

SAINT LUCIA

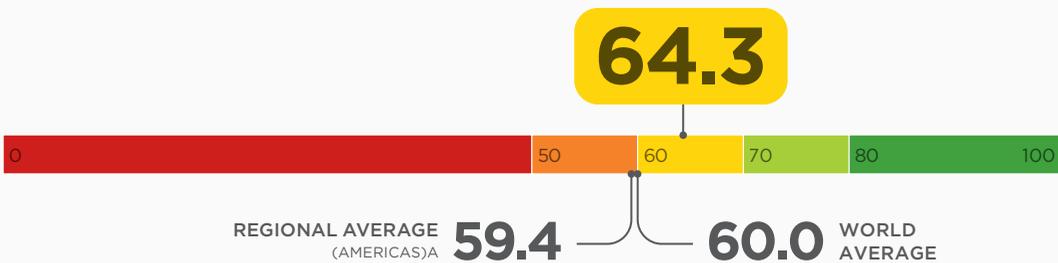
Saint Lucia's economic freedom score is 64.3, making its economy the 65th freest in the 2022 *Index*. Saint Lucia is ranked 13th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Saint Lucia's economic growth decelerated in 2017 and 2018, began to contract in 2019, plunged in 2020, and began to recover in 2021. During the same half-decade, economic freedom, although moderate, has held up relatively well. With decreases in scores for **business freedom** and **trade freedom** slightly outpacing improvements in **judicial effectiveness** and **government integrity**, Saint Lucia has recorded a 0.7-point overall loss of economic freedom since 2017 and has fallen into the lower half of the "Moderately Free" category. The economy is not heavily burdened by taxes and **government spending**, and **monetary freedom** is strong, but **financial freedom** is weak.

IMPACT OF COVID-19: As of December 1, 2021, 280 deaths had been attributed to the pandemic in Saint Lucia. The economy contracted by 18.9 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -4.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.2 million

GDP (PPP):
\$2.4 billion
-18.9% growth in 2020
5-year compound annual growth -1.4%
\$13,359 per capita

UNEMPLOYMENT:
17.1%

INFLATION (CPI):
-1.8%

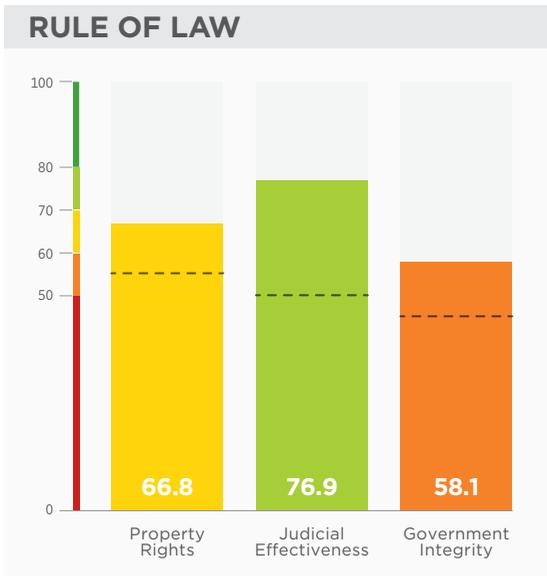
FDI INFLOW:
\$15.0 million

PUBLIC DEBT:
84.4% of GDP

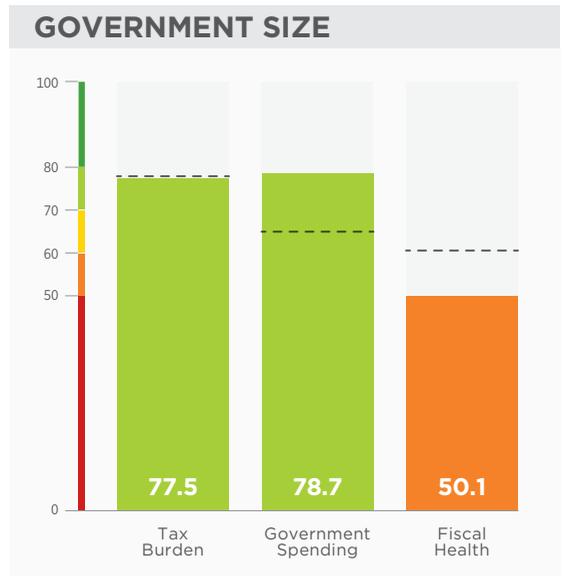
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Saint Lucia, an island nation in the Lesser Antilles that is known for its two distinctive "Piton" mountains, is a two-party democracy with a bicameral parliament. Phillip J. Pierre of the center-left Saint Lucia Labour Party became prime minister in 2021. Saint Lucia is a member of the Caribbean Community and Common Market and hosts the headquarters of the Organization of Eastern Caribbean States. The economy depends primarily on tourism, banana production, and some light manufacturing. A well-educated workforce and recent improvements in roads, communications, water supply, sewerage, and port facilities have attracted foreign investment. The government has encouraged farmers to diversify from bananas to other crops and prioritizes growth of the communications and information technology sectors.

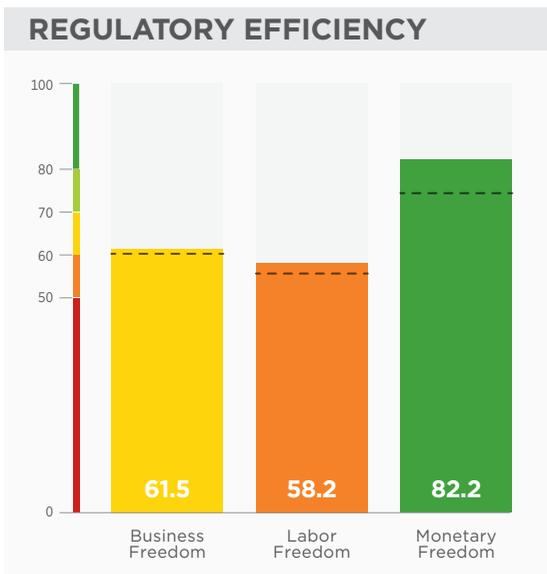
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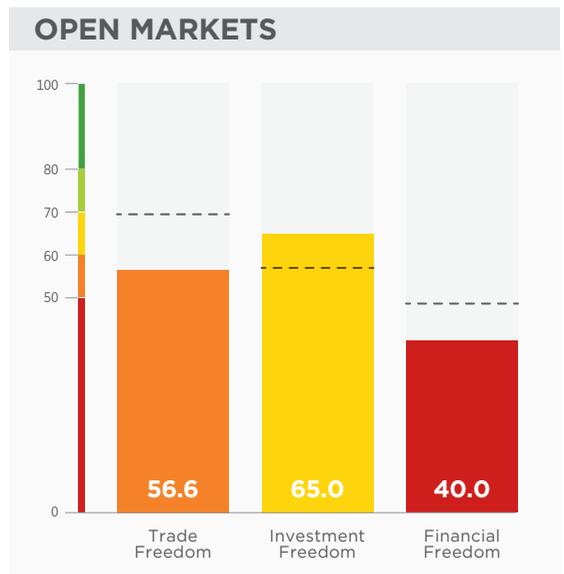
Property rights and secured interests such as mortgage claims are protected by law. There are special requirements for acquiring and developing land, especially for tourism. The judiciary is competent, relatively independent, and generally free from political interference. Saint Lucia hosts the Eastern Caribbean Supreme Court (ECSC), which serves as its highest court. Corruption is not viewed as a major problem.



The top individual income and corporate tax rates are 30 percent. Other taxes include consumption and property transfer taxes. The overall tax burden equals 21.1 percent of total domestic income. Government spending has amounted to 26.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.7 percent of GDP. Public debt is equivalent to 84.4 percent of GDP.



Saint Lucia's regulatory and legal system is based on a combination of British and French law. Labor laws as written are somewhat rigid, but the government often does not enforce them. A government minimum wage commission recently recommended the institution of a minimum wage. Transfers and subsidies consume nearly 10 percent of the government's 2021-2022 budget.



Saint Lucia has three preferential trade agreements in force. The trade-weighted average tariff rate is 14.2 percent, and one formal nontariff measure is in effect. Other barriers to trade flows persist. Long-term foreign direct investment is scarce, and bureaucracy deters investment. A considerable portion of the population is outside of the formal banking sector, and access to financing is limited.