo Domingo (1,170,000), Santiago (325,000)

Head of State: President Salvador Jorge Blanco, May 1982

Exchange Rate: Central Bank sells limited amounts of foreign exchange at official rate of 1 Peso = US $1. Free market rate January 1981 was US $1 = Pesos 1.26

Gross National Product (GNP): U.S. $6.2 billion (1980)

GNP per capita: U.S. $1,140 (1980)

International Economic and Political Affiliations: GATT, UN, IBRD, IADB, OAS, Union of Banana Exporting Countries

International Reserves: Minus U.S. $240.2 million (1980)

External Public Debt: U.S. $1,204 million (1980)

Debt Service Ratio: 18% (1980)

(U.S. $ millions)	1976	1977	1978	1979	1980	1981
Total Imports (fob):	763.6	847.8	859.7	1,093.9	1,435.7	1,436.6
Total Exports (fob):	716.4	780.4	675.5	868.6	961.9	1,188.0

Composition of Total Imports: (1980) foodstuffs 7.7%, durable goods 4.6%, tobacco and beverages 0.4%, hydrocarbons 29.7%, intermediate goods 27.3%, capital goods 21.5%.

Composition of Total Exports: (1980) sugar 34.4%, gold and silver 27%, ferro-nickel 10.5%, coffee 8.0%, cacao 5.8%, tobacco 3.7%, bauxite 1.9%, other 8.7%.

(Cdn $ millions)	1977	1978	1979	1980	1981
Canadian Exports to Dominican Republic:	25.4	21.9	33.4	51.6	48.9
Canadian Imports fm Dominican Republic:	24.7	25.7	22.7	17.5	17.7

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Main Canadian Exports: fish, cereals, newsprint, aluminum, copper, zinc, wire and cable, telecommunication and related equipment.

Main Canadian Imports: coffee, molasses.

Representation in Canada:

Consul General of the Dominican Republic
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Canadian Representation in the Dominican Republic:

Mr. William Snow
Honorary Commercial Representative
c/o Falconbridge Dominicana C.por A.
Santo Domingo
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Telephone: 682-9165, -2773, -6041
Telex: 346-0230

Trade Commissioner: (responsible for the Dominican Republic)

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Canadian Embassy
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Telex: (Destination code 31) 23377/Answerback DOMCAN VE

HAITI

Economic Overview

The Haitian economy recorded a comparatively faster growth rate towards the end of the seventies than at the beginning of the decade. Between 1976 and 1979, the average growth rate was slightly under 4%, and for the 1979/80 financial year, the increase in GDP was of 3.5%. However, despite sustained economic expansion, signs that it is running out of steam became apparent in 1980 -- declining investment, a growing trade deficit and a rapid increase in the public sector fell off sharply. There was also a slowdown in private investments. The rapid increase in the cost of primary products imported by Haiti (oil, food products and machinery) resulted in a large trade deficit which has not been offset by an equally substantial increase in foreign aid and exports.

During the past six months, Haiti has probably been passing through the most acute phase of the current economic crisis. This crisis, which is marked by a shortage of foreign currency, is finding expression in major adjustments in economic activity. Faced with the alarming deterioration in the country's financial situation, the IMF had to intervene and impose a program for controlling government expenditures and increasing government revenues. The shortage of currencies in the banking system led to a pronounced economic slowdown and seriously affected the confidence of local and foreign investors. Foreign investment prospects, however, did improve in the closing months of 1981 in the wake of visits from various groups of American businessmen. In view of the inadequacy of Haitian economic and financial institutions and the limits of its foreign aid absorption capacity, the country will have to keep relying on foreign investment for much of its development.

Investment Climate

Sustained efforts have been made in recent years to encourage and attract foreign investment. The Office National pour la Promotion des Investissements (ONAPI) (National Office for the Promotion of Investments) was created in 1979 to pursue this policy and provide potential investors with assistance. Foreign investments in Haiti are governed by a number of laws and amendments which are to be consolidated in the near future into a code intended to eliminate current contradictions and summarize the financial, tax and customs incentives aimed at investors. The main incentives now offered to new industrial or agricultural enterprises are: (a) a ten-year tax exemption in the Port-au-Prince metropolitan area, and a fifteen-year exemption outside this area; (b) duty-free importation of necessary equipment and machinery; (c) the availability of cheap labour and (d) the absence of exchange controls, which makes it possible to repatriate all profits (however, this incentive is subject to the availability of currency in the banking system and could be limited in the new investment code).

Successes have been achieved in the assembly industry, which is highly labour-intensive. In particular, the Haitian government encourages foreign investments for the production of electric motors, electronic parts, articles made of leather or fur, sports equipment, toys, clothing, furniture and food products. Major investments in public interest industries may be covered by agreements with the government. Trading activities are restricted in theory to Haitian nationals, but foreigners can enter into partnership with Haitians (there are no regulations specifying the percentage of Haitian participation) in order to engage in such activities.

Further information is available by writing to the Ministry of Planning, Palais des Ministres, Port-au-Prince, Haiti and to the Office National pour la Promotion des Investissements (ONAPI), B.P. 2223, Port-au-Prince, Haiti.

Major Market Opportunities

Canada has traditionally exported significant quantities of food products to Haiti, including wheat, fish and flour. Other major opportunities tend to be project-related and tied, in many cases, to our aid program there. Both the World Bank and the Inter-American Development Bank are heavily involved in Haiti in the energy (hydro-electric power) and transportation (roads) sectors. Agriculture is the other area of priority in the Government's development plans.

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September, 1982
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BASIC COUNTRY DATA

HAITI

Area: 27,750 sq. km.

Population: 5.01 million (1980), 75% rural, average annual growth rate (1970-1979) 1.7%

Main Cities: Port-au-Prince (494,000), Cap Haitien (30,000)

Head of State: President Jean-Claude Duvalier (January 4, 1971)

Exchange Rate: The Gourde is pegged to the U.S. $ at a rate of G5 = $1

Gross National Product (GNP): U.S. $1,610 million (1981)

GNP per capita: U.S. $270 (1980)

International Economic and Political Affiliations: UN, IADB, IBRD, IMF, OAS, GATT

International Reserves: Minus U.S. $2.0 million (1981)

External Public Debt: U.S. $277.3 million (1981)

Debt Service Ratio: 7.8% (1981)

(U.S. $ millions)	1977	1978	1979	1980	1981
Total Imports (cif):	232.3	241.8	282.0	346.0	341.0
Total Exports (fob):	137.6	154.6	138.6	212.3	153.7

Composition of Total Exports: (1980) coffee 42.8%, sisal 4.5%, sugar 3.0%, cocoa 2.1%, essential oils 2.6%, meat 0.8%, light manufactures 29.5%, bauxite 9.2%, cement 0.3%, other 5.2%.

Composition of Total Imports: (1980) food and beverages 15.7%, raw materials 2.6%, fuels and lubricants 17.7%, fats, oils, and chemical products 13.6%, machines and manufactured products 43.8%, other 6.1%.

Canada-Haiti Trade Relations: An agreement on foreign investment insurance was signed on June 11, 1980.

(Cdn. $ millions)	1977	1978	1979	1980	1981
Cdn Exports to Haiti:	15.9	19.4	30.0	26.4	21.6
Cdn Imports fm Haiti:	3.4	5.9	6.7	6.5	7.4

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Main Canadian Exports: fish, wheat, dairy produce, eggs and honey, hard spring wheat flour.

Main Canadian Imports: telecommunication and related equipment, coffee, sporting and recreation equipment, metals in ores, concentrates, scrap.

Representation in Canada:

Haitian Embassy
112 Kent Street
Suite 1308
Place de Ville
Tower "B"
Ottawa, Ontario
K1P 5P2

Telephone: (613) 238-1628, - 29

Consulate General of Haiti
8 Jardins de Merci
Suite 106
Québec, P.Q.
G1S 4N9

Telephone: (418) 681-0824

Consulate General of Haiti
920 Yonge Street
Suite 808
Toronto, Ontario
M5E 1P3

Telephone: (416) 923-7833

Canadian Representation in Haiti:

Canadian Embassy
Edifice Banque Nova Scotia
Route de Delmas
C.P. 826
Port-au-Prince, Haiti

Telephone: 2-2358, 2-4231, 2-4919
Telex: 3490069/Answerback DOMCAN 3490069

Trade Commissioner: (responsible for Haiti)

Commercial Division
Canadian High Commission
P.O. Box 1246
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72 South Quay
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JAMAICA

Economy

After almost a decade of sustained decline, the Jamaican economy is on the rebound. The Seaga Government, elected in October 1980, is following policies designed to revive the economy and to correct serious structural weaknesses. Following seven years of negative growth, a positive rate of about 2 percent was achieved in 1981.

The serious decline during the 1970's was the result of a variety of external and domestic factors. With its reliance on imported oil for 99% of its energy needs, Jamaica was particularly vulnerable to the increases in world oil prices. The open Jamaica economy is very sensitive to international price and demand fluctuations for commodities. The mid-1970's recession in industrialized countries prompted declines in export volumes and prices of Jamaica's major exports, bauxite/alumina and sugar. On the domestic side, the government lost the confidence of the private sector which led to reduced productive investment and accelerated the outflow of skilled workers and capital. By the end of the 1970's, activity in the construction sector had dropped by 76 percent since 1973, and by 28 percent in the manufacturing sector. Export volumes of bauxite and alumina were below 1973 levels and sugar exports were at less than 50 percent of the 1970 total. Unemployment and inflation both hovered around 30 percent. In summary, at the time of its election in late 1980, the Seaga Government faced serious and chronic balance of payments difficulties, a very high level of external debt (US $1.5 billion), the exhaustion of foreign exchange reserves and significant accumulation of arrears on external payments.

The Seaga Government's political philosophy and economic strategy are oriented toward increased reliance on the role of private initiative and toward a reduction in government regulation of commerce and industry and in state participation in production. The three-year economic recovery programme announced in April, 1981 is based on a two-part strategy: a) increase utilization of existing capacity, with emphasis on export-oriented sectors, and b) adjust industrial and agricultural policies, moving toward a more liberal free market orientation with less protection and greater export incentives. Among government priorities are the reduction of unemployment and the return of utility services and social and economic infrastructure to levels of efficiency which will support economic growth. 1981 has shown some encouraging signs -- stabilization of the economy, the positive growth rate of 2 percent and the check on inflation which dropped to 4.6%. Furthermore, the Recovery Programme has attracted wide international support. It is backed by an IMF Extended Fund Facility Agreement which provides up to US $657 million over the 1981-84 period. The IMF funds are to be used for liquidating arrears and re-establishing adequate reserve levels. The Jamaican programme has also been strongly supported by the World Bank and 15 bilateral donors. This includes the expanding Canadian development assistance programme in Jamaica.

As it proceeds with its ambitious recovery programme, the Seaga Government faces substantial external and domestic hurdles. In general, the trade balance deteriorated in 1981 as export performance fell short of projections. Imports rose partly as a result of liberalization of licensing and partly due to increased purchases of raw materials, agricultural inputs and capital equipment in support of the recovery programme. The bauxite/alumina industry continues to suffer from soft world demand for aluminum. Output in 1981 of 11.6 million metric tons represented a 3 percent decline from the 1980 level. There is concern that production will drop below 10 million metric tons this year, even if a second bauxite sale to the US strategic stockpile goes ahead. In the agricultural sector, the major export crops (sugar and bananas) continue to feel the effects ofyears of decline, and mismanagement, as well as labour difficulties, disease and adverse weather conditions. The government is optimistic in its predictions of recovery though, reflecting its hopes for the success of rehabilitation programmes in both crops. However, based in part on a series of labour walkouts mid-way through the crop, it is unlikely that the 1982 target for sugar production, 220,000 metric tons, will be reached. Jamaica continues to experience difficulty in meeting its sugar commitment to the European Community and satisfying its own needs. After bauxite/alumina, tourism has traditionally been Jamaica's second foreign exchange earner. Prospects in this sector are brighter. Preliminary figures for the 1982 winter season show at least a 15 percent increase in tourist revenues over the 1981 season. This improvement reflects in part the active government promotional campaign in the USA and Europe and is notable particularly at this time of recession in Jamaica's main tourist markets. Although there has been a turnaround in manufacturing, with .4% growth recorded in 1981, progress is slow -- only 1 - 2% growth is predicted in this sector for 1982.

In summary, performance during 1981 and the forecast for 1982 are mixed. Jamaica is currently carrying a very heavy debt load, with debt service obligations in 1981 totalling $438 million out of the $514 million received in loans. The government has, though, managed to clean up arrears on import payments which had totalled over $100 million a year ago. Jamaica's economic outlook over the medium to longer term will depend on a few key elements: the confidence of international private investors in Jamaica's economy and its success in attracting new foreign investments, as well as the strength of Jamaica's export markets for bauxite, tourism and agriculture. Of continuing importance will be the price of imported petroleum and the success of government programmes to promote energy conservation and to develop other energy sources, be they domestic oil, hydro power or other alternative sources.

Investment Climate

The challenge facing the Jamaican Government is to create an atmosphere conducive to renewed foreign investment. As part of its very active investment promotion activities, the government has established the

Jamaica National Investment Promotion Ltd. (JNIP), a "one-stop" promotion agency that centralizes government dealings with potential investors. JNIP may be contacted directly at 15 Oxford Road, Kingston 5, telephone (809) 929-4000.

Like other CARICOM countries, Jamaica offers potential investors a range of tax and non-tax incentives, proximity to North American markets, good shipping and air connections and preferential access to European Community and CARICOM markets. Up to a 15-year tax holiday is available for approved industries, as is duty free importation of machinery, equipment and raw materials for the duration of the tax-free period. In the Kingston Free Zone, manufacturers operate free of foreign exchange controls and duty for the production of goods to be exported outside of CARICOM. The government is currently planning an expansion of the Free Zone facilities.

Areas in which investment is being welcomed include textiles and garments, building supplies, electronics, furniture, tobacco products, horticulture and food processing. Assembly operations have existed in Jamaica for a number of years. Potential investment is evaluated according to factors such as employment created, export earning potential, contribution to food self-sufficiency, and the level of capital inflow. The preference is for joint venture arrangements, although proposals for all sorts of investments are being processed and approved.

Potential investors should bear in mind a number of negative factors with which the government is currently attempting to deal. Among these are the poor quality of service by some public utilities, most notable of which is the unreliable power supply, the shortage of managers, and the unsettled industrial relations climate.

Further information is available in Canada from Ms. Kay Baxter, Counsellor, High Commission for Jamaica, 275 Slater Street, Suite 402, Ottawa, K1P 5H9, telephone (613) 233-9311; or Mr. Danny Powell, Trade Commissioner, 214 King Street, Suite 206, Toronto, telephone (416) 598-3008/3393.

An agreement to avoid double taxation and a foreign investment insurance agreement are in place between Canada and Jamaica.

Major Market Opportunities

Traditionally, Canada has supplied foodstuffs (salt cod, sardines, wheat, skim milk powder) newsprint, and pharmaceuticals to Jamaica, as well as periodic shipments of major capital equipment. While the Jamaican Government is committed to releasing foreign exchange for imports of essential items such as foodstuffs and pharmaceuticals, as well as for raw materials and inputs for export-oriented manufacturing, agriculture and tourism, Jamaican imports are severely limited by a critical shortage of foreign exchange. There is an extensive list of restricted items requiring import licenses. As foreign exchange is tightly controlled, import licenses requiring foreign funds are often difficult to obtain. Sourcing is increasingly based on the supplier's willingness to extend up to 360-day credit terms.

The Jamaican market will continue for essential products. However, given the foreign exchange shortage, the major opportunities exist in the publicly-funded project areas -- sectors in which World Bank, Inter-American Development Bank (IDB) and Caribbean Development Bank funds are being invested by the Jamaican Government. Projects which offer opportunities for significant Canadian sales over the next few years include various water, sewerage and irrigation projects; rehabilitation and expansion of the electricity utility, Jamaica Public Service, based on a World Bank loan of $30.5 million; possible hydro electric development; expansion of the Kingston Free Zone (including up to 80 factory shells); improved technical and vocational educational facilities; and the expansion and modernization of the cement plant. In addition, there will be increased funds available for imports of raw materials, equipment and spare parts based on a $75 million structural adjustment loan from the World Bank and for a variety of consulting services for technical assistance in support of the adjustment programme.

Bureau of Latin America and Caribbean Affairs
Trade Development
Department of External Affairs
Ottawa, Ontario
(613) 992-0384

BASIC COUNTRY DATA

JAMAICA

Area: 4,411 square miles (11,424 square kilometers)

Population: 2,192 thousand (mid-1981), growth (1970-80) 1.4%

Main Cities: Kingston (Capital), Montego Bay

Head of Government: Prime Minister Edward Seaga

Exchange Rate: J $1 = US $.561

Gross Domestic Product (GDP): US $2.980 m (1981)

GDP per Capita: US $1,359 (1981)

International Economic and Political Affiliations: IMF, UN, IBRD, IADB, OAS, Caribbean Common Market (CARICOM), Caribbean Development Bank, International Bauxite Association.

External Public Debt: U.S. $1435 million (end-1981)

Debt Service/Exports Ratio: 24.6% (1981)

(U.S. $ millions)	1977	1978	1979	1980	1981
Merchandise domestic imports (cif):	746.8	864.7	1002.8	1172.6	1485.4
Merchandise domestic exports (fob):	724.0	792.1	814.7	965.5	985.2

Main Exports (1981): bauxite (17%), alumina (60%), sugar (5%), bananas (.4%)

Main Imports (1980): consumer goods 11% (of which foodstuffs totalled 6%); fuels 38%, raw materials 33%, capital goods 17%

Canadian-Jamaican Trade Relations: Trade is governed by the Canada-CARICOM Trade and Economic Cooperation Agreement of January 20, 1979. Jamaican exports to Canada incur the Commonwealth Preferential, General Preferential, or Most Favoured Nation rate, depending on the tariff item. An agreement on foreign investment insurance was signed on November 2, 1971. A double taxation agreement is also in force.

(Cdn $ millions)	1977	1978	1979	1980	1981
Canadian Exports to Jamaica:	37.9	50.3	61.6	62.5	80.7
Canadian Imports from Jamaica:	55.3	70.5	50.1	49.9	97.5

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<u>Main Canadian Exports (1981)</u>: Wheat (14%), skim milk powder (8%), newsprint (5%), port equipment (9%), aluminum, tinned herring and sardines, pharmaceuticals.

<u>Main Canadian Imports (1981)</u>: Alumina (87%), liquers (5%), rum (1%)

<u>Representation in Canada</u>: Jamaican High Commission
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K1P 5H9

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Consulates: P.O. Box 2065
1004-5885 Spring Garden Road
Halifax, Nova Scotia
B3J 2Z1

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214 King Street
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Toronto, Ontario

Telephone: (416) 598-3008

<u>Canadian Representation in Jamaica</u>: Canadian High Commission
P.O. Box 1500
Royal Bank Building
30-36 Knutsford Boulevard
Kingston 10, Jamaica

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September 1, 1982
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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.

- Preferential access to CARICOM and to European Community markets (based on the Lomê Convention)

- Proximity to the North American market.

Other considerations for potential investors include the following:

- Labour force. Unemployment rates are generally over 15%. Only an estimated 1/3 of the work force is organized. All areas lack skilled labour and middle management.

- Inadequate infrastructure.

- Energy. All the islands lack cheap energy sources other than solar energy. This source is so far not widely developed.

- Markets. The small islands economies are very vulnerable to variations in worldwide prices and demand.

Market Opportunities

Canadian exports to the Leeward and Windward Islands are increasing; from a level of Cdn. $22.3 million in 1979, shipments reached Cdn. $33.2 million in 1981. There are continuing opportunities for sales in foodstuffs (especially fish), wheat, lumber and related forest products, textile materials and building materials.

Major opportunities exist for Canadian suppliers of goods and services in the variety of projects funded by international financial institutions, mainly the Caribbean Development Bank which has its headquarters in Bridgetown, Barbados.

Antigua and Barbuda

Antigua and Barbuda, independent as of November, 1981, experienced a decline in its growth rate from 6% to 4% (1981), largely because of a significant levelling off in tourism due to reduced overseas demand. Tourism now forms Antigua and Barbuda's main economic activity with 115,000 visitors registered in 1981. It employs about 25% of the work force. The Government plans to construct several large hotels and condominiums with an estimated cost of U.S. $200 million, to add to the already large tourist plant. Agriculture (sugar and cotton) had previously been the mainstay of the economy but had declined in importance in the 1970's. In the late 70's, the Government took steps to rehabilitate the sugar industry to meet local needs and for the production of rum. In general, apart from agriculture, livestock and fisheries have also declined, while manufacturing and construction activity have increased. Most manufacturing is foreign-owned and consists of import-substitution industries, although over the last few years export-oriented manufacturing such as textiles and garments, rum and mattresses production have been growing. Antigua and Barbuda does not have a foreign investment code, although the Government plans to establish an Industrial Development Agency. The country has a good investment climate but supporting infrastructure requires upgrading and expansion.

BASIC COUNTRY DATA

ANTIGUA

Area: 280 Km2 (170½ sq. miles) includes Barbuda and Redonda

Population: 76,138 (mid-1981 proj.)
Annual rate of growth (1976-81): + 1.3%

Capital: St. John's

Head of Gov't: Premier Vere C. Bird

Exchange Rate: Since July 1976 the Eastern Caribbean Dollar has been aligned with the US dollar: US $1 - EC$2.70

Gross Domestic Product (at current market prices): US $91.5 million (1980); US $107.3 million (1981e)

GDP per capita: US $1409 (1981)

International Political and Economic Affiliations: CARICOM, CDB, UN, OAS, IMF, IBRD, GATT

External Public Debt: US $57.6 million (at December 31, 1981)

Debt Service/Exports Ratio: 1.6% (1978)

(US ($'s millions)	1977	1978	1979	1980	1981 proj.
Merchandise exports (fob)	6.6	12.6	10.2	27.7	33.6
Merchandise imports (cif)	40.5	46.3	73.1	113.0	139.3

Main Exports: clothing, rum, cotton, lobsters, corn and sorghum. In 1981, manufactured exports accounted for 69% of domestic exports.

Main Imports (1981): food and live animals (34%), fuel and lubricants and related material (12%), machinery and transport equipment (21%), manufactured goods (22%).

Canada-Antigua Trade Relations: Trade relations are governed by the Canada-CARICOM Trade and Economic Cooperation Agreement signed on January 20, 1979. Canadian exports to Antigua are subject to the CARICOM Common External Tariff. Antiguan exports to Canada are subject to the Commonwealth Preferential Tariff, the GPT, or the Most Favoured Nation Rate, depending on the tariff item applicable to the export. Provision has been made for double taxation relief as regards Canada.

(Cdn $'s million)	1977	1978	1979	1980	1981
Canadian Exports to Leewards and Windwards:	20.2	20.2	22.3	28.3	33.2
Canadian Imports fm Leewards and Windwards:	.6	1.2	3.2	2.3	1.8

NOTE: Combined data for Leewards and Windwards is shown, since data is not tabulated by individual country.

Main Canadian Exports: food and related products (esp. fish), wheat, lumber and related forest products, textile materials, building materials, machinery and equipment.

Main Canadian Imports: nutmegs and mace, cocoa, clothing.

Canadian Representation for Antigua: Canadian High Commission
Box 404
Bridgetown, Barbados

Telex: 2247 CANADA WB

Telephone: (809) 429-3550

Trade Commissioner: Commercial Division
Canadian High Commission
P.O. Box 1246
Huggins Building
72-74 South Quay
Port-of-Spain, Trinidad

Telex: 294 3429 DOMCAN WG

Telephone: (809) 62-37254/8

Representation in Canada: Eastern Caribbean Commission
1701 - 112 Kent Street
Ottawa, Ontario

Telephone: (613) 236-8952

Dominica

Dominica is the largest and the poorest of the Leeward and Windward group. Agriculture plays a more significant role in the Dominican economy than in the East Caribbean states, with agricultural products forming the main exports: bananas normally provide about 50 to 60% of exports, coconut, up to 10% and citrus, i.e. limes, grapefruits and oranges, about 10%. The manufacturing sector is very small, contributing about 5% of GDP Tourism is less developed than in most of the other islands but nevertheless ranks as the second source of foreign exchange.

Dominica has suffered from severe social and economic difficulties over the last few years. Hurricanes in 1979 and 1980 destroyed the banana crop and severely damaged infrastructure and facilities serving other sectors. (Agricultural output dropped almost 40% in 1979-80). In 1981 agricultural production regained 1978 levels but income was limited by lower world prices and by intervening displacement in traditional markets. However, GDP increased by 8% based on the agricultural recovery and on significant construction activity which formed part of the reconstruction efforts. Although improved over 1979 and 1980 rates, unemployment remained as high as 23% in 1981. Inflation hovers around 20%.

Dominica's prospects will depend partly on a continuation of stable government, as well as on improvements in the banana sector, diversification away from bananas and development of new industries such as perfumes, cosmetics, pharmaceuticals and foodstuffs derived from indigenous essential oils. Already production and exports of toilet and laundry soap have assumed importance. The Dominican government strongly supports the private sector, including foreign investment, in the development of export-oriented ventures. The Government itself is embarking on infrastructure rebuilding and improvement projects, road-building and factory shells for example, and is interested in further exploitation of Dominica's hydroelectric potential. The present Government has also reactivated the Industrial Development Corporation as the agency for identifying and promoting private manufacturing ventures.

BASIC COUNTRY DATA

DOMINICA

Area: 750 Km2 (289.5 sq. miles)

Population: 74,089 (mid-1981); density 99 per Km2
Annual rate of growth (1970-81): 0.5%

Capital: Roseau

Head of Gov't: Premier Eugenia Charles

Exchange Rate: Since July 1976 the Eastern Caribbean dollar has been aligned with the US dollar: US $1 EC$2.70

Gross Domestic Product (at current market prices): US $31.7 million (1980); US $34.2 million (1981e)

GDP per capita: US $462 (1981e)

International Political and Economic Affiliations: CARICOM, CDB, UN, OAS, IMF, IBRD, GATT

External Public Debt: US $17 million (1981)

Debt Service/Exports Ratio: 2.7% (1981)

(US $'s millions)	1975	1976	1977	1978	1979	1980	1981e
Merchandise exports (fob)	11.3	11.1	12.0	15.9	9.4	9.0	17.0
Merchandise imports (cif)	20.7	19.0	21.9	28.5	39.4	52.8	47.6

Main Exports(1980-81): bananas (51% in 1981), coconuts, citrus, plantain; toilet and laundry soap (41% in 1981).

Main Imports (1981): foods (29%), manufactured goods (27%), machinery and transport equipment (16%), chemicals including fertilizer (15%), fuels and lubricants (7%).

Canada-Dominica Trade Relations: Trade relations are governed by the Canada-CARICOM Trade and Economic Cooperation Agreement signed on January 20, 1979. Canadian exports to Dominica are subject to the CARICOM Common External Tariff. Dominican exports to Canada are subject to the Commonwealth Preferential Tariff, the General Tariff or the Most Favoured Nation rate, depending on the tariff item applicable to the export. Provision is made for double income tax relief in respect of Canada.

(Cdn $'s million)	1977	1978	1979	1980	1981
Canadian Exports to Leewards and Windwards:	20.2	20.2	22.3	28.3	33.2
Canadian Imports fm Leewards and Windwards:	.6	1.2	3.2	2.3	1.8

NOTE: Combined data for Leewards and Windwards is shown, since data is not tabulated by individual country.

Main Canadian Exports: food and related products (esp. fish), wheat, lumber and related forest products, textile materials, building materials, machinery and equipment.

Main Canadian Imports: nutmegs and mace, cocoa, clothing

Canadian Representation for Dominica:

Canadian High Commission
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Telex: 2247 CANADA WB

Telephone: (809) 429-3550

Trade Commissioner:

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Representation in Canada:

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Grenada

The economy of Grenada, known as the "Spice Isle", is based on agriculture and tourism. Exports of bananas, cocoa, nutmeg and mace account for between 80 and 90% of the country's merchandise exports. It is estimated that production in agriculture, forestry and fisheries grew by 7.8% in 1981, with the increased agricultural production offsetting the effects of declines in world prices for the major export commodities.

The manufacturing sector consists mainly of processing of agricultural commodities for the domestic market and represents only 3% of the GDP. Tourism is the second major foreign exchange earner. Although occupancy rates have been on the decline in spite of active publicity campaigns, it is felt that tourism holds significant potential for growth. The Government is very interested in development in this sector.

It is estimated that the Grenadian economy grew by 2% in 1981 and a similar rate is forecast for 1982. This follows a period in the late 70's in which GDP grew by over 5% annually. Development activity in Grenada since 1979 has focussed on reconstruction of hurricane-damaged agricultural crops and construction of an airport at Port Saline.

BASIC COUNTRY DATA

GRENADA

Area: 344 Km2, 130 sq. miles (including Grenada, Carriacou, Petit Martinique)

Population: 110,000; density - 306 per km2; annual rate of growth: (1970-78) + 1.9%

Capital: St. Georges

Head of Gov't: Prime Minister Maurice Bishop

Exchange Rate: Since July 1976 the Eastern Caribbean Dollar has been aligned with the US dollar: US $1 - EC$2.70

Gross Domestic Product: US $61.8 million (1978); US $71.1 million (1979e)

GDP per capita: US $580 (1978)

International Political and Economic Affiliations: CARICOM, CDB, UN, OAS, IMF, IBRD, GATT

External Public Debt: US $7.3 million (1978)

Debt Service/Exports Ratio: 2.9% (1978)

(US $'s milions)	1975	1976	1977	1978	1979e
Merchandise exports (fob):	12.3	13.0	14.3	17.0	21.6
Merchandise imports (cif):	24.2	25.3	31.4	35.7	55.5

Main Exports (1978): bananas, cocoa, mace, nutmeg

Main Imports (1978): Consumer goods (65%); minerals and fuels (9.4%); chemicals and fertilizers (10.2%); capital goods (15.3%).

Canada-Grenada Trade Relations: Trade relations are governed by the Canada-CARICOM Trade and Economic Cooperation Agreement signed on January 20, 1979. Canadian exports to Grenada are subject to the CARICOM Common External Tariff. Grenadian exports to Canada are subject to the Commonwealth Preferential Tariff, the General Preferential Tariff or the Most Favoured Nation rate, depending on the tariff item applicable to the export. Provision has been made for double income tax relief in respect of Canada.

(Cdn. $ millions)	1977	1978	1979	1980	1981
Canadian Exports to Leewards and Windwards:	20.2	20.2	22.3	28.3	33.2
Canadian Imports fm Leewards and Windwards:	.6	1.2	3.2	2.3	1.8

NOTE: Combined data for Leewards and Windwards is shown, since data is not tabulated by individual country.

Main Canadian Exports: food and related products (esp. fish), wheat, lumber and related forest products, textile materials, building materials, machinery and equipment.

Main Canadian Imports: nutmeg and mace, cocoa, clothing

Canadian Representatives for Grenada:

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Montserrat

The economy of Montserrat continued to perform well in 1981, with a growth rate estimated at 4.6% based on industrial expansion, public investment, tourism and construction and banking. Tourism construction is the dominant sector of the economy, with current development focussed on vacation villas as opposed to conventional hotel facilities. It represents about 14% of GDP. Economic development is also based on industry (manufacturing accounts for 6% of GDP) and agriculture (5% of GDP). Agriculture is presently being revived following years of decline. The industrial sector offers good prospects, given Montserrat's political stability, good investment climate, relatively skilled labour force and healthy industrial relations record. The Government has successfully attracted new industries to Montserrat, for example through its programme of factory shell construction and the direct promotion of cottage industries. The factory shells are being used by companies in electronics, flour bag manufacturing, garment and knitwear manufacturing and the important sea island cotton project.

Government spending is planned in further factory shells, public buildings including schools, various agricultural projects and a possible significant expansion of tourist facilities (Little Bay). Prospects are for continued growth in the economy of 3-4% over the next few years.

BASIC COUNTRY DATA

MONTSERRAT

Area: 102 Km2 (39 sq. miles)

Population: 11,606 (mid-1980)
Annual rate of growth (1970-80): 0%

Capital: Plymouth

Head of Gov't: Chief Minister Osborne

Exchange Rate: Since July 1976 the Eastern Caribbean dollar has been aligned with the US dollar US $1 - EC$2.70

Gross Domestic Product (at current market prices): US $16.5 million (1980); US $20.1 million (1981e)

GDP per capita: US $1732 (1981e)

International Political and Economic Affiliations: CARICOM, CDB, UN, OAS, IMF, IBRD, GATT

External Public Debt: US $2.0 million (1980)

Debt Service/Exports Ratio: .9% (1980)

(US $'s millions)	1975	1976	1977	1978	1979	1980	1981(prelim)
Merchandise exports (fob) (incl NFS)	3.3	2.8	3.4	4.4	4.5	5.5	7.6
Merchandise imports (cif)	7.6	7.9	7.0	10.0	12.0	16.9	18.9

Main Exports (1981): polyethelene and plastic bags, live plants, electronic components, garments, hot peppers and pepper paste.

Main Imports (1981): food and related (25%), machinery and transport (19%), manufactured goods (32%), oils and fuels (13%).

Canada-Montserrat Trade Relations: Trade relations are governed by the Canada-CARICOM Trade and Economic Cooperation Agreement signed on January 20, 1979. Canadian exports to Montserrat are subject to the CARICOM Common External Tariff. Montserrat exports are subject to the Commonwealth Preferential, General Preferential, or Most Favoured Nation rate depending on the tariff item. Provision has been made for double income tax relief as regards Canada.

(Cdn $'s million)	1977	1978	1979	1980	1981
Canadian Exports to Leewards and Windwards:	20.2	20.2	22.3	28.3	33.2
Canadian Imports fm Leewards and Windwards:	.6	1.2	3.2	2.3	1.8

NOTE: Combined data for Leewards and Windwards is shown, since data is not tabulated by individual country.

Main Canadian Exports: food and related products (esp. fish), wheat, lumber and related forest products, textile materials, building materials, machinery and equipment.

Main Canadian Imports: nutmegs and mace, cocoa, clothing.

Canadian Representatives for Montserrat:

Canadian High Commission
Box 404
Bridgetown, Barbados

Telex: 2247 CANADA WB

Telephone: (809) 429-3550

Trade Commissioner:

Commercial Division
Canadian High Commission
P.O. Box 1246
Huggins Building
72-74 South Quay
Port-of-Spain, Trinidad

Telex: 294 3429 DOMCAN WB

Telephone: (809) 62-37254/8

St. Kitts-Nevis

The economy of St. Kitts-Nevis remains structually untransformed, as sugar continues to be the main factor affecting the country's economic performance. Normally forming about 70% of total merchandise exports, the value of sugar exports dropped by 13% in 1981 due to a decline in production, a fall in world prices and the depreciation of the £. Expansion in other sectors - manufacturing, tourism and construction - barely compensated for the decline in sugar. Government plans are to reduce the country's dependence on sugar by promoting agricultural diversification, manufacturing and tourism. There is potential to expand into cotton (Nevis), groundnuts, livestock and fruits and vegetables. Major agricultural projects scheduled are fisheries development, sugar cane irrigation and beef/milk production. There is funding in place for agricultural feeder roads.

In spite of the recession in its major markets and in contrast to conditions elsewhere in the region, tourism in St. Kitts-Nevis expanded in 1981. There are several plans to expand or begin building tourist facilities in 1982; in particular, the Frigate Bay Development alone may mean the addition of 1400 rooms over the next 4 years. Recent improvements to air and sea travel facilities have contributed to the continuing expansion in this sector.

With respect to the private sector, the Government encourages domestic and foreign investment and has been relatively successful in attracting industries. Information is available through the Investment Incentives Office of the Ministry of Trade. The Government has developed two well-equipped industrial estates and further factory shells for St. Kitts and an industrial site for Nevis are planned. It has implemented several large infrastructure projects - a deep water port, airport expansion, road construction and the establishment of a ferry service to Nevis. Current priorities include further water sewage and road projects and the expansion of the telephone system to handle increased tourist and industrial demand.

BASIC COUNTRY DATA

ST. KITTS/NEVIS

Area: St. Kitts/Nevis, 269 Km2

Population: 48,700 (end 1980)
Rate of growth (1972-1980): .2%

Capital: Basseterre

Head of Gov't: Prime Minister - Dr. Kennedy A. Simmonds

Exchange Rate: Since July, 1976, the Eastern Caribbean dollar has been aligned with the U.S. dollar: US $1 - EC$2.70

Gross Domestic Product (at current market prices): US $35.9 million (1980)
US $38.9 million (1981e)

GDP per capita: US $737 (1980)

International Political and Economic Affiliations: CARICOM, CDB, UN, OAS, IMF, IBRD, GATT

External Public Debt: US $9.1 million (1980)

Debt Service/Exports Ratio: 8.8% (1980)

(US $'s (millions)	1975	1976	1977	1978	1979	1980	1981e
Merchandise exports	21.4	17.8	15.2	15.8	15.7	20.3	17.6
Merchandise imports	23.5	22.3	21.9	24.3	31.9	44.6	50.0

Main Exports (1980-81): sugar (68% in 1981), molasses, beer and ale, cotton, lobsters

Main Imports (1981): food and related (20%), manufactured goods (24%), machinery and transport (21%), chemicals (9%), fuels and lubricants (9%)

Canada-St. Kitts/Nevis Trade Relations: Trade relations are governed by the Canada-CARICOM Trade and Economic Cooperation Agreement signed on January 20, 1979. Canadian exports to St. Kitts/Nevis are subject to the CARICOM Common External Tariff. Exports to Canada are subject to the Commonwealth Preferential, General Preferential, or Most Favoured Nation rate, depending on the tariff item.

(Cdn $'s million)	1977	1978	1979	1980	1981
Canadian Exports to Leewards and Windwards:	20.2	20.2	22.3	28.3	33.2
Canadian Imports fm Leewards and Windwards:	.6	1.2	3.2	2.3	1.8

NOTE: Combined data for Leewards and Windwards is shown, since data is not tabulated by individual country.

Main Canadian Exports: food and related products (esp. fish), wheat, lumber and related forest products, textile materials, building materials, machinery and equipment.

Main Canadian Imports: nutmegs and mace, cocoa, clothing.

Canadian Representatives for St. Kitts/Nevis:

Canadian High Commission
Box 404
Bridgetown, Barbados

Telex: 2247 CANADA WB

Telephone: (809) 429-3550

Trade Commissioner:

Commercial Division
Canadian High Commission
P.O. Box 1246
Huggins Building
72-74 South Quay
Port-of-Spain, Trinidad

Telex: 294 3429 DOMCAN WG

Telephone: (809) 62-37254/8

Representation in Canada:

Eastern Caribbean Commission in Canada
Suite 1701, Tower B
112 Kent Street
Ottawa, Ontario
K1P 5P2

Telephone: (613) 236-8952

St. Lucia

Throughout the 1960's and most of the 1970's, the economy of St. Lucia expanded rapidly, with growth experienced in agriculture (mainly bananas and coconuts), tourism and, more recently, manufacturing. However, natural disasters and a decline in private investment due to political instability showed economic growth in 1979-80. After a decline of close to 5% in 1980, the economy grew about 3% in 1981 based on a significant recovery in agriculture and the manufacturing sector which more than offset the stagnant tourism conditions. It is hoped that return to power this year of Prime Minister Compton will mean a return to political stability which is essential for recovery in the tourism sector and expansion in the industrial sector.

In the agricultural sector, bananas accounted for 17% of GDP during 1981, with coconut and cocoa following in importance. Project are planned by the Government in not only agricultural rehabilitation but also in forestry. Major fisheries development is projected.

In addition to its Oil Transshipment Terminal, St. Lucia has been successful in attracting investment in electronics, garment and toy industries and manufacturing activity also includes the processing of food and beverages and production of cardboard boxes. The Compton Government is committed to the private sector and encourages foreign investment. The National Development Corporation has responsibility for promoting foreign investment and indigenous industrialization. Major economic infrastructure projects form priorities for the recently - elected Government in its strategy for economic recovery. Among these are the development of the Vieux Fort Industrial Free Zone, construction of the South Western Coastal Road as well as other road projects, planning and construction of the Roseau Dam, and the Castries Port and Tourist Berth rehabilitation. The Government's factory shell construction program is continuing and several small resort complexes are planned. In addition, the private sector is currently planning the expansion and refurbishing of existing tourist facilities.

BASIC COUNTRY DATA

ST. LUCIA

Area: 238 sq. miles (616 km2)

Population: 122,000 (end 1981 proj.)
Annual rate of growth: (1976-81) 1.5%

Capital: Castries

Head of Gov't: Prime Minister John Compton

Exchange Rate: Since July 1976, the Eastern Caribbean Dollar has been aligned with the US dollar: US $1 - EC $2.70

Gross Domestic Product: (at current market prices) US $113.7 million (1980 prelim.); US $130.6 million (1981e)

GDP per capita: US $932 (1980 prelim.)

International Political and Economic Affiliations: CARICOM, CDB, UN, OAS, IMF, IBRD, GATT

External Public Debt: US $17.8 million (end 1981 prelim.)

Debt Service/Exports Ratio: 1.3% (1981e)

(US $'s millions)	1975	1976	1977	1978	1979	1980	1981e
Merchandise exports (fob)	15.7	19.2	22.6	26.8	31.8	46.0	40.5
Merchandise imports (cif)	46.0	47.8	59.3	82.8	101.2	123.8	138.1

Main exports (1980-81): bananas (37% in 1981), paper and paperboard, clothing, coconut oil, beer and ale, fruits and vegetables

Main imports (1981): manufactured goods (24%); machinery and transportation equipment (23%); foodstuffs (18%); fuel (10%); chemicals, including fertilizer (9%).

Canada-St. Lucia Trade Relations: Trade relations are governed by the Canada-CARICOM Agreement signed on January 20, 1979. Canadian exports to St. Lucia are subject to the CARICOM Common External Tariff. St. Lucian exports to Canada are subject to the Commonwealth Preferential Tariff, the General Preferential Tariff or the Most Favoured Nation rate, depending on the tariff item applicable to the export. There is no provision for double taxation relief.

(Cdn. $ millions)	1977	1978	1979	1980	1981
Canadian Exports to Leewards and Windwards	20.2	20.2	22.3	28.3	33.2
Canadian Imports fm Leewards and Windwards	.6	1.2	3.2	2.3	1.8

NOTE: Combined data for Leewards and Windwards is shown, since data is not tabulated by individual country.

Main Canadian Exports: food and related products (esp. fish), wheat, lumber and related forest products, textile materials, building materials, machinery and equipment.

Main Canadian Imports: nutmeg and mace, cocoa, clothing.

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Trade Commissioner:
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St. Vincent and the Grenadines

After two years of stagnation because of damage caused by a volcanic eruption in 1979 and Hurricane Allen in 1980, the economy of St. Vincent rebounded strongly in 1981, particularly in the agricultural sector. St. Vincent recorded a 9% growth rate in 1981. The economic recession had only a minor effect on the country, resulting in a modest setback in tourism. St Vincent continued to attract light industry, and manufacturing output in electronics, garments and banana boxes rose by a total of 18%. Recovery in the agriculture sector reflected rehabilitation of the banana crop, St. Vincent's major export, (which accounts for up to 60% of total exports) and improved production of arrowroot, the second export crop, and nutmeg. The banana industry in St. Vincent is considered to be among the most efficient in the Windward Islands. St. Vincent is the sole Caribbean producer of arrowroot starch which is currently used for home and pharmaceutical purposes and may next be used in the production of computer paper. Two major priorities of the Government are the development of agro-processing industry and of agricultural promotion and marketing services. The Government is considering building chill storage facilities for a variety of produce.

Despite the drop in tourist arrivals in 1981, potential for growth exists. A major project priority for the Government is the Grenadines Tourism Infrastructure development which would encompass, for example, construction of roads, jetties and airstrips. By and large, the tourism sector in St. Vincent and the Grenadines is characterized by small hotels and guest houses in St. Vincent and yachting-centered, luxury facilities in the Grenadines.

The Government is committed to the development of a healthy, export-oriented private sector and the St. Vincent Development Corporation welcomes further foreign investment. The investment climate is good. Infrastructure projects planned include industrial estate developments, construction and upgrading of various highways, port development and mini-hydroelectric development.

Caribbean and Central America Division
Bureau of Latin America & Caribbean Affairs
Trade Development
Department of External Affairs
September, 1982
Telephone: (613) 992-0384

BASIC COUNTRY DATA

ST. VINCENT AND THE GRENADINES

Area: 388 Km2 (150 sq. miles)

Population: 109,468 (mid-1980)
Annual rate of growth (1970-80): + 2.1%

Capital: Kingstown

Head of Gov't: Prime Minister Robert Milton Cato

Exchange Rate: Since July 1976, the Eastern Caribbean Dollar has been aligned with the US dollar: US $1 - EC $2.70

Gross Domestic Product: US $50.6 million (1980);
(at current market prices) US $62.4 million (1981e)

GDP per capita: US $462 (1980)

International Political and Economic Affiliations: CARICOM, CDB, UN, OAS, IMF, IBRD, GATT

External Public Debt: US $12.9 million (1980)

Debt Service/Exports Ratio: .8% (1980)

(US $'s millions)	1975	1976	1977	1978	1979	1980(Prelim)	1981e
Merchandise exports (fob):	8.6	10.4	10.7	18.1	18.9	19.7	24.4
Merchandise imports (cif):	24.7	23.7	30.3	36.2	46.4	57.2	58.5

Main exports (1980-81): bananas (40% in 1981), other agricultural products, 10% in 1981; arrowroot, coconuts, sweet potatoes, nutmeg

Main imports (1981): foodstuffs (34%); manufactured consumer goods (26%); machinery (14%); fuels (18%); chemicals including fertilizer (14%).

Canadian-St. Vincentian Trade Relations: Trade relations are governed by the Canada-CARICOM Trade and Economic Cooperation Agreement signed on January 20, 1979. Canadian exports to St. Vincent are subject to the CARICOM Common External Tariff. St. Vincent's exports to Canada are subject to the Commonwealth Preferential Tariff, the General Preferential Tariff, or the Most Favoured Nation Rate, depending on the tariff item applicable to the export.

(Cdn. $ millions)	1977	1978	1979	1980	1981
Canadian Exports to Leewards and Windwards:	20.2	20.2	22.3	28.3	33.2
Canadian Imports fm Leewards and Windwards:	.6	1.2	3.2	2.3	1.8

NOTE: Combined data for Leewards and Windwards is shown, since data is not tabulated by individual country.

Main Canadian Exports: food and related products (esp. fish), wheat, lumber and related forest products, textile materials, building materials, machinery and equipment.

Main Canadian Imports: nutmeg and mace, cocoa, clothing

Canadian Representatives for St. Vincent:

Canadian High Commission
Box 404
Bridgetown, Barbados

Telex: 2247 CANADA WB

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Trade Commissioner:

Commercial Division
Canadian High Commission
P.O. Box 1246
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72-74 South Quay
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Representation in Canada:

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PUERTO RICO

System of Government

Puerto Rico's relationship with the United States has no direct parallel in the American system. It is neither a "State" nor a "Territory" but in fact enjoys a unique status created by the 81st Congress of the USA in 1950 as a "Commonwealth" or "Estado Libre Associado". Under the terms of political and economic union between them, Puerto Rico benefits from all the advantages of participating in a custom unions with the United States while avoiding the burden of paying U.S. Federal taxes.

Puerto Ricans are citizens of the USA, and have all rights, privileges and obligations of any other citizen, with the exception that islanders may not vote in United States presidential elections. The "Commonwealth" constitution, adopted by the people and ratified by the United States Congress in 1952, provides for a republican form of government with executive, judicial and legislative branches. It provides for the exercise of government through a Governor, elected by direct referendum to the people, based on universal adult suffrage, for a four year term. He has all other priviliges of a congressman except the right to vote.

The current governor, Sr. Carlos Romero Barcelo of the pro-statehood party (New Progressive Party) was re-elected in the November 1980 election. He defeated Hernandez Colon, of the pro-commonwealth party (Popular Democratic Party), governor from 1972 to 1976.

Economic Overview

The Puerto Rican economy is guided in many instances by the decisions of U.S. mainland firms. The close trade ties with the United States, particularly on the export side (89% in 1979), tend to make the island's economy subject to United States production and demand shifts.

Under operation Bootstrap, the Puerto Rican economy displayed strong economic growth in the 1950's and 1960's with an average annual GDP growth of 7 percent. However, the growth rate slowed considerably between 1973 and 1977 to an average of 1.7 percent annually resulting from the oil crisis and the ensuing U.S. recession. Growth rates for 1978 and 1979 recovered to 5.5 and 5.0 percent respectively. GNP per capita reached over U.S. $3,000 in 1980.

However, the 1979/80 oil price increases and the recession in the U.S. are leading Puerto Rico's economy towards a period of negative growth. Moreover, population growth has outstripped employment, creating structural unemployment of over 20 percent at the end of 1981.

Exchange Controls and Restrictions on Foreign Investment

Exchange Controls

In Puerto Rico, as in the case in the United States, there are no exchange controls.

Restrictions on Foreign Investment

Except as imposed by U.S. federal regulations, there are no legal restrictions on the flow of funds into or out of Puerto Rico. The Secretary of Treasury must approve the transfer of 5 percent or more ownership of banks, and preference is given to domestic over foreign buyers of bank shares.

Public utilities (telephone, electric and water) are government-owned in Puerto Rico; accordingly, private investment in these areas is unlikely and, in any event, not possible without government approval.

Investment Climate

Government policy welcomes and encourages foreign investment. Puerto Rico has some 2600 plants representing $11 billion in private investments. About three quarters of these industries benefit from a liberal programme of fiscal incentives.

Substantially all of the non-tax incentives offered in Puerto Rico are under the programs of the Economic Development Administration (EDA) and its subsidiary, the Puerto Rico Industrial Development Company (PRIDCO). They include payroll and other training cost subsidies, payroll incentives, site selection and low-cost rental of plant facilities.

A number of U.S. federal agencies provide technical and other forms of assistance to investors planning to invest in the United States. Most of these agencies operate in Puerto Rico, and their programs generally apply equally to Puerto Rico.

Major Market Opportunities

Puerto Rico is expected to remain a significant customer for Canadian resource-based products due to its own resource deficiencies. A Canadian firm interested in penetrating this market in products such as component parts, machinery, consumer products, drugs, pharmaceuticals and precision instruments can profit from any experience gained from exporting to the continental United States.

Caribbean & Central America Division
Bureau of Latin America & Caribbean Affairs
Trade Development
Department of External Affairs
September, 1982
Telephone: (613) 992-0384

BASIC COUNTRY DATA

PUERTO RICO

Area: 8.897 sq. km.

Population: 3.4 million (1981), 61.8% urban (1975), average annual growth rate (1970-1979) 3.0%

Main Cities: San Juan (1,022,000), Ponce (175,000), Bayamon (170,000)

Head of State: Puerto Rico is a Commonwealth of the U.S.A. with self-government in domestic affairs. The Governor of Puerto Rico is Sr. Carlos Romero Barcelo (November 1980). The people of Puerto Rico are U.S. citizens. Puerto Rico is in a common market with the U.S.A.

Exchange Rate: U.S. $ is the currency

Gross National Products (GNP): U.S. $11.1 billion (1980)

GNP per capita: U.S. $3,010 (1980)

External Public Debt: (1980) U.S. $6.9 billion (approx.), 62% of GNP, much of it held or guaranteed by the U.S. Government

Debt Service Ratio: (1977) 10% of internally-generated government revenues, 4.6% of GNP

(U.S. $ millions)	1975	1976	1977	1978	1979
Merchandise Imports:	4,951	5,432	6,108	6,822	7,920
Merchandise Exports:	3,139	3,346	4,479	4,762	6,000

Composition of Total Imports: (1977) consumer durables 10%, consumer non-durables 25.4%, capital goods 5.5%, petroleum products 27%, other raw and intermediate materials 32.1%. (60% from U.S.A. in 1979).

Composition of Total Exports: (1977) fish 6.6%, tobacco 3.2%, petroleum products 11%, chemicals 13.5%, pharmaceuticals 11%, electrical equipment 8.6%, clothing 9.4%. (89% to U.S.A.) Receipts from tourism: $596 million (1979).

(Cdn. $ millions)	1977	1978	1979	1980	1981
Canadian Exports:	60.3	75.3	110.2	93.7	103.5
Canadian Imports:	53.9	49.7	75.8	102.2	123.0

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Main Canadian Exports: (1981) newsprint, lumber, fish, hydrocarbons and derivatives, chemicals, steel, automobiles and parts, telecommunications equipment.

Main Canadian Imports: (1981) organic chemicals, clothing, medical and pharmaceutical products, electronic equipment.

Representation in Canada:

Government of Puerto Rico Tourism Company
10 King Street, East, Suite 501
Toronto, Ontario

Telephone: (416) 367-0190

Canadian Representation in Puerto Rico: None

Trade Commissioner:
(responsible for Puerto Rico)

Canadian Consulate General
400 South Omni International
Atlanta, Georgia 30303-1290
Postal Address:
P.O. Box 56169
Atlanta, Georgia 30303-1290

Telephone: (404) 577-6810
Telex: 00542676/Answerback DOMCAN ATL

TRINIDAD AND TOBAGO

ECONOMY

Since 1973, rapid increases in oil revenues transformed Trinidad and Tobago into the wealthiest country in the Caribbean. Although not an OPEC member, it benefitted considerably from increases in global oil prices set by the cartel. Between 1975 and 1980 growth in real terms had ranged from 4.1% to 7.9% annually. During 1981, however, the Trinidad and Tobago economy did not maintain its impressive performance. The rate of growth of the real GDP and Trinidad's balance of payments surplus declined while, at the same time, the government's financial position weakened somewhat.

The change in the country's economic circumstances in 1981 reflected unfavourable developments in both the domestic economy and the wider international scene. With its open economy, Trinidad and Tobago has no protection from the international economy and hence has been adversely affected by the general depressed state of the economies of the rest of the world. At the same time, its domestic economy substantially influenced by developments in the petroleum sector was adversely affected by lower world prices and lower local production. Because of the decline in the output of the petroleum sector, the rate of growth of GDP in nominal terms is expected to have fallen from 36% in 1980 to some 9% in 1981. Non-oil GDP, however, based primarily upon the construction industry, should have grown by some 18% in 1981. For similar reasons, the rate of growth of real GDP which averaged 6% in 1978-80 period, is estimated to have fallen to 5% in 1981. Real growth over the last few years has been generated solely by the non-oil sector with the output of the petroleum sector declining on average by 3% annually.

However, Trinidad and Tobago continues to maintain a strong external position although with the softening of petroleum prices, there was a slow down in the growth of the overall surplus in the balance of payments for 1981. The balance of payments position moved from a deficit of $16 million in 1973 to a surplus of $343 million in 1974 and continued to show large surpluses thereafter. As a result, by the end of 1980, the net foreign exchange reserves had risen to $2,391 million, the equivalent of 14 months imports. Despite the softening of oil prices in 1981, preliminary Trinidadian figures indicate an import bill of $3.8 billion, as against export revenues of $4.9 billion, leading to a surplus of $1.1 billion and national reserves approaching the U.S. $4 billion mark, which now represent approximately 12 months imports.

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During the past 8 years, Government revenues have grown at an average annual rate of 44% giving it a strong financial position. Although the Government has proceeded with a broad range of programs in both the industrial and social sectors, the overall reaction of the Government has been one of prudence. The Government took an early decision to lock away some of the surplus revenues being generated by creating a number of special funds which were reserved for use in specific developmental undertakings contemplated for future years. This foresight is now paying off for in 1981 with softened oil prices causing tremendous problems in oil developing economies, such as Mexico and Nigeria, Trinidad has been able to call upon these earlier reserves to cushion it from the full effect of current circumstances. As a result, the Government, as in 1981, will again in 1982, call upon these funds to finance its current deficit which is forecast to total $282 million. However, the current budget generating that deficit includes capital expenditures in the form of funds for long term projects which total $1.35 billion.

Of the population of just over one million, the workforce of Trinidad and Tobago is estimated at 431,000. Unemployment dipped slightly in 1980 to 10.4% from over 11% in 1979. It is felt that the unemployment rate will likely not fall below this level as jobs are available for those who wish to work. The latest figures indicate an inflation rate of about 14%.

The economic forecast is good. While prospects for the crude petroleum sector indicate a slowdown in export earnings due to depletion of supply, the abundance of natural gas reserves should form the basis of continuing economic stability and growth, albeit at a reduced rate. Towards the end of the 1980's, Trinidad will depend increasingly on the international competitiveness of the energy-based industries currently being developed.

Energy:

The petroleum sector represents over a third of GDP, and contributes to the bulk of export earnings (about 90%) and government revenue (about 2/3). Oil production peaked in 1978 at 225,000 bpd but has declined since to 189,000 bpd in 1981. Proven crude oil reserves stand at 750 m barrels and it is estimated that, barring the discovery of substantial additional reserves, production will fall to about 150,000 bpd by 1990. In contrast, the natural gas outlook is excellent, with proven reserves (over 10 trillion cubic feet) available to accommodate the country's needs for at least 40 years. Recent oil and gas exploration has been more successful in locating gas fields than oil, and it is on natural gas that future energy and other industry will likely depend.

Industry:

The government's first priority has been rapid industrialization through almost exclusive reliance on the cheap and abundant natural gas resources. The industries established are export-oriented and intended to take over as prime income earners as hydro-carbon resources are gradually depleted. In the meantime, petroleum-based exports will provide the main source of income.

Most of the energy-based industry is being developed at Point Lisas, an industrial park south of Port-of-Spain. The manufacturing sector has grown creditably over the last few years and was given an additional spurt by the coming on stream at Point Lisas of the Iron and Steel Company of Trinidad and Tobago (ISCOTT), and Fertilizers of Trinidad and Tobago (FERTRIN) in the latter half of 1981. The ISCOTT complex was formally inaugurated in June 1981. Using imported iron ore, the complex produces direct reduced iron pellets, manufactured billets and wire rod for both domestic and international markets. FERTRIN, which is a joint venture between the Government of Trinidad and Tobago and AMOCO International, commenced new production of ammonia in September 1981. Other developments will add methanol and urea production to the nation's major industries. Faced with reduced revenues, the Trinidadian Government is currently reconsidering the merits of proceeding with several further major capital projects - the upgrading of the TRINTOC refinery, an LNG plant and an aluminum refinery. It is expected that some spin-off industries will develop on completion of the major energy-based projects. Some metal transforming factories have started using local steel products. The Industrial Development Corporation is currently building factory shells in anticipation of such industries. Smaller scale industry includes car assembly, concrete products, radio and television assembly, rum distilling, textile products, footwear and asphalt production. Performance of the manufacturing sector (excluding oil and sugar production) has in recent years accounted for under 7% of GDP.

Construction:

Strong growth continues in the construction sector which accounted for over 10% of GDP in 1981. This growth is expected to continue in 1982, despite bottlenecks caused by shortages of raw materials (particularly cement) and skilled manpower. Projects in the planning and construction stages include public and private sector housing developments, a regional hospital system, a network of national warehouses, numerous government offices and private office buildings, and a variety of essential infrastructure upgrading projects. In recent years, government construction projects have accounted for 80% of construction activity. The construction sector currently contributes approximately 20% of employment.

Government-to-Government Projects:

Several years ago, the government of Trinidad signed a number of bilateral agreements with countries such as Canada, the U.K. and France to enlist foreign government expertise in the upgrading and expansion of its infrastructure. Those in which Canada became involved were the planning and some interim work on the two major airports and the planning and construction of Golden Grove Prison Complex. In light of decreased government revenues, Prime Minister Chambers commissioned a review of all Government-to-Government projects which resulted in a number of projects being cancelled or deferred for further review. It is still unclear what effect this decision will have on the airports project. Planning and construction of the prison project is proceeding.

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Agriculture:

This sector, once the basis of Trinidad and Tobago's economy, now contributes less than 3% of the country's GDP and employs only 10% of the workforce. The boom in the energy sector and rapid industrialization have contributed to the decline in agriculture, with a continuous exodus of labour to better-paying petroleum/industrial jobs. In spite of on-going efforts aimed at revitalizing production, real output in the agricultural sector in 1981 continued its decade-long decline, based primarily on substantial reductions in the production of sugar, the major crop. Sugar production this year will likely reach only 80,000 tons with exports falling to 40,000 tons. (The 1981 figures were 93,000 tons produced, of which 66,000 tons were exported.) These figures represent a 40-year low. Decreased production, resulting from labour problems and heavy rains and fires combined with low world prices have together adversely affected Trinidad's export earnings. Production has also declined significantly in recent years in the country's other two cash crops, coffee and cocoa, although there was some improvement in 1981. Food crop production is also down and Trinidad, which 20 years ago was a net exporter of food, now supplies only about a quarter of its own needs.

INVESTMENT CLIMATE

The Government of Trinidad and Tobago encourages new foreign investment which brings in expertise, new technology and training. Foreign investors are expected to organize and structure their local business in such a manner that local resources would progressively replace foreign resources. Acceptable forms of direct foreign investment include joint ventures between local and foreign firms, between government and foreign firms, or a combination of all three. Authorities will not allow any enterprise to be 100 percent foreign-owned, especially in key economic sectors. Moreover, local partners are expected to have majority control. In the case of major projects in which the government is the majority partner, foreign participation may be permitted up to 49%. In other cases, the foreign partner's share would normally be confined to under 40 percent.

Various types of tax incentives are available to approved enterprises (including tax holidays and customs duty rebates) along with non-tax incentives, including grants from the Trinidad and Tobago Industrial Development Corporation. With respect to investments in manufacturing, the "Negative List" which enumerates 400-500 items, prohibits or restricts importation of goods manufactured in Trinidad. Preferential access terms are available to Trinidadian exports to both European Community and CARICOM markets.

Consideration of investment in Trinidad and Tobago should take into account the strong and active labour organizations, as well as the wage rates, among the highest in the region.

Trinidad has entered into an agreement with the Government of Canada whereby investments in approved projects are protected by insurance against certain specific risks. As well, there is in place an agreement between Canada and Trinidad to avoid double taxation.

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Further information is available in Canada from Mr. G. Look-Yee, Trinidad and Tobago Industrial Development Corporation, 145 King Street, York Center, Suite 202, Toronto, Ontario, M5H 1J8, tel. (416) 863-0133.

MARKET OPPORTUNITIES

In spite of reduced growth in its economy, Trinidad and Tobago will continue to be Canada's major market in the Commonwealth Caribbean. In 1979 and 1980, with shipment levels enhanced by Canadian exports for ISCOTT, our export levels reached Cdn. $119 m and $125 m, reverting to Cdn. $105 m in 1981 on completion of the ISCOTT mill.

Traditional major Canadian exports include a range of foodstuffs, lumber, newsprint and other paper products. However, over the past few years, the share of total Canadian exports held by these products has declined with the growth in our exports of semi-processed and manufactured goods to that market. Trinidad and Tobago provides good opportunities in its booming construction sector for a wide variety of building materials, equipment and fittings; oil field equipment and supplies are an on-going requirement; there is a good market for security systems for businesses and homes. As well, with the growth in disposable income in recent years, a wide range of consumer goods, including leisure and sports products and appliances is in demand. The rapidly expanding health care/hospital market is one in which Canadian products have recently been successfully introduced. Canadian consultants and contractors continue to be successful in the market as well.

The list of opportunities is long and varied. With government project funding continuing in the order of $1 - 2 billion annually, the construction industry forecasting an annual $500 million level of activity, and major infrastructure projects ongoing, many opportunities exist for Canadian firms. The Golden Grove Prison Project alone offers many prospects. In particular, companies which have been successful in Trinidad are those which have visited and investigated the market, making contact with local agents and in some cases associating with local firms. In the case of the prison project, for example, it is important that Canadian firms ensure that Trinidadian distributors and contractors which are bidding on the project are familiar with Canadian products and prices. The other key factor in approaching this market is price - competitiveness, particularly with respect to prices offered by the major suppliers in the U.S. and U.K.

Caribbean & Central America Division
Bureau of Latin America & Caribbean Affairs
Trade Development
Department of External Affairs
September, 1982
Telephone: (613) 992-0384

BASIC COUNTRY DATA

TRINIDAD AND TOBAGO

Area: 1,979 square miles (5,128 square kilometers)

Population: 1,087 thousand (1980), growth (1970-1980) 1.1%

Main Cities: Port-of-Spain (Capital); San Fernando

Head of Government: Prime Minister George Chambers

Exchange Rate: The TT $ is pegged to the US $ at a rate of U.S. $1.00 = TT $2.40

Gross Domestic Product (GDP): US $6,299.5 million (1980); US $6971.5 million (1971 prelim.)

GDP per Capita: U.S. $ 5,795 (1980)

International Political and Economic Affiliations: CARICOM, Caribbean Development Bank, UN, OAS, IMF, IBRD, IDB, (not OPEC), GATT

Net International Reserves: US $3,181.7 million (1981)

External Public Debt: US $447.9 million (1981)

Debt Service/Exports Ratio: 2.0% (1981 prelim.)

(US $ millions)	1977	1978	1979	1980	1981 (prelim.)
Merchandise domestic imports (cif):	977.8	1187.3	1498.9	1986.8	1976.2
Merchandise domestic exports (fob):	1179.3	1226.5	1649.3	2533.6	2606.9

Main Exports: Crude and refined petroleum products, ammonia, tar oils, sugar (Petroleum, mineral and related products accounted for almost 92% of 1981 exports)

Main Imports: (1980 in % of total) consumer 24.3% (of which food accounted for US $200 m); intermediate goods and raw materials 39.7%; capital 36.6%.

Canadian-Trinidadian Trade Relations: Trade relations are governed by the Canada-CARICOM Trade and Economic Cooperation Agreement signed on January 20, 1979. Canadian exports to Trinidad are subject to the CARICOM Common External Tariff. Trinidadian exports to Canada are subject to the Commonwealth Preferential Tariff, the General Preferential Tariff or the Most Favoured Nation rate, depending on the tariff item applicable. A double taxation agreement entered into force on March 1, 1966 and an agreement on foreign investment insurance agreement was formalized by exchange of notes on February 8, 1974.

(Cdn $ millions)	1977	1978	1979	1980	1981
Canadian Exports to Trinidad:	52.2	60.3	125.7	119.3	105.0
Canadian Imports from Trinidad:	39.8	29.3	18.6	11.2	75.3

Main Canadian Exports: Newsprint; wire and cable; foodstuffs, including vegetables and fish; telecommunications equipment

Main Canadian Imports: Crude petroleum; aviation and diesel fuel, lubricating oils, rum

Representation in Canada: High Commission for Trinidad and Tobago
75 Albert Street
Suite 508
Ottawa, Ontario
K1P 5R5

Telephone: (613) 232-2418

Consulate: 643 Yonge Street
Toronto, Ontario
M4Y 1Z9

(416) 992-3175

Canadian Representation in Trinidad: Canadian High Commission
P.O. Box 1246
Huggins Building
72 South Quay
Port-of-Spain, Trinidad

Telephone: 62-34787, 62-37254/8

Telex: (destination code 294) 3429
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