

Barbados

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Barbados	
Sanctions:	None
FATF list of AML Deficient Countries	No
Higher Risk Areas:	US Dept of State Money Laundering assessment Not on EU White list equivalent jurisdictions Offshore Finance Centre
Medium Risk Areas:	Compliance with FATF 40 + 9 Recommendations Failed States Index (Political Issues)(Average Score) Weakness in Government Legislation to combat Money Laundering
<p>Major Investment Areas:</p> <p>Agriculture - products: sugarcane, vegetables, cotton</p> <p>Industries: tourism, sugar, light manufacturing, component assembly for export</p> <p>Exports - commodities: manufactures, sugar and molasses, rum, other foods and beverages, chemicals, electrical components</p> <p>Exports - partners: Trinidad and Tobago 20.8%, US 11.9%, St. Lucia 9.7%, St. Vincent and the Grenadines 6%, Jamaica 5.6%, Antigua and Barbuda 4.9%, St. Kitts and Nevis 4.6%, UK 4.4% (2012)</p> <p>Imports - commodities: consumer goods, machinery, foodstuffs, construction materials, chemicals, fuel, electrical components</p> <p>Imports - partners: Trinidad and Tobago 35.9%, US 26.9%, China 5.6% (2012)</p>	

Investment Restrictions:

The Government of Barbados, through Invest Barbados, strongly encourages foreign direct investment in Barbados.

The government offers special incentive packages for foreign investments in the hotel industry, manufacturing, and offshore business services.

The services sector holds the largest potential for growth, especially in the areas of financial services, e-commerce, tourism, educational, health, and cultural services. In agriculture, the slow demise of the sugar industry has opened up land for other agricultural uses, and investment opportunities exist in the areas of agro-processing, alternative and renewable energy, and hydroponics. In the financial services sector, the government has improved its regulatory oversight, and the industry is thriving under better regulatory standards, designed to prevent money laundering and tax evasion.

Contents

Section 1 - Background.....	4
Section 2 - Anti – Money Laundering / Terrorist Financing	5
FATF status.....	5
Compliance with FATF Recommendations.....	5
Key Findings from latest Mutual Evaluation Follow-Up Report (2012):	Error! Bookmark not defined.
US Department of State Money Laundering assessment (INCSR)	9
Reports.....	12
International Sanctions.....	14
Bribery & Corruption.....	15
Section 3 - Economy.....	16
Banking.....	16
Stock Exchange.....	17
Section 4 - Investment Climate	18
Section 5 - Government.....	34
Section 6 - Tax.....	36
Methodology and Sources.....	38

Section 1 - Background

The island was uninhabited when first settled by the British in 1627. African slaves worked the sugar plantations established on the island until 1834 when slavery was abolished. The economy remained heavily dependent on sugar, rum, and molasses production through most of the 20th century. The gradual introduction of social and political reforms in the 1940s and 1950s led to complete independence from the UK in 1966. In the 1990s, tourism and manufacturing surpassed the sugar industry in economic importance.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Barbados is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Barbados was undertaken by the Financial Action Task Force (FATF) in 2018. According to that Evaluation, Barbados was deemed Compliant for 5 and Largely Compliant for 20 of the FATF 40 Recommendations. It was also deemed Highly Effective for 0 and Substantially Effective for 0 with regard to the 11 areas of Effectiveness of its AML/CFT Regime.

Key Findings

Barbados submitted a National Risk Assessment (NRA), dated June 30, 2016, in advance of the onsite examination. Although Barbados has indicated that the NRA was a presentation of already identified ML/TF risks there remains a concern that it had been prepared solely for the purposes of the assessment and accordingly participation in the NRA process was sub optimum and therefore the scope and depth of analysis did not comprehensively identify the ML/TF threats and vulnerabilities to which the country was currently exposed.

Whilst progress has most certainly been made by both the Central Bank of Barbados (CBB) and the Financial Services Commission (FSC) in developing and refining their respective financial sector risk assessment frameworks, this has not been the case in respect of the AMLA and the International Business Division (IBD).

The 2016 NRA failed to comprehensively identify national ML/TF threats and vulnerabilities and critically there was limited analysis of terrorist financing (TF) risk, transparency of legal persons and arrangements, and the risks associated with Trust and Corporate Service Providers (TCSPs) and cross border cash movements.

International Cooperation

Based on the information reviewed, there is some evidence of international collaboration or co-operation in respect of money laundering (ML) investigations, and terrorism as well as other forms of international cooperation.

Legal persons and arrangements

Basic information for legal persons is captured and is publicly available.

Beneficial ownership (BO) information of legal persons is obtained and available at the company's registered office or at the office of the service provider. There is no information that the competent authorities have verified and confirmed the implementation of the maintenance of the BO information by the service providers.

The legal provision permits discretion to maintain the records pertaining to BO information at some other place in Barbados, as designated by the directors of the company, without a requirement for notification to be given to the competent authority. This therefore limits the requirement for availability and accessibility to BO information. There is no information that the authorities have verified and confirmed the maintenance of BO information.

There is a legal obligation within the Guidelines for Corporate and Trust Service Providers Act of 2015 (CTSPA) to keep BO information on legal arrangements.

There is a requirement within the guidelines for trusts as legal arrangements to keep BO information.

Licensing and Supervision

Barbados has conducted an effective risk assessment of the Money Value Transfer Service (MVTS) sector and has concluded that the risk is low. MVTS are therefore appropriately registered by the CBB. Barbados has now advised that MVTS will also be licenced.

Gaming institutions are not casinos and are not currently regulated and supervised for AML/CFT purposes. To date a risk assessment of this sector has not been conducted.

The supervision of the DNFBP sector appears disjointed and to a certain extent ad hoc with the FSC providing supervisory capability under Memoranda of Understanding (MOUs) to both the AMLA and the IBD.

The FSC has a developing understanding of the ML/TF risks across the financial sectors and Financial Institutions (FIs) for which it is responsible. The FSC's risk assessment process focuses on the largest FIs in each sector. Whilst this approach has merit, unless validated, it could compromise both the integrity of the sector risk assessments by failing to adequately identify the nature and extent of the ML/TF risks across each sector as a whole, and the integrity of the supervision methodology.

Whilst both the CBB and the FSC have developing risk assessment and supervisory frameworks in place, the Assessors are concerned that there is an imbalance between offsite and onsite supervision. In this context the onsite supervision cycle is not currently fully aligned to the risk ratings allocated to the individual FIs.

The IBD has not been able to satisfactorily demonstrate to the Assessors that it has been able to effectively supervise the IBD sector and the corporate and trust services providers in particular. Whilst an MOU between the IBD and the AMLA is in place to provide interim supervision capability, this is not considered to be a sustainable solution.

It is evident that supervisors generally are not applying the full range of available sanctions for non-compliance by FIs and DNFBPs with AML/CFT requirements.

The FIs under the purview of the CBB have an understanding of their ML/TF risks and overall the majority have implemented the necessary mitigating procedures whilst some are in the process of doing so.

For FIs regulated by FSC, it has been determined that not all Credit Unions understand their risk and have implemented the necessary preventive measures.

Across the insurance and securities sectors, not all FIs have a good understanding of the ML/TF risks to which they are exposed and therefore have not yet implemented appropriate ML/TF risk mitigation controls.

In respect of DNFBPs (corporate and trust service providers) supervised by the IBD lacked an understanding of their ML/TF risk exposure and therefore have not implemented appropriate ML/TF risk mitigation controls.

Financial Intelligence and ML Prosecution

It is evident that the legal obligation to report 'attempted or aborted transactions' is not discharged by all reporting entities and therefore all pertinent information necessary for the FIU to effectively carry out its function is not received.

The annual average number of Suspicious Activity Reports (SARs) submissions across the DNFBP sector is 19 for the period under review. There are some sectors, for example, gaming arcades, which are not supervised as DNFBPs and others such as online-gaming and real estate dealers, where the statistics show, have not reported SARs.

There is no systematic method of capturing data to show the effectiveness of the FIU and LEAs. Therefore, the extent to which financial intelligence disseminated by the FIU is used by LEAs and other competent authorities is not measured.

The categories of statistics captured by the FIU are limited as not all requests from the FIU to the reporting entities for financial information are captured as a statistic. Consequently, areas such as outgoing domestic request for information, status of LEA investigations initiated by financial intelligence or including FIU intelligence, was not available.

The FIU's information technology (IT) system to conduct comprehensive analysis, including strategic and operational analysis, is inadequate. Furthermore, there is no evidence that the FIU conducts strategic analysis.

There is no efficient feedback system from the FIU to the reporting entities when SARs are submitted, and additionally, there is limited feedback from LEAs and competent authorities to the FIU on the usefulness of the financial intelligence the FIU provides.

ML charges are not pursued as primary offences. Priority is placed on the prosecution of predicate offences.

The Royal Barbados Police Force (RBPF) has disclosed that in their pursuit of ML investigations they are required by the High Court, based on a practice developed overtime in the jurisdiction, to utilize the office of the DPP to make an application to obtain production orders.

There is no designated asset recovery direction or cash seizure provisions and the Exchange Control Act has been used as an alternative law to (recover the proceeds of crime) pursue ML as opposed to the Proceeds of Crime Act. The authorities have indicated that there is a policy directive to enact the Proceeds of Crime and Instrumentalities Bill in 2017 which will repeal the POCA and provide for civil forfeiture.

Terrorism Financing

Barbados has recorded no investigations, prosecution or convictions for TF.

Barbados has limited experience on TF. There has been no information related to the TFS, and Barbados has disclosed that it will not be implementing TFS of the UN Resolution.

Risks and General Situation

The National Risk Assessment (NRA) of Barbados identified six (6) areas of risk namely: 1) geographical/jurisdictional risk; 2) services risks; 3) customer (service user) risks; 4) gatekeepers risk; 5) crime risk and 6) terrorism financing risks. However, based on the onsite assessment, it was determined that there were material deficiencies in the NRA. Barbados is therefore encouraged to continue with the completion of the planned 2017 NRA to better determine its AML/CFT threat profile and vulnerabilities.

The lower risks identified in the Scoping Note included: burglaries, gambling and corruption. Based on interviews conducted onsite, these risks remain low, however the gambling (gaming arcades) was identified as a higher risk area, based on the volume and prevalence of the said activity in the jurisdiction. In addition, there were customers engaging in financial transaction equal or above the designated threshold. Barbados should consider an immediate and comprehensive re-evaluation of the ML risk represented by the gaming arcades.

Terrorism was identified as being low risk in the NRA. It was thereafter identified as an area of vulnerability in the Scoping Note. During the onsite examination, and the discussion with the Special Branch it was revealed that due to the geographic location of Barbados, regional and international travellers transiting through the jurisdiction, who are known or suspected of criminal activity, are flagged and information shared with regional or international counterparts. Persons in transit are often not landed and invariably do not disembark the aircraft. In one incident, a person suspected of being related to terrorist activities used Barbados as a transit point for onward travel to another destination. That individual however did not leave the premises of the airport.

The regime as related to legal persons and legal arrangements is present as there is the presence of transparency wherein basic information is held publicly. While the maintenance of BO information at the corporate office is presently in line with one limb of the recommendation, this is obfuscated where the director of a company can decide to maintain the information at another location in Barbados without the mandatory requirement for the director to immediately notify the Registrar of Companies, this mitigates against timely access to information as well as access to information that is up-to-date. Further there has not been a disclosure to substantiate how the authorities verify and confirm that BO information is obtained and maintained save for the annual attestation, there is no support as to how is this attestation is corroborated.

With the expansion in the FATF Recommendations to include new Conventions on the UNSCRs proliferation of weapons of mass destruction (WOMD), Barbados has disclosed that by Chapter VII of the UN Convention the resolution was adopted into national law, however there is no domestic law to implement the same. Therefore, there remains a significant gap in the legal framework.

The reality that confiscation of criminal proceeds is primarily pursued under the Exchange Control Act (ECA) as opposed to the Proceed of Crime Act, (POCA) presents a major deficiency and in this vein the authorities in Barbados have determined the need to shortly promulgate the Proceed and Instrumentalities of Crime Bill which will improve the legal framework for seizures, confiscation, and asset forfeiture. This presents a limitation to the recovery of criminal proceeds under the ECA on the basis that not all proceeds of crime will be money.

US Department of State Money Laundering assessment (INCSR)

Barbados is categorised by the US State Department as a Country/Jurisdictions of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Barbados is a regional financial center with a sizeable IBC presence. The country's susceptibility to money laundering is primarily associated with the domestic sale of illegal narcotics and the laundering of foreign criminal proceeds. There are some reports of proceeds from illicit activities abroad being laundered through domestic financial institutions.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Narcotics trafficking, money laundering, and firearms trafficking are major sources of illicit funds in the country. In addition to the use of financial institutions, money is laundered through a variety of businesses and through the purchase of real estate, vehicles, vessels, and jewelry.

Bearer shares are not permitted. There are no free trade zones and no domestic or offshore casinos.

KEY AML LAWS AND REGULATIONS

The Central Bank of Barbados (CBB) is responsible for regulating and supervising commercial and offshore banks, trust companies, merchant banks, and finance companies. The CBB estimates the offshore sector is a U.S. \$32 billion industry. There are nine commercial banks and holding companies and 13 trusts and merchant banks licensed by the CBB. According to the latest information from Barbados authorities, there are 27 international banks licensed by the CBB. There are no clear statistics available on the IBC sector, although promotional material suggests there are over 4,000 IBCs. IBCs are subject to heightened due diligence requirements for license applications and renewals, and are audited if total assets exceed U.S. \$500,000.

There is a Double Taxation Treaty with the United States and a specific agreement between Barbados and the United States for the exchange of information with reference to taxes.

Entities that must comply with CDD rules are banks, securities and insurance brokers and companies, money exchanges or remitters, financial management firms, lawyers, real estate brokers, high-value goods dealers, accountants, investment or any other financial services, credit unions, building societies, restricted liability societies, friendly societies, offshore banks, IBCs and foreign sales corporations, mutual funds and fund administrators and managers, and international trusts.

Barbados is a member of the CFATF, a FATF-style regional body.

AML DEFICIENCIES

Barbados' criminal law limits the government's ability to seize assets acquired through criminal activity absent a conviction. The Government of Barbados should continue developing new non-conviction-based asset forfeiture laws to increase the efficacy of asset recovery procedures.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

The Government of Barbados should allot more resources to ensure the FIU, law enforcement, supervisory agencies, and prosecutorial authorities are fully staffed and have the capacity to perform their duties. The FIU is administrative in nature, which means it does not have the capacity to do investigative work or resolve legal issues.

In October 2017, Barbados authorities revoked the licenses of four international businesses after they were found guilty of money laundering and corruption in other jurisdictions (including the United States). The government should continue to take a more aggressive approach to conducting examinations of the financial sector and asserting more control over vetting and licensing of offshore entities.

Supervision of NPOs, charities, DNFBPs, and money transfer services could be strengthened through increased reporting requirements and oversight. Information sharing among regulatory and enforcement agencies also needs improvement.

Barbados should become a party to the UNCAC.

EU Tax Blacklist

Barbados was removed from EU Tax Blacklist on 23 January 2018 following "commitments made at a high political level to remedy EU concerns".

Current Weaknesses in Government Legislation (2014 INCRS Comparative Tables):

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

States Party to United Nations Convention Against Corruption - States party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

States Party to United Nations Transnational Organised Crime Convention - States party to the United Nations Convention against Transnational Organized Crime (UNTOC), or a territorial

entity to which the application of the Convention has been extended by a party to the Convention.

EU White list of Equivalent Jurisdictions

Barbados is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Barbados is considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2017 (introduction):

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

The seven independent countries of Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines are collectively referred to in this report as the Eastern Caribbean (EC).

The region hosts abundant transshipment points for illicit narcotics, primarily from Venezuela destined for North American, European and domestic Caribbean markets. Local and international law enforcement believe traffickers are increasingly using yachts for drug transit, though “go-fast” boats, fishing trawlers, and cargo ships continue to play major transit roles.

Homicide rates throughout the region remained at levels similar to those of 2015, although there was an increase in drug-related violent and non-violent crimes (including money laundering and bulk cash smuggling). Many of the homicides that do occur are a result of turf wars between organized groups fighting for control of drug distribution. Marijuana remains the most commonly used illicit drug within the region.

Eight consecutive years of declining macroeconomic growth leave EC law enforcement capacity increasingly beleaguered. EC governments made some improvements to still-antiquated criminal codes. However, in some countries, leaders failed to address public concerns about official corruption.

Conclusion

The United States encourages the countries of the Eastern Caribbean to continue to embrace CBSI partnership and to fulfill their budgetary commitments to the RSS. The United States also encourages the Eastern Caribbean countries to support programming to increase regional counternarcotics operations and build regional capacity, through joint training and cooperation. The United States further encourages the seven countries to continue to pass legislation to modernize their criminal codes, making use of regional best practices in fighting transnational organized crime.

US State Dept Trafficking in Persons Report 2016 (introduction):

Barbados is a source and destination country for men, women, and children subjected to sex trafficking and forced labor. Authorities and NGOs report foreign women have been forced into prostitution in Barbados. Foreigners are subjected to forced labor in Barbados, most notably in domestic service, agriculture, and construction. Legal and undocumented immigrants from Jamaica and Guyana are especially vulnerable to trafficking. Child sex trafficking occurs in Barbados. There are anecdotal reports by authorities and NGOs that children are subjected to sex trafficking, including by parents and caregivers.

The Government of Barbados does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. A new anti-trafficking law was approved by Parliament but was awaiting proclamation at the close of the reporting period and is not yet in force. Current law does not prohibit all forms of trafficking and prescribes some penalties—fines—that are not sufficiently stringent; the new draft law would prohibit all forms of trafficking but still allow insufficiently stringent penalties to deter the crime. The government has never convicted a trafficker, but one 2013 prosecution remains awaiting trial for the second consecutive year. The government continued drafting, but did not formally approve or implement for the second consecutive year, a national action plan establishing activities and priorities for 2016 through 2020, although the government did use the national action plan to inform a two-year work plan, covering 2015-2016, which was implemented. A government-wide anti-trafficking manual outlining identification and referral procedures was not completed for the second consecutive year. The government identified 12 potential trafficking victims, and assisted a previously identified trafficking victim during the reporting period. The government cited an overall lack of resources and manpower to adequately combat trafficking.

International Sanctions

None Applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	68
World Governance Indicator – Control of Corruption	88

Corruption and Government Transparency - Report by US State Department

Corruption is not a major problem in Barbados, but some U.S. companies have reported unfair treatment by Barbados' Customs and Excise Department. Other U.S. companies have reported efforts by political actors to trade political support for payment or partial project ownership.

In 2012, Barbados enacted the Prevention of Corruption Act (2010) which repealed an archaic law from the 1920s. Barbados has not signed and ratified the Inter-American Convention on Mutual Assistance in Criminal Matters and has signed but not ratified the UN Convention on Corruption and the Inter-American Convention against Corruption. Barbados has also signed the CARICOM Mutual Legal Assistance Treaty on Serious Criminal Matters.

Section 3 - Economy

Barbados is the wealthiest and most developed country in the Eastern Caribbean and enjoys one of the highest per capita incomes in the region. Historically, the Barbadian economy was dependent on sugarcane cultivation and related activities. However, in recent years the economy has diversified into light industry and tourism with about four-fifths of GDP and of exports being attributed to services. Offshore finance and information services are important foreign exchange earners and thrive from having the same time zone as eastern US financial centers and a relatively highly educated workforce. Barbados' tourism, financial services, and construction industries have been hard hit since the onset of the global economic crisis in 2008. Barbados' public debt-to-GDP ratio rose from 56% in 2008 to 101% in 2015. Growth prospects are limited because of a weak tourism outlook and planned austerity measures.

Agriculture - products:

sugarcane, vegetables, cotton

Industries:

tourism, sugar, light manufacturing, component assembly for export

Exports - commodities:

manufactures, sugar, molasses, rum, other foodstuffs and beverages, chemicals, electrical components

Exports - partners:

Trinidad and Tobago 22.5%, US 11.8%, St. Lucia 9.2%, St. Vincent and the Grenadines 5.7%, Antigua and Barbuda 4.7%, St. Kitts and Nevis 4.4%, Guyana 4.2% (2015)

Imports - commodities:

consumer goods, machinery, foodstuffs, construction materials, chemicals, fuel, electrical components

Imports - partners:

Trinidad and Tobago 39%, US 31.1% (2015)

Banking

The financial services sector includes international/offshore banks, commercial banks, finance companies, trust companies and merchant banks all of which are regulated and supervised by the Central Bank of Barbados (CBB). Offshore banks are governed by the International Financial Services Act, CAP 325, (IFSA), which defines international financial services to include the receiving and using of foreign funds from non-residents or prescribed persons for international banking business.

Onshore commercial banks, trust companies, finance companies, merchant banks, and similar financial institutions are regulated by the Financial Institutions Act CAP 324A (FIA). Trust

companies, finance companies, and merchant banks, in addition to carrying on banking business, can also perform functions as trustee, administrator or executor, or the business of broker, investment analyst, investment adviser, or such other business not prohibited by the CBB.

Stock Exchange

The Barbados Stock Exchange is among the four major regional Caribbean stock exchanges. The other three being the exchanges of Jamaica, the Eastern Caribbean, and Trinidad and Tobago. The BSE is the third largest stock exchange in the Caribbean region. The BSE along with officials from Jamaica and Trinidad and Tobago are working to integrate these stock exchanges into a single unit known as the Caribbean Exchange Network.

Section 4 - Investment Climate

Executive Summary

Historically, Barbados' economy is seen as one of the more resilient in the region, with its Gross Domestic Product (GDP) estimated at USD \$4.35 billion (2014). The economy grew marginally in 2015 with a real growth rate estimated at 0.7%. Barbados' economy demonstrated some signs of improvement over the last twelve months. According to the Central Bank of Barbados, Barbados' economy is expected to grow by 1.8% in 2016. The tourism sector gains that were witnessed in 2015 are expected to continue in 2016. While not totally out of the recession that began in 2008, real GDP is expected to grow by an average of 1.7% over the next five years. The services sector remains the largest potential for investment growth, particularly in tourism and renewable energy services. Barbados is ranked 119th in the World Bank's Doing Business report for 2016; after falling three places from its 2015 position. Concerns were highlighted in the areas of the procedure of starting a business, obtaining credit, and paying taxes.

- The government offers special incentive packages for foreign investments in the hotel industry, manufacturing, and offshore business services. Foreign nationals receive the same legal protections as local citizens. Local enterprises generally welcome joint ventures with foreign investors to access technology, expertise, markets, and capital.
- Companies can freely repatriate profits and capital from foreign direct investment. The Embassy is not aware of any outstanding expropriation claims or nationalization of foreign enterprises in Barbados. Barbados bases its legal system on the British common law system.
- Barbados uses transparent policies and effective laws to foster competition and establish clear rules for foreign and domestic investors in the areas of tax, labor, environment, health, and safety. These rules are in keeping with international standards. The regulatory system can be slow and at times not forthcoming on information regarding the refusal of a license.
- Barbados is a member of the Caribbean Basin Initiative, which permits duty free entry of many products manufactured or assembled in Barbados into markets of the United States. Barbados has no bilateral investment treaty with the United States, but has a double taxation treaty and tax information exchange agreement.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	17 of 175	transparency.org/cpi2014/results
World Bank's Doing Business	2016	119 of 189	doingbusiness.org/rankings

Report "Ease of Doing Business"			
Global Innovation Index	2015	37 of 143	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 14.7 billion	http://www.bea.gov/international/factsheet/factsheet.cfm
World Bank GNI per capita	2014	USD 15,310	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The Government of Barbados, through Invest Barbados, encourages foreign direct investment with the stated goals of creating jobs and earning foreign currency. The services sector holds the largest potential for growth, especially in the areas of international financial services, tourism, information technology, education, health, and cultural services. In agriculture, the gradual decline of the sugar industry opened up land for other agricultural uses, and investment opportunities exist in the areas of agro-processing, alternative and renewable energy, and hydroponics. In the financial services sector, the government improved its regulatory oversight and the industry is thriving under better regulatory standards designed to prevent money laundering and tax evasion. The government offers special incentive packages for foreign investments in the hotel industry, manufacturing, and the international business and financial services sector. For example, International Business Companies (IBCs) have a maximum tax rate of 2.5% on income and exemption from foreign exchange controls.

Foreign nationals receive the same legal protections as local citizens. The police and court systems are fairly unbiased in commercial matters, and the government operates in a mostly transparent manner, although the lack of adequate government staff and bureaucratic procedures can slow certain processes and limit access to information. There are no requirements for participation either by nationals or by the government in foreign investment projects. Local enterprises generally welcome joint ventures with foreign investors in order to access technology, expertise, markets, and capital.

Barbados' economy is small and was traditionally protective. New enterprises that might compete with entrenched local establishments, especially in the retail and restaurant sector, faced an objection to their license by local private interests. Licenses for importers of U.S. ice cream and poultry products, and some U.S. fast food franchises, were considerably delayed due to this objection process. Recently, however, there has been a relaxation on the use of this mechanism and an increase in the entry of franchises on the island.

Deregulation in the telecommunications industry has facilitated market access for new competitors. There are currently two service providers: Flow (Liberty Global/Cable and Wireless) and Digicel. In 2015, Cable and Wireless PLC and Columbus Communications completed their USD \$3.025 billion merger. The national Fair Trading Commission (FTC) hopes that the conditions of this merger as outlined will foment additional competition in the sector.

Other Investment Policy Reviews

In 2015, Barbados conducted an investment policy review through the World Trade Organization. This report, which speaks to the general investment climate in Barbados, can be found at https://www.wto.org/english/tratop_e/tpr_e/tp408_e.htm.

Laws/Regulations on Foreign Direct Investment

The main laws concerning investment in Barbados are the Barbados International Business Promotion Act (2005), the Tourism Development Act (2005), the Companies Act, and the Fiscal Incentives Act. There is also a framework of legislation concerning International Business Companies, Financial Services, and Trusts.

Business Registration

Established through an Act of Parliament in 2005, Invest Barbados is the main investment promotion agency to facilitate foreign investment into Barbados. All potential investors applying for government incentives must submit their proposals for review by Invest Barbados to ensure that the project is consistent with the national interests and provides economic benefits to the country. Invest Barbados' foreign direct investment policy is to actively promote Barbados as a desirable investment location, to provide advice, and to assist prospective investors.

Invest Barbados has a website that is useful to navigate the laws, rules, procedures and registration requirements for foreign investors. This can be found at <http://www.investbarbados.org>.

The Corporate Affairs and Intellectual Property Office (CAIPO) maintains an E-registry online filing service for matters pertaining to the Corporate Registry. You must be a registered agent to use this system. Further information can be obtained at www.caipo.gov.bb. Generally, it takes about 18 days to start a business but the E-registry is expected to cut that time drastically.

According to the Small Business Development Act (1999), a small business is defined as having no more than 25 employees and must be registered under the Companies Act. Foreign owned micro and small sized enterprises have access to any provisions as stipulated under this Act. An approved small business shall not be eligible for any incentives under the Tourism Development Act, the Fiscal Incentives Act, the Special Development Areas Act, or the Shipping Incentives Act.

Industrial Promotion

Invest Barbados is the investment promotion arm of the government with identified key industries to attract investment into the country.

Limits on Foreign Control and Right to Private Ownership and Establishment

There are no limits on foreign control in Barbados. It is a constitutional right for nationals and non-nationals to establish and own private enterprises and private property in Barbados. These rights also pertain to the acquisition and disposition of interests in private enterprises.

No industries are closed officially to private enterprise, although the government reserves the right not to allow certain investments. Some activities, such as telecommunications, utilities, broadcasting, franchises, banking, and insurance require a license from the government. There are no quotas, or other restrictions, on foreign ownership of a local enterprise or participation in a joint venture.

Privatization Program

Barbados currently does not have a targeted program of privatization.

Screening of FDI

Invest Barbados has the authority to offer guidance and direction to new and established investors who are interested in pursuing investment opportunities in Barbados. The process is transparent and is contingent on the size of capital investment and the economic impact that it will have on the country.

Based on the type of business that the foreign investor wishes to set up, there are different steps that must be completed. Potential investors should contact Invest Barbados for guidance during this process.

Competition Law

Chapter 8 of the Revised Treaty of Chaguaramas provides the competition policy applicable to Caribbean Community (CARICOM) States. Member States are required to establish and maintain a national competition authority for facilitating the implementation of the rules of competition. At the CARICOM level, a regional Caribbean Competition Commission is established to apply the rules of competition in respect of anti-competitive cross-border business conduct. The CARICOM competition policy addresses anti-competitive business conduct, such as agreements between enterprises, decisions by associations of enterprises, and concerted practices by enterprises that have as their object or effect the prevention, restriction, or distortion of competition within the Community and actions by which an enterprise abuses its dominant position within the Community. The Fair Competition Act is codified the establishment of the Fair Trading Commission (FTC). The FTC is responsible for the promotion and maintenance of fair competition and participates in the Caribbean Competition Commission. Sectorial regulation of competition in the telecommunications field is provided for under the Telecommunications Act.

2. Conversion and Transfer Policies

Foreign Exchange

The currency of exchange of Barbados is the Barbadian dollar (BBD) and it is issued by the Central Bank of Barbados (CBB). Barbados' foreign exchange system is liberalized. The Barbadian dollar has been pegged to the United States dollar at a rate of BBD \$2.00: USD

\$1.00 since 1975. As a result, the Barbadian Dollar does not fluctuate, creating a stable currency environment for trade and investment in Barbados.

Remittance Policies

Companies can freely repatriate profits and capital from foreign direct investment if they are registered with the CBB at the time of investment. The CBB has the right to limit or delay these conversions depending on the level of international reserves under the bank's control.

The Ministry of Finance and Economic Affairs controls the flow of foreign exchange and the Exchange Control Division of the CBB executes fiscal policy under the Exchange Control Act. Individuals may apply through a local bank to convert the equivalent of USD \$3,750 per year for personal travel and up to a maximum of USD \$25,000 for business travel. To convert any amount over these limits one must apply to the CBB. International businesses, including Exempt Insurance and Qualifying Insurance Companies, are exempt from these exchange regulations.

Barbados is a member of the Caribbean Financial Action Task Force. Barbados signed onto an inter-governmental agreement with the United States to facilitate compliance with the Foreign Account Tax Compliance Act (FATCA).

3. Expropriation and Compensation

The Barbados Constitution and Companies Act Cap 308 contain provisions that permit the government to compulsorily acquire property for public use upon prompt payment of compensation at fair market value. The Embassy is not aware of any outstanding expropriation claims or nationalization of foreign enterprises in Barbados

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Barbados bases its legal system on the British common law system. The Attorney General, the Chief Justice, Puisne (junior) Judges, and Magistrates administer justice in Barbados. The Caribbean Court of Justice (CCJ) is the highest court of appeal for Barbados. Modern corporate law is based on the Canada Business Corporations Act.

The United States and Barbados are both parties to the World Trade Organization (WTO). The WTO Dispute Settlement Panel and Appellate Body resolve disputes over WTO agreements, while courts of appropriate jurisdiction in both countries resolve private disputes.

Bankruptcy

Barbados is ranked number 34 for ease of "resolving insolvency" in the World Bank's Doing Business Report for 2016. The Companies Act makes provision for the insolvency and/or liquidation of a company incorporated or continued under the Act. The Bankruptcy and Insolvency Act 2002 gives the Company three options: receivership, bankruptcy (voluntary and involuntary), and reorganization of the company.

Investment Disputes

The U.S. Embassy Bridgetown is not aware of any current investment disputes in Barbados.

International Arbitration

The Barbados Arbitration Act (1976) and the Foreign Arbitral Awards Act (1980), which recognizes the 1958 New York Convention on the Negotiation and Enforcement of Foreign Arbitral Awards, contain provisions for arbitration of investment disputes.

Parliament wrote The New York Convention's provisions into domestic law, but has not ratified the convention. Barbados is also a member of the International Center for the Settlement of Investment Disputes (ICSID), also known as the Washington Convention. Additionally, individual agreements between Barbados and multilateral lending agencies have provisions calling on Barbados officials to accept recourse to binding international arbitration to resolve investment disputes between foreign investors and the state.

Duration of Dispute Resolution – Local Courts

According to the Doing Business Report for 2016, dispute resolution generally took 1,340 days, however this may vary. The slow court system and bureaucracy are widely seen as main hindrances to timely resolutions to commercial disputes. Barbados is ranked at number 164 in enforcing contracts.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

As a member of the World Trade Organization, Barbados is party to the Agreement to the Trade Related Investment Measures. While there are no formal performance requirements, government encourages investments that will create jobs, increase exports and foreign exchange earnings. There are no requirements for participation either by nationals or by the Government in foreign investment projects. There is no requirement that enterprises must purchase a fixed percentage of goods from local sources, but the government encourages local sourcing. Foreign investors receive national treatment.

Investment Incentives

Most investment incentives in Barbados are tax incentives, although there are some special programs for manufacturers. Potential investors should contact Invest Barbados, a licensed accountant, and/or an attorney in Barbados to find out which incentives fit best with their goals.

Companies must meet export performance requirements to take advantage of certain tax incentives. For example, "enclave enterprises" must produce goods exclusively for export outside the CARICOM region. Foreign investors must finance their investments from external sources or from income that the investment generates. When a foreign investment generates significant employment or other tangible benefits for the country, the authorities may allow the company to borrow locally for working capital. Invest Barbados may provide a training grant to qualifying manufacturing and information and communication technology enterprises during the initial operating period.

There is no requirement that locals own shares of a foreign investor's enterprise, but some restrictions may apply to share transfers. The Companies Act does not permit bearer shares. Foreign investors do not need to establish facilities in any specific location, although there

are some zoning restrictions on residential and commercial construction for environmental reasons. There is no requirement that enterprises must purchase a fixed percentage of goods from local sources. However, investors, particularly within the hospitality industry, are encouraged to use local products and produce wherever possible.

The Fiscal Incentives (Amendment) Act (2001) provides a maximum 15-year tax holiday to any manufacturer of an approved product, provided that it meets the definition of an enclave enterprise: manufacturing exclusively for export outside of CARICOM; manufacturing approved products containing a specified percentage of local value added; or being highly capital intensive. Under the Fiscal Incentives Act, such enterprises may import duty-free equipment, spare parts, and raw materials from outside CARICOM. Dividends and other distributions to shareholders during the tax holiday are also exempt from the payment of income tax. Non-resident shareholders liable to tax in their country of residence are subject to Barbados withholding tax at a lower rate. To qualify for these incentives, the enterprise must apply to the Ministry of Industry, International Business, Commerce and Small Business Development.

Enterprises not obtaining benefits under the Fiscal Incentives Act (Amendment 2007) and generating export profits (other than from exports within CARICOM) may receive an export allowance expressed as a rebate of corporation tax on those profits. The maximum rebate of 93% applies if more than 81% of an enterprise's profits result from extra-regional exports. The Export Development Allowance permits a company to deduct from taxable income an additional 50% of what the company spends in developing export markets outside CARICOM.

Initial Allowances or Investment Allowances of up to 40% on capital expenditure are available for businesses making capital expenditures on machinery and plants, or on an industrial building or structure. Annual depreciation allowances on such expenditures are also available.

Barbados' method of calculating export allowance is as follows:

Export Profit as % of Total Profit Income	Tax Rebate as % of Income Tax on Export Profits
Up to 20%	35%
21%, but under 41%	45%
41%, but under 61%	64%
61%, but under 81%	79%
81% and over	93%

In the tourism sector, a Market Development Allowance allows a company to deduct an additional 50% of what it spends encouraging tourists to visit Barbados. Under the Tourism Development Act of 2002, businesses and individuals that invest in the tourism sector can write off capital expenditure and 150% of interest. Those same entities are also exempt from import duties; value added tax; and environmental levies on furniture, fixtures and equipment, building materials, supplies, and equity financing. The Act expands the definition

of tourist sector to include not just accommodation, but restaurants, tourist recreational facilities, and tourism related services. The Act encourages the development of attractions that emphasize the island's natural, historic, and cultural heritage, and encourages construction of properties in non-coastal areas. The Ministry of Tourism must first be engaged on projects under this legislation.

Barbados entered into double taxation treaties with the United States, Austria, Bahrain, Botswana, Canada, CARICOM, China, Cuba, Czech Republic, Finland, Iceland, Luxembourg, Malta, Mauritius, Mexico, Netherlands, Norway, Panama, Qatar, San Marino, Seychelles, Singapore, Spain, Sweden, Switzerland, United Kingdom, and Venezuela. Accords awaiting ratification include treaties with Ghana, Portugal, Rwanda, and the United Arab Emirates.

International businesses may operate either free of income tax (e.g., captive insurance) or with a tax rate from 0.25 to 2.5%. An International Business Company (IBC) must, by the terms of its license, export 100% of its services or products in order to enjoy the following tax rates on gains and profits:

Gains and Net Profits	Corporate Tax Rate
Up to US\$5 million	2.5%
US\$5-10 million	2.0%
US\$10-15 million	1.5%
Over US\$15 million	0.25%

The rate for income over USD \$15 million was reduced to 0.25% effective income year 2013. In addition, there are no withholding taxes on dividends, interest, royalties, or management fees paid to non-residents.

An IBC may import machinery and equipment into Barbados free from certain taxes and customs duties. IBCs in the information services sector have the same maximum tax rate of 2.5% on profits mentioned above, full exemption from import duties on production-related equipment, including computers, full and unrestricted repatriation of capital, profits, dividends, rental of subsidized office space, and training grants to subsidize worker training.

International financial service companies also enjoy several tax incentives. Under the Exempt Insurance Act, a company incorporating with a minimum capital of USD \$125,000 and at least one Barbadian director is eligible for taxation on profits at zero percent (0%) for the first 15 years, and thereafter at 8% on the first USD \$125,000 of taxable income, as well as an exemption from a withholding tax on royalties and exchange control restrictions. Its beneficial shareholders also must not be persons resident in CARICOM. In 1998, legislation allowed companies involved in the international insurance business to register as Qualifying Insurance Companies, entitled to a tax rate of 1.75%, after deducting a foreign currency earnings allowance, and exemption from withholding taxes and exchange controls.

The International Trust Act allows non-residents to create trusts for the benefit of non-residents, with no minimum capital requirements and no withholding taxes, but subject to

35% tax on profits earned in or remitted to Barbados. Exempt Societies of Restricted Liability, which may not acquire land in Barbados or transact business with CARICOM residents, enjoy certain concessions for up to 30 years, including exemption from exchange controls and withholding tax on dividends, royalties, interest, or other interest paid to non-residents.

Research and Development

Barbados does not currently have a government financed or subsidized research and development program.

Performance Requirements

Non-nationals seeking to work in Barbados must apply for work permits. This is also required for all managerial and technical staff brought into Barbados. The work permit is specific to the job and employer and the permit can be granted for a period of up to five years for long term permits. Short-term permits of up to six months are also available for staff that may be required to spend brief periods at the Barbados facility. One requirement for granting a work permit is that the expatriate must bring to the job special skills or knowledge not readily available in Barbados. While work permits are readily granted to senior management, the number of permits approved may be restricted depending on the amount of persons employed by the local company. No restrictions exist regarding foreign Directors of boards. Please visit the following site for further details:

www.immigration.gov.bb/pages/WorkPermit.aspx.

Data Storage

There are no requirements for foreign IT providers to turn over source code and/or provide access to surveillance (backdoors into hardware and software turn over keys for encryption, etc.)

6. Protection of Property Rights

Real Property

There are no restrictions on foreign ownership of property on Barbados. Foreign investors and locals are treated equally with regards to taxation on property. Civil law protects physical property and mortgage claims. The Central Bank must verify real property purchases for non-residents. If a non-resident uses foreign funds and pays for the property in Barbados, the Central Bank will normally endorse the transaction. The sale of property is subject to a 2.5% Property Transfer Tax in addition to a 1% stamp duty. Brokerage and legal fees are not included in those levies. It is recommended that you work with an attorney during the purchase process.

The Commissioner of Land Tax charges an annual fee based on the assessed property value. The government taxes hotels on 50% of the improved value at 0.7% and residential properties on:

- 0% on the first USD \$75,000
- 0.10% on next USD \$150,000

- 0.45 % on next USD \$275,000
- 0.75 % on excess of USD \$500,000
- 0.8% on vacant land

Barbados is ranked 134th for the ease of registering property in the Doing Business Report for 2016. The report highlighted the length of time needed to register property in Barbados which on average takes a minimum of 118 days as an area of concern.

Intellectual Property Rights

Barbados has a legislative framework regarding its commitment to the protection of intellectual property rights. While the legal structures governing intellectual property (IP) could be considered strong, enforcement is weak. Barbados signed the Paris Convention on Intellectual Property Rights (IPR), the Nice Agreement, and is a member of the United Nations World Intellectual Property Organization (WIPO). The Government of Barbados adopted a new Copyright Act in August 1998 and amended it in 2004 to provide for tougher penalties. In the early 2000s, the government also approved legislation for Integrated Circuits Topography, Geographical Indications, and Protection against Unfair Competition. In addition, the government revised The Trademark and Industrial Designs Acts to meet world standards.

Article 66 of the Revised Treaty of Chaguaramas (2001) establishing the Caribbean Single Market and Economy (CSME) commits all 15 members to implement stronger Intellectual Property protection and enforcement. The Economic Partnership Agreement (EPA) signed between the CARIFORUM States and the European Community in 2008 contains the most detailed obligations in respect of intellectual property in any trade agreement to which Barbados is a party. The EPA gives recognition to the protection and enforcement of intellectual property. Article 139 of the EPA requires parties to "ensure an adequate and effective implementation of the international treaties dealing with intellectual property to which they are parties and of the Agreement on Trade Related Aspects of Intellectual Property (TRIPS)."

In spite of this, Barbados remained on the Office of the United States Trade Representative's Special 301 Report Watch List Watch List in 2015. The United States continues to have concerns about the interception and retransmission of U.S. cable programming by local cable operators in Barbados without the consent of, and without adequately compensating, U.S. rights holders. The United States also has continuing concerns about the refusal of Barbadian TV and radio broadcasters and cable and satellite operators to pay for public performances of music. Barbados' slow legal system, inert state of enforcement, and lack of reform contribute to their inclusion.

It is the responsibility of the importer to pay and destroy counterfeit goods. There are certain standards that must be met with the Barbados National Standards Institute regarding the importation of goods. If those standards are not met, the Institute will make the recommendation to the Comptroller of Barbados' Customs and Excise Department to have the goods destroyed. If the goods fall under the Ministry of Health, the goods are destroyed under the guidance of that Ministry. If the imported goods are prohibited goods and do not fall under the Ministry of Health, the Customs and Excise Department will destroy when

appropriate. Information on the prevalence of counterfeit goods in the local market is not readily available as there is no tracking method in place to collect data. However, dependent on if the goods are imported by agreement with a particular distributor and the manufacturer; the Customs and Excise Department has the right to seize and destroy the unauthorized imported goods in question.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Contact at Mission:

U.S. Embassy Barbados and the Eastern Caribbean

Name: Stephen Simpson

Title: Economic/Commercial Officer

Telephone Number: (246) 227-4274

Email address: SimpsonSC@state.gov

Country/Economy Resources:

American Chamber of Commerce for Barbados and the Eastern Caribbean

Name: Dustin Delany

Title: Chairman and President

Telephone: (246) 228-2260

Email: dd@amchambec.com

Local attorneys list: http://barbados.usembassy.gov/barbados_attorneys.html .

7. Transparency of the Regulatory System

Barbados uses transparent policies and effective laws to foster competition and establish clear rules for foreign and domestic investors in the areas of tax, labor, environment, health, and safety. These rules are in keeping with international standards. The regulatory system can be slow and not forthcoming on information regarding the refusal of a license.

Accounting, legal and regulatory procedures are transparent by policy. Publicly listed companies publish annual financial statements as well as any changes in the shareholder portfolio such as value of shares.

All draft bills are circulated to stakeholders, government ministries, and departments and are published in the Official Gazette. They are also uploaded to the Barbados Parliament website prior to debate for public perusal.

Foreign investors are allowed to participate in private sector organizations that fall under the rubric of the Barbados Private Sector Association

8. Efficient Capital Markets and Portfolio Investment

Barbados has a small stock exchange, an active banking sector, and opportunities for portfolio investment. Local policies seek to facilitate the free flow of financial resources, unless there is a shortage of funds. The government intervenes in the local credit market to control interest rates, limit the volumes of funds available for borrowing, and borrow on the

local market. However, the CBB raised or lowered interest rates in the past without any government intervention. There are a variety of credit instruments in the commercial and public sectors that local and foreign investors may access.

The government implemented a continuous review process for legislation in the financial sector in an effort to strengthen and improve the regulatory regime in order to attract and facilitate retention of foreign portfolio investments. During 2013, the Bank underwent a Financial Sector Assessment Program (FSAP) assessment by the International Monetary Fund and The World Bank, and the resulting Financial System Stability Assessment Report was published in February 2014. The Report noted that since the 2008 FSAP Update, Barbados substantially improved its legal, regulatory, and supervisory frameworks to support the banking system. The International Financial Services Act, which replaced the Offshore Banking Act in June 2002, incorporates Basel standards, and provides for on-site examinations of offshore banks. This allows the Central Bank to augment its offsite surveillance system of reviewing anti-money laundering policy documents and analyzing prudential returns.

Under the authority of the Money Laundering and Financing of Terrorism Prevention and Control Act, Cap 129, the government established the Anti-Money Laundering Authority and its operating arm, the Financial Intelligence Unit, in 2000. In 2001, the Bank Supervision Department of the Central Bank of Barbados, in conjunction with the Anti-Money Laundering Authority the Anti-Money Laundering Guidelines for Licensed Financial Institutions, which were revised in 2006, 2011, and most recently in October 2013.

The Securities Exchange Act of 1982 established the Securities Exchange of Barbados (SEB), which was re-incorporated as the Barbados Stock Exchange (BSE) in 2001. The 1982 Act was replaced by the Securities Act, Cap 318A, which removed regulatory responsibility for the securities market activity from the BSE. This Act helped to strengthen the regulatory framework and development of the capital market. In 1987, the BSE began trading corporate stocks and fixed income securities, including government bonds (not commercial paper). Activities on the BSE include regional cross-border trading arrangements for shares listed on the Trinidad and Tobago and Jamaica stock exchanges.

The BSE operates a two-tier electronic trading system comprised of a Regular Market and a Junior Market. Companies applying for listing on the Regular Market must observe and comply with certain requirements. Specifically they must inter alia have assets of not less than USD \$500,000 and adequate working capital based on the last three years of their financial performance, as well as three-year projected performance. Companies must also demonstrate competent management and be incorporated under the laws of Barbados or other regulated jurisdiction approved by the Financial Services Commission (FSC). Applications for listing on the Junior Market are less onerous, requiring minimum equity of one million shares at a stated minimum value of USD \$100,000. Reporting and disclosure requirements for all listed companies include interim financial statements, and an annual report and questionnaire. Non-nationals must obtain exchange control approval from the Central Bank of Barbados to trade securities on the BSE.

The BSE stated its intent to fully immobilize traditional share certificates where clearance and settlement is computerized through the Barbados Central Securities Depository Inc., which is a wholly owned subsidiary of the Barbados Stock Exchange Inc. The Financial Services

Commission under the Property Transfer Tax Act can accommodate investors requiring a traditional certificate for a small fee. The Financial Services Commission also regulates Mutual Funds in accordance with the Mutual Funds Act, Cap 320B.

During the last two years, the BSE introduced new rules in accordance with International Organization of Securities Commission designed to protect investors, ensure a fair, efficient, and transparent market, and reduce systemic risk. Public companies now have only 90 days from the close of their financial year to file audited financial statements with the BSE, 30 days fewer than before. Companies have 60 days to file quarterly statements. Additionally, a fine not exceeding USD \$5,000 was added to the list of possible penalties for any person under the jurisdiction of the BSE who contravenes or is not in compliance with any of the requirements.

In March 2016, the BSE launched the International Securities Market (ISM). This will operate as a separate market, thus allowing issuers from not only Barbados but other international markets. This is aimed at developing the International business and financial services sector, which is a key contributor to Barbados' economy. The ISM is founded on strong regulatory framework that includes the BSE, the CBB and the FSC.

Money and Banking System, Hostile Takeovers

The Barbados domestic financial sector consists of five commercial banks and twelve trust and finance companies and merchant banks. There are also 34 credit unions and two money remitters. The offshore sector includes 3,945 international business companies, 347 international societies with restricted liability, 189 exempt insurance companies, and 41 offshore banks. Starting in 2001, the government required Barbados institutions and legal entities to reveal the identity of beneficiaries receiving dividends and/or interest. The total assets for the banking system stood at USD \$6.41 billion as of December 2015. The local cash reserve requirement was five percent, foreign cash reserve requirement was two percent, and the securities reserve requirement was 10% during the same period.

The Barbados Deposit Insurance Corporation, which was established under the Deposit Insurance Act (2006), provides protection for depositors of deposit taking financial institutions. Oversight of the entire financial system is conducted through the Financial Oversight Management Committee, which consists of the CBB, BDIC and the FSC.

In April 2015, the CBB announced the decision to deregulate the interest rates for savings accounts by removing the minimum saving deposit rate. Commercial banks and other deposit taking institutions are now entrusted to set their own interest rates.

In February 2016, Bitt, a Barbadian based company introduced the block-chain based electronic mobile wallet which is considered to be cheaper to use, more secure and more traceable than cash. Officially launched in 2015, Bitt is digital asset exchange, remittance channel, and merchant-processing gateway available via a mobile application. Bitt is widely seen as the frontrunner in the Caribbean's burgeoning cryptocurrency ecosystem.

9. Competition from State-Owned Enterprises

State Owned Enterprises in Barbados are governed by their respective Legislation. They are headed by Boards of Directors to which the Senior Management reports. Statutory or state

owned enterprises include the National Insurance Scheme and the National Assistance Board. These companies do not generally pose a threat to investors as they are designed to support government programs such as the national pension plan and the national welfare program.

OECD Guidelines on Corporate Governance of SOEs

While Barbados recognizes the Organization of Economic Cooperation and Development (OECD) guidelines, SOEs in Barbados are not found in the key areas earmarked for investment.

Sovereign Wealth Funds

Barbados does not maintain a Sovereign Wealth Fund.

10. Responsible Business Conduct

In Barbados, producers and consumers alike demonstrate awareness of responsible business conduct. The private sector is involved in projects that benefit society, including in support of environmental, social and cultural causes. Individuals benefit from business sponsored initiatives when local and foreign owned enterprises pursue volunteer opportunities and make monetary or in kind donations to local causes.

The Non-Governmental Organisation community, while comparatively small, is involved in fundraising and volunteerism in gender, health, environmental and community projects. The government at times partners with NGOs in activities. The government encourages philanthropy.

11. Political Violence

Barbados has not experienced political violence since the 1930s.

12. Corruption

Corruption is generally not a major problem in Barbados, but some U.S. companies have reported unfair treatment by Barbados' Customs and Excise Department. Other U.S. companies have reported efforts by political actors to trade political support for payment or partial project ownership.

In 2012, Barbados enacted the Prevention of Corruption Act (2010), which repealed an outdated law from the 1920s. The Prevention of Corruption Act (2010) contains some provisions for Integrity in Public Life. There is no separate Integrity legislation.

In June 2015, twelve Commonwealth Caribbean countries including Barbados established a new regional body to enhance transparency and to help fight corruption. The formation of the Association of Integrity Commissions and Anti-Corruption Bodies in the Commonwealth Caribbean was heralded as a major step forward in regional efforts to support integrity and address corruption. It is hoped that the new body will help to further strengthen public confidence in cross-border initiatives to enhance accountability, knowledge sharing and coordination.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Barbados has not signed or ratified the Inter-American Convention on Mutual Assistance in Criminal Matters. Barbados signed, but not yet ratified, the UN Convention on Corruption and the Inter-American Convention against Corruption.

Resources to Report Corruption

- ORGANIZATION: Financial Intelligence Unit
- ADDRESS: P.O. Box 1372, Bridgetown
- TELEPHONE NUMBER: 246-436-4734
- EMAIL ADDRESS: fiu@barbadosfiu.gov.bb
- ORGANIZATION: Anti-Money Laundering Authority
- ADDRESS: P.O. Box 1372, Bridgetown
- TELEPHONE NUMBER: 246-436-4734
- EMAIL ADDRESS: aml@sunbeach.net

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

Barbados has no bilateral investment treaty with the United States, but has a double taxation treaty and tax information exchange agreement. Barbados has bilateral investment treaties with Canada, China, Cuba, Germany, Italy, Mauritius, Switzerland, the United Kingdom, and Venezuela. Tax Information Exchange Agreements with Denmark, the Faroe Islands, Greenland, and South Africa are also in force. Bilateral investment treaties with Luxembourg and Ghana are awaiting ratification. Barbados is also party to the following:

Caribbean Community (CARICOM)

The Treaty of Chaguaramas established CARICOM in 1973 to promote economic integration among its fifteen Member States. Investors operating in Barbados are given preferential access to the entire CARICOM market. The Revised Treaty of Chaguaramas goes further to establish the CARICOM Single Market and Economy (CSME), by permitting the free movement of goods, capital, and labor within CARICOM States.

Economic Partnership Agreement (EPA)

The Economic Partnership Agreement (EPA) was concluded between the CARIFORUM States and the European Community and its Member States in 2008. The EPA replaced the now expired transitional trade regime of the Cotonou Agreement. The overarching objectives of the EPA are to alleviate poverty in CARIFORUM, to promote regional integration and economic cooperation and to foster the gradual integration of the CARIFORUM states into the world economy by improving their trade capacity and creating an investment-conducive environment. The Agreement promotes trade related developments in areas such as competition, intellectual property, public procurement, the environment and protection of personal data.

Caribbean Basin Initiative (CBI)

The objective of the Caribbean Basin Initiative is to promote economic development through private sector initiative in Central America and the Caribbean islands by expanding foreign and domestic investment in non-traditional sectors, diversifying CBI country economies and expanding their exports. It permits duty free entry of products manufactured or assembled in Barbados into markets of the United States.

Caribbean / Canada Trade Agreement (CARIBCAN)

CARIBCAN is an economic and trade development assistance program for Commonwealth Caribbean countries in which Canada provides duty free access to its national market for the majority of products which originate in Commonwealth Caribbean countries.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

There are no foreign trade zones or free ports in Barbados.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2014	\$4350	2014	\$4355	http://data.worldbank.org/country/barbados
Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2013	\$298.6	2014	\$1468.2	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm

Host country's FDI in the United States (\$M USD, stock positions)	2013	\$453.7	2014	\$885	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2013	\$115	2015	N/A	N/A

Table 3: Sources and Destination of FDI

Data not available

Table 4: Sources of Portfolio Investment

Data not available

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chiefs of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

English common law; no judicial review of legislative acts

International organization participation:

ACP, AOSIS, C, Caricom, CDB, CELAC, FAO, G-77, IADB, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRC, ILO, IMF, IMO, Interpol, IOC, ISO, ITSO, ITU, ITUC (NGOs), LAES, MIGA, NAM, OAS, OPANAL, OPCW, UN, UNCTAD, UNESCO, UNIDO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

For further information - <http://www.investbarbados.org/dtas.php>

Treaty and non-treaty withholding tax rates

Barbados has exchange of information relationships with 42 jurisdictions through 38 DTCs and 5 TIEAs.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Antigua and Barbuda	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Austria	DTC	27 Feb 2006	1 Apr 2007	No	No	
Bahrain	DTC	3 Dec 2012	16 Jul 2013	Yes	Yes	
Belize	DTC	6 Jul 1994	30 Nov 1994	No	No	
Botswana	DTC	23 Feb 2005	25 Aug 2005	No	No	
Canada	DTC	22 Jan 1980	22 Dec 1980	No	No	
China	DTC	15 May 2000	27 Oct 2000	Yes	Yes	
Cuba	DTC	17 Jun 1999	16 Mar 2000	Unreviewed	No	
Czech Republic	DTC	26 Oct 2011	6 Jun 2012	Yes	Yes	
Denmark	TIEA	3 Nov 2011	14 Jun 2012	Yes	Yes	
Dominica	DTC	6 Jul 1994	30 Nov 1994	No	No	
Faroe Islands	TIEA	3 Nov 2011	not yet in force	Unreviewed	Yes	
Finland	DTC	15 Jun 1989	20 Aug 1992	Yes	Yes	
Ghana	DTC	22 Apr 2008	not yet in force	Yes	No	
Greenland	TIEA	3 Nov 2011	not yet in force	Unreviewed	Yes	
Grenada	DTC	6 Jul 1994	30 Nov 1994	No	No	
Guyana	DTC	6 Jul 1994	30 Nov 1994	Unreviewed	No	
Iceland	DTC	3 Nov 2011	14 Feb 2012	Yes	Yes	
Jamaica	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Luxembourg	DTC	1 Dec 2009	8 Aug 2011	Yes	Yes	
Malta	DTC	5 Dec 2001	19 Jun 2002	Yes	No	
Mauritius	DTC	28 Sep 2004	28 Jan 2005	Yes	No	
Mexico	DTC	7 Apr 2008	16 Jan 2009	Yes	Yes	
Netherlands	DTC	28 Nov 2006	12 Jul 2007	Yes	Yes	
Norway	DTC	15 Nov 1990	30 Jul 1991	Yes	Yes	
Panama	DTC	21 Jun 2010	18 Feb 2011	No	Yes	
Portugal	DTC	22 Oct 2010	not yet in force	Yes	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Qatar	DTC	6 Dec 2012	not yet in force	Yes	Yes	
Saint Kitts and Nevis	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Saint Lucia	DTC	6 Jul 1994	30 Nov 1994	No	No	
Saint Vincent and the Grenadines	DTC	6 Jul 1994	30 Nov 1994	No	No	
San Marino	DTC	14 Dec 2012	6 Aug 2013	Unreviewed	Yes	
Seychelles	DTC	19 Oct 2007	28 Feb 2008	Yes	No	
Singapore	DTC	15 Jul 2013	not yet in force	Unreviewed	Yes	
South Africa	TIEA	17 Sep 2013	not yet in force	Unreviewed	Yes	
Spain	DTC	1 Dec 2010	14 Oct 2011	Yes	Yes	
Sweden	DTC	1 Jul 1991	1 Dec 1991	Yes	Yes	
Switzerland	DTC	20 Aug 1963	20 Aug 1963	No	No	
Trinidad and Tobago	DTC	6 Jul 1994	30 Nov 1994	No	No	
United Kingdom	DTC	26 Apr 2012	19 Dec 2012	Yes	Yes	
United States	DTC	31 Dec 1984	28 Feb 1986	Yes	No	
United States	TIEA	3 Nov 1984	3 Nov 1984	Yes	No	
Venezuela	DTC	11 Dec 1998	1 Jan 2001	Unreviewed	No	

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

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

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD](#) [PKF International](#))

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