Saint Lucia’s economic freedom score is 67.5, making its economy the 53rd freest in the 2021 Index. Its overall score has decreased by 0.7 point, primarily because of a decline in trade freedom. Saint Lucia is ranked 8th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Saint Lucia’s economy is in the moderately free category for the fifth straight year, having fallen from the mostly free ranks in 2017. The economy of Saint Lucia has benefitted from a business-friendly entrepreneurial climate and foreign direct investment in its leading sectors, but greater economic freedom is hindered by relatively rigid labor laws, a lack of financial freedom, and the persistence of government corruption.

**IMPACT OF COVID-19:** As of December 1, 2020, two deaths had been attributed to the pandemic in Saint Lucia, and the economy was forecast to contract by 16.9 percent for the year.

**BACKGROUND:** Saint Lucia, an island nation in the Lesser Antilles known for its two distinctive “Piton” mountains, is a two-party democracy with a bicameral parliament. Former Tourism Minister Allen Chastanet of the United Workers Party became prime minister in 2016. 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. Recent improvements in roads, communications, water supply, sewerage, and port facilities, combined with a well-educated workforce, 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.
Civil law protects physical property and mortgage claims, although there are special requirements for acquiring and developing land, especially for tourism. St. Lucia hosts the Eastern Caribbean Supreme Court (ECSC), which serves as its supreme court. Lower courts are understaffed and slow. Anticorruption enforcement needs to be strengthened.

Saint Lucia’s business freedom score has stagnated in the mid-70s since 2015, losing ground to more reform-minded countries in the region. A commission recently advised establishing a formal national minimum wage, which if implemented would erode labor freedom. According to the World Bank, subsidies and transfers account for nearly a quarter of the government’s budget.

Saint Lucia has two preferential trade agreements in force. The trade-weighted average tariff rate is 12.2 percent, and one formal nontariff measure is in effect. Other barriers to trade flows persist. Foreign investment is screened by the government, and the overall investment regime lacks efficiency. Greater access to financing opportunities remains critical to private-sector development. The banking sector is dominated by commercial banking.