



## **U.S. Department of State FY 2001 Country Commercial Guide: Bahamas**

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### **I. EXECUTIVE SUMMARY**

This Country Commercial Guide (CCG) presents a comprehensive look at The Bahamas' commercial environment, using economic, political and market analyses. CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

The Bahamas is a politically stable, middle-income, developing country with a population of approximately 300,000. It consists of an archipelago of some 700 islands and 2000 cays, many of which are uninhabited, stretching southeast from the southern coast of Florida. At its closest point The Bahamas is only 45 miles from the Florida coast. Most of the population of The Bahamas is descended from African slaves, many of whom were brought to The Bahamas by British loyalists who left the United States after the Revolutionary War. Most of the population resides on the Island of New Providence, where Nassau is located, and in Freeport on the island of Grand Bahama. Smaller settlements are scattered over the other islands of The Bahamas, known as the "Family Islands."

The Bahamas was a British colony until it achieved independence in 1973. Following general elections in 1992, The Bahamas experienced a peaceful transfer of power from the center-left Progressive Liberal Party (PLP), which had governed the country for the preceding 25 years, to the centrist Free National Movement (FNM). The FNM was re-elected in March 1997 with 35 of the 40 seats in Parliament. The Bahamas cooperates

closely with the United States Government in efforts to stop the trafficking of illegal drugs and on a number of other issues of mutual concern.

Nearly sixty percent of The Bahamas' Gross Domestic Product (GDP) is derived from tourism. Benefiting from an absence of income taxes, financial services constitute the second most important sector of the economy. Excluding the public sector, they account for up to 15 percent of GDP. Agriculture and industry together account for less than 10 percent of GDP. The country produces some chemicals and pharmaceuticals for export, along with rum and industrial salt.

Buoyed by strong investment in the tourism sector, the Bahamian economy has grown by three to four percent in each of the past two years. Continued growth depends largely on economic conditions in the United States, which provides large numbers of visitors to the islands. Recent growth in the economy, especially in the construction sector, has reduced the official level of unemployment in The Bahamas to around 7 percent. Government and consumer borrowing have increased along with the growth in the economy. The Government presented a balanced budget for FY 2000-2001 and it is eliminating the fiscal deficit. There will be no increase in Government debt or to the national debt. The Government maintains the value of the Bahamian dollar on par with the U.S. dollar. Foreign exchange reserves are at historically high levels -- \$ 404 million in 1999 -- as a result of recent inflows of foreign direct investment.

Despite its small size, The Bahamas is a significant market for American exports. With few domestic resources and little industry, The Bahamas imports nearly all its food and manufactured goods. Approximately 55 percent of its imports originate in the United States, and most Bahamian purchases of third-country exports are acquired through American distributors. American goods and services tend to be favored by Bahamians because of cultural similarities and exposure to heavy domestic American advertising from Florida. In addition, the tourist industry prefers to purchase goods with which its clientele, most of whom are Americans, is familiar. The Bahamian Government actively encourages the production of locally produced items for use by the tourist industry and Bahamian residents, although with only modest success.

The Bahamas offers potential investors a stable democratic environment, relief from personal and corporate income taxes, timely repatriation of corporate profits, proximity to the United States with extensive air and communication links, a good pool of skilled professionals and designation under the Caribbean Basin Initiative (CBI), Canada's CARIBCAN Program, and the European Union's LOME IV Agreement. The Bahamas officially welcomes foreign investment in tourism and banking, as well as in agricultural and industrial areas, which generate local employment, especially white-collar or skilled jobs. The vast majority of successful foreign investments, however, have remained in the areas of tourism and banking. The Government reserves retail and wholesale outlets, non-specialty restaurants, most construction projects, and many small businesses exclusively for Bahamians.

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## II. ECONOMIC TRENDS AND OUTLOOK

### Major Trends and Outlook

The Bahamian economy remains heavily dependent on tourism and, to a lesser extent, the financial services industry. Relying on a service-based economy, The Bahamas' per capita income was \$14,500 in 1999. Gross Domestic Product, approximately \$4.56 billion by Government estimates, is estimated to have grown at a healthy but moderate pace in 1999. In 1999, the tourism industry benefited from newly expanded and refurbished tourism infrastructure and the total number of visitors increased by 9 percent to 3.6 million, following a 3.1 percent contraction in 1998. The number of licensed "offshore" banks and trusts declined from 418 in 1998 to 415 in 1999, according to the Central Bank, and their total expenditures exceeded \$300 million. The financial services industry is estimated to employ 4000 Bahamians.

International investors' faith in the tourism potential of The Bahamas was evidenced by ongoing construction of new hotels, notably the \$450 million expansion of the Atlantis Resort on New Providence's Paradise Island, and the announcement of several new resort development projects including the Lucayan Strip in Freeport. Output was sustained by investment in the construction sector, as well as measured growth in financial services. Unemployment continued to decline and at the end of 1999 it was 7.8 percent. The Free National Movement Government presented a balanced budget for FY 2000/2001. The Government is eliminating the fiscal deficit. There will be no increase in Government debt or the national debt on account of this annual budget. Overall Government debt amounted to \$1.87 billion in 1999, roughly 41 percent of the GDP.

Growth in monetary aggregates (M3) abated to 11.8 percent in 1999 from 15.8 percent in 1998. Movements in the various components were mixed, with sizable shifts from fixed to savings and demand deposits partly influenced by the softening in interest rates. The 12.7 percent contraction in foreign currency deposits of residents further slowed the rate of expansion in the overall money (M3) stock, which was nonetheless placed higher at \$3.2 billion. Domestic credit expansion slowed marginally in 1999 to 11.6 percent from 12 percent in 1998. Personal loans, which still represented the largest component of private credit (61.1 percent), recorded an abated advance of \$150.6 million (7.9 percent) as compared to \$219.5 million (13.0 percent) in 1998. Inflation was unchanged at 1.3 percent in 1999.

The deficit on the current account of the balance of payments stood at \$667.2 million in 1999 reflecting a strong recovery in net tourism receipts. A significant share of the cost of private rebuilding from Hurricane Floyd has been recouped from foreign reinsurance contracts, also netting a sizable net inflow of foreign currency to the balance of payments. Simultaneously foreign currency payments for skilled foreign labor on large construction projects were reduced as some large projects were completed. The current account deficit continues to reflect financing by strong direct capital investment inflow, which have provided increased scope for growth in foreign exchange earnings. For all of 1999, net foreign direct capital inflows amounted to \$416.8 million, second only to 1998's unprecedented \$817.7 million. Benefiting from the flow of investment, the Central Bank's foreign reserves stood at \$404.0 million at the end of 1999, up from \$338.7 million in 1998.

Because more than 80 per cent of tourists to The Bahamas are American citizens and residents, continued growth in the Bahamian economy depends largely on continued prosperity in the United States. As the current boom in hotel and resort construction subsides, the challenge for the Bahamian economy will be to encourage or generate new construction projects or to integrate construction workers into employment in the tourist sector and elsewhere.

#### Principal Growth Sectors

**Tourism:** The Bahamas was a vacation destination for over 3.65 million visitors in 1999, an increase of 9.9 percent over 1998 arrivals. Tourism and related services account for up to 60 percent of GDP -- supplying the Bahamian job market, directly and indirectly with two thirds of the jobs in The Bahamas. American visitor arrivals for the period July 1998 to July 1999 remained at 83 percent of total stopover visitors, the same as 1998 levels. Visitors from Canada constituted only 5 percent of visitors overall while the number of European rose by 9 percent. Visitor expenditure for 1999 was \$1.5 billion. Average expenditure per stopover per visit increased from \$814 in 1998 to \$958 in 1999, an increase of 1.8 percent. Stopover visitors' spending was upheld by the increase in longer-staying non-American tourists and higher daily hotel room rates. The averages varied from destination to destination. Nassau/Paradise Island registered an increase of 8.7 percent in average stopover expenditure from \$977 in 1998 to \$1,122 in 1999. Grand Bahama saw an increase in average expenditure from \$623 in 1998 to \$652 in 1999. The Family Islands average stopover expenditure increased by 9 percent from \$812 in 1998 to \$900 in 1999. Cruise ship visitor arrivals totaled 2.2 million in 1999, an increase of 8.2 percent over 1998 arrivals.

In December 1998, Sun International opened the \$850 million "Phase II" of its successful Atlantis Resort on Paradise Island, adding elaborate aquarium displays, a casino, and increasing the size of the mega-resort to 2,340 rooms. The Bahamas' largest single employer other than the Government, Sun employs roughly 5,500 persons. Sun has enjoyed high occupancy rates through the beginning of 1999 and created some modest spillover for neighboring hotels on Paradise Island. In February 2000, Sun International reported that it is concerned about a decline in room bookings at its Atlantis Resort over

the past 10 weeks. The decline in bookings came from Sun's primary visitor markets -- New York and Florida. Since then, hotel bookings have increased and Sun has committed itself to improving customer service to meet the challenges of its more discriminating visitors.

In June 2000, Sun International lost its government tax concessions because it failed to proceed with its commitment to commence the 700-room Phase III of its resort complex by July 1, 2000. The Bahamian government originally granted the \$3 million tax incentive package in return for Sun's commitment to construct 1200 additional hotel rooms on Paradise Island, but part of these incentives were to be suspended if work did not begin on replacement of the old Holiday Inn and Paradise Paradise Hotels by January 2000. Sun International's Chairman and CEO Sol Kerzner said Sun had to commit all its development resources to repairing last year's hurricane damage and developing its Ocean Club Resort, golf course and time share project (part of its Phase II development). Kerzner also said that the labor environment (shortage of skilled workers) and massive overspending on the project's first two phases resulted in his decision to halt Phase III. He noted that Atlantis had been in operation for only eighteen months, and although the occupancies and room rates were encouraging, the project had not yet yielded acceptable returns to shareholders.

Canadian investor RHK Capital, Ltd. opened the historic 290-room British Colonial Hotel in downtown Nassau in October 1999 after over a year of renovations. RHK envisions a hotel located in the heart of Nassau's financial district, catering to business travelers. RHK also acquired the South Ocean Resort with an eye toward developing an all-inclusive resort on the less-developed south side of the island of New Providence (the island where Nassau is located). The Sandals all-inclusive resort in Nassau, owned by a Jamaican investor, added a total of 210 new rooms in 1998. 1998 also saw a major renovation at the French-owned Club Med Resort on Paradise Island, and the opening of a 112-room Holiday Inn in Nassau by U.S. investors.

Tourism in Grand Bahama is now improving after losing 30 percent of its base business in 1999. For the first half of 2000, the number of hotel rooms rented increased over the previous year by 26 percent, air arrivals increased by 10 percent and the average hotel daily room rate rose by 21 percent for the first time in five years, from \$64 to \$77.12. The completion of the Lucayan Strip has been delayed to December 2000 as a result of a labor shortage in Grand Bahama. The Grand Bahama Development Company plans to invest up to \$50 million to upgrade and renovate the airport and cruise port facilities in Freeport. Upon completion of renovations to the airport, it will be able to accommodate 550,000 additional passengers annually. Hotel officials say that this is necessary in order to achieve the goal of increasing hotel rooms from 3,500 to over 8,000 within the next 10 years. The Grand Bahama Development Company also plans to change the name of the Freeport International Airport to the Grand Bahama International Airport in order to market the entire Grand Bahama Island as a tourist destination. As a result of the sale of three hotels in Grand Bahama to Hutchison Whampoa, Radisson Cable Beach Hotel is the only principal hotel still owned by the Government, along with two small hotels on Andros Island.

All the major cruise lines operating out of Florida make calls in The Bahamas either in Nassau or in Freeport. Disney Cruise Lines and Holland America Cruise Lines have purchased small islands and developed their own ports of call in The Bahamas. The Cruise Ship (Overnighting Incentive) Act of 1995, allows cruise ships to open their stores and casinos while in port. In order to benefit from this Act, however, cruise ships must be in port a minimum of 18 hours. Although the Act has not encouraged cruise ships to change their schedules to stay in port on Sundays, they are staying longer and passengers are venturing on shore to shop, sample Bahamian culture and participate in local activities.

The Casino Taxation Act was amended in October 1995 to allow for the establishment of small-scale casinos through the reduction of the basic tax and winnings tax rates for casinos of less than 10,000 square feet. The basic tax was reduced from \$200,000 to \$50,000 for casinos with floor space of less than 5,000 square feet. The tax rises to \$100,000 for casinos of 5,000-10,000 square feet. Unlike the winnings tax rate for traditional casinos (25 percent on the first \$20 million, all the way down to 5 percent on earnings over \$20 million), small casinos pay a progressive winnings tax rate of 10 percent on the first \$10 million to gross winnings, and 15 percent thereafter. Although the amendment was made specifically for the establishment of a casino at the Club Med Resort on the island of San Salvador, it sets the stage for licensing small casinos elsewhere.

As a further incentive to draw tourists, the Government amended the Lotteries and Gaming Acts in October 1995 to allow for sports betting. Gamblers must be physically present at the time of betting, and may bet on "any athletic game or sport taking place within or outside The Bahamas other than horse racing." A sports bar and betting area have already been set up inside the Crystal Palace Casino on Cable Beach to accommodate sports gamblers.

**Financial Services:** Financial services, the second major sector of the Bahamian economy, consists primarily of banking, trust administration, insurance and mutual funds activity. Financial services accounts for approximately 15 percent of GDP, with the banking share predominating. There were 415 licensed banks and trust companies in the country in 1999, including 9 commercial banks. The gross economic contribution of the banking sector to the Bahamian economy exceeds \$300 million. The financial sector employed roughly 4000 persons in 1998.

Offshore company incorporation continued to flourish under the International Business Companies Act (IBC), which was passed in 1989 to enhance the country's status as a leading financial center. The Act simplified and reduced the cost of incorporating offshore companies in The Bahamas. IBCs -- "shell corporations" which can be formed in a matter of hours with minimal documentation -- have grown from approximately 8,000 in 1990 to currently about 110,000 today, although many may be single-transaction firms. The Bahamian Government does not release IBC revenue figures but the fee for

incorporating an IBC is \$250. Subsequent amendments to the Act include limited liability and limited duration companies.

Following the passage of the Mutual Funds Act in 1995, offshore mutual funds recorded significant growth. There are currently about 600 such funds operating in The Bahamas, with funds under management of a value of \$85 billion.

The Bahamas legalized the formation of Asset Protection Trusts in 1991. These trusts, used to place the financial assets of wealthy individuals beyond the reach of domestic courts in countries such as the United States, form a growing portion of Bahamian banking.

The Bahamas is an important jurisdiction for ship registry, under The Bahamas Maritime Authority. The number of ships on the Bahamian registry has remained relatively stable for the past few years at approximately 1,400, with the corresponding tonnage at 28 million. In February 2000, the Department of Maritime Affairs announced that 21 ships formerly registered in Liberia had signed onto the Bahamian Ship Registry, making The Bahamas the third largest ship registry in the world. The Bahamas earned \$32.3 million from ship registration fees in 1999 and \$3.5 million in 1998.

**Construction:** According to the 1999 Central Bank Annual Report, activity in the construction industry leveled-off from peak levels attained in 1998. Indications are that construction investments continued to provide a significant stimulus to output and employment growth during 1999. Based on estimates through the nine months ending September 1999, building starts reduced by 15.9 percent to 817 projects with a more moderate 3.3 percent decline in the associated value to \$123 million. The number of housing projects contracted by 16.1 percent to 749, which were valued 3.2 percent lower at \$101.2 million. Commercial projects also fell in both number and value by 12.8 percent and 4.0 percent respectively, to 68 units valued at \$21.8 million. During 1999, the number of building completions decreased 7.2 percent to 886 units but appreciated in value by approximately a third to \$169.4 million. Despite a 9.3 percent slide in number to 776 projects, private housing completions surged by 18.3 percent in value to \$112.1 million, as a result of a combination of the demand for upscale residential units in the second homes market as well as strong underlying domestic demand for housing. Building permit statistics suggest ongoing buoyancy in both residential and commercial construction activities for 2000.

**Agriculture and Fisheries:** The Bahamas imports over \$250 million in foodstuffs per year, representing about 80 percent of its food consumption. The agriculture and fisheries sectors together account for five percent of GDP and employ about five percent of the work force full time. A larger portion of the workforce is employed on a temporary basis during the opening weeks of lobster (crawfish) season. The Government recognizes that in order to become self-sufficient in agriculture, new varieties of crops must be introduced and the quality of crops released on the market must improve. Therefore, the Bahamian Government welcomes foreign investment aimed at increasing agricultural production, particularly specialty food items. The Government officially lists

food processing, mariculture, and agro-industries -- fruits and nuts, dairy production, winter vegetables -- as targeted areas for foreign investment.

Approximately 240,000 acres of uncultivated agricultural land and plentiful supplies of fresh water exist throughout the islands. Most agricultural production is on small-scale farms on the islands of Abaco, Andros, Eleuthera, and Grand Bahama. The Government insists that the agricultural sector should employ more Bahamians, but has been reluctant to grant work permits to foreign workers even in instances in which it is clear that they would not displace Bahamian workers. Applications for any substantial number of agricultural workers from other Western Hemisphere nations are almost automatically refused. These policies are unlikely to change.

Estimated agricultural output in 1999 declined by 16.5 percent or \$8.8 million to \$45 million as output performance in the major crop producing areas in Abaco, Grand Bahama and Eleuthera were adversely affected by the devastating effects of the 1999 hurricane season. Crop production fell by \$4.3 million (21.6%) to \$15.7 million, with exports of citrus produce lower by 9.5 percent to \$7.6 million and domestic crop production by 30.3 percent to \$8.1 million. Export opportunities for domestic citrus appear favorable given the looming threat of canker disease in South Florida's lime crop and potential for this disease to spread to North Florida's orange and grapefruit orchards. Poultry production declined in value by an estimated \$5.2 million (19.8%) to \$21.2 million and meat production by 4.1 percent to \$1.2 million. However, ornamental plant output continues to register steady gains and increased 11.2 percent to \$6.7 million.

The Ministry of Commerce, Agriculture and Industry and the Department of Fisheries has declared a renewed commitment to the sustainable and profitable use of Bahamian marine resources. One of the goals of the Department of Fisheries is to develop the commercial fisheries industry by promoting under-utilized seafood products of The Bahamas. The Ministry of Commerce, Agriculture and Industry opened a shrimp hatchery in Nassau in 1993, and another shrimp farm is in operation on Grand Bahama Island.

Data on fisheries exports for 1999 show a 20.9 percent rebound in value to \$74.1 million, supported by a 4.3 percent gain in weight to 6.3 million pounds and a 16.0 percent improvement in the average price. Crawfish exports, which accounted for 88.0 percent of the sales volume, rose in value by 23 percent to \$70.6 million, to over 95 percent of total earnings at present. The average external price fetched advanced by 11.8 percent to \$12.70 per pound. Sponges continued to register strong earnings growth of 20.1 percent to \$1.6 million, with moderately low gains, on balance, for conch (0.5 million and stone crabs (\$0.8 million).

#### Government Role in the Economy

The Government and Government-owned corporations are the largest employers in the Bahamian economy, with a total work force of some 22,000. The Government also contributes strongly to the economy of the Family Islands, as well as Nassau, through its capital expenditures for infrastructure development. The Government Financial Statistics



(GFS) deficit will amount to 0.9 percent of GDP, well below the previous estimate of 1.4 percent. The overall deficit for FY99 (July 1999 - June 2000) was targeted at \$66.8 million, some 5.5 percent below the preliminary outcome for FY 1998/1999. The Government's budget financing plan included net borrowings of \$69.1 million, with debt amortization significantly lower by 72.8 percent at \$34.4 million. Within this context, the direct charge on Government is expected to rise to an estimated \$1.5 billion by June 2000, and the national debt to settle moderately at \$1.8 billion.

Overall, the national debt rose from \$1.75 billion in 1998, to stand at \$1.87 billion at the end of 1999. For FY 1999, foreign currency debt fell by \$4.3 million (1.1%) to \$374.9 million against a \$5.3 million (1.4%) decline in 1998. Ninety-five percent of the foreign currency debt is denominated in U.S. dollars.

The \$998 million government budget for FY 2000/2001 is balanced. The Government announced that it is eliminating the fiscal deficit and that there will be no increase in government debt or to the national debt in the 2000/2001 budget. Government outlays for education, health, social benefits and services, and national security accounted for the majority of the Government's total expenditure. Education received \$178.64 million or 23 percent of the recurrent budget. Health services was \$142.36 million or 19 percent. Law enforcement funding -- a majority of which goes to the fight against drug trafficking -- received \$103.86 million or 14.4 percent of the FY 2000/2001 budget.

In April 1998, the government launched the Bahamas Financial Services Board, to promote The Bahamas as a financial services center. The Bahamas International Securities Exchange (BISX) was inaugurated in May 2000.

Since 1992, the Government has sold all but one of the formerly Government-owned major hotels in The Bahamas. The Government has established an independent public utilities regulatory body but privatization of the Government-owned telecommunications monopoly, Batelco, is still under way. Possible divestment of The Bahamas Electricity Corporation (BEC) and Bahamasair has been discussed but no action has been taken as yet.

The Bahamas' primary monetary strategy is to maintain stability and expand foreign exchange reserves to purchase essential imports, maintain the parity of Bahamian and American dollars, and finance repatriation of corporate profits. Exchange controls are one tool the Government uses to maintain reserves of foreign exchange. Now that the Government is pleased with the level of external reserves, it will permit relaxation of exchange controls on the capital account. Since the establishment of The Bahamas International Securities Exchange (BISX), significant progress is being made in educating the public on the importance of savings and investments.

The Bahamas obtains more than 60 percent of its operating revenues from import duties. There are no taxes on incomes of individuals or corporations. Overall, taxes amount to about 20 percent of national income, a relatively low level of taxation in comparison to many other countries. Incentives and subsidies to domestic and foreign businesses

usually take the form of concessions on duties levied on imported goods and materials. In the FY 2000/2001 budget, the Government made certain revenue concessions to stimulate the transformation of Bahamian society to be fully prepared for the information age and to continue the encouragement of development on the Out Islands by either reducing and eliminating duty of some items. The beginning of negotiations for a Free Trade Area of the Americas (FTAA), which is intended to reduce and eventually eliminate import duties and other barriers to trade among the countries of the Americas, has induced the Government to examine other forms of taxation, such as value added or sales taxes. However, the Government is adamant in refusing to consider the imposition of any taxes on income.

### Balance of Payments and Trade

The Bahamas has an import-oriented economy and relies heavily on tourism for foreign exchange. In 1999, the trade deficit stood at an estimated \$1,427.6 million. The major influence in the expansion was the 4.1 percent increase in non-oil imports to \$1,807.7 million, which countered a 4.7 percent rise in exports to \$380.1 million. The estimated surplus on the service account expanded by 58.4 percent to \$859.7 million, owing principally to an 8.8 percent increase in net tourism receipts to \$1,194.6 million. Otherwise, the position benefited from \$74.6 million in estimated net insurance settlement receipts on Hurricane Floyd-related claims, which contrasted with the usual net external remittances of \$59.7 million last year. Also significant was the 30.8 percent fall-off in net payments for foreign construction services, associated with the winding down of large-scale hotel works on New Providence. Net external outflows for transportation also declined by 21.1 percent; for government services by 25.6 percent; and for other services by 8.6 percent. Conversely, net payments for royalty and license fees firmed by a third, while net receipts from offshore companies' local expenses were reduced by 18.5 percent.

The long-term inflows into the Bahamian economy during 1999 included \$121.1 million in net equity investments, \$23.2 million in net real estate purchases and \$365.0 million in net private foreign currency loan financing.

### Infrastructure

The Bahamas provides good basic infrastructure for businesses. However, utility rates are considered high compared to the U.S. Privatization of BEC and Batelco - and eventual competition in these markets - may eventually reduce rates. Since 1992, the Government has improved some major roads both in Nassau and on the Family Islands, implemented changes to alleviate severe traffic congestion in Nassau, provided electricity and improved airports on most Family Islands, and has constructed a second bridge between Nassau and Paradise Island. Major improvements in water supplies to Nassau are underway and plans are being finalized for improvements to water systems on the Family Islands. Generally, there is regular air and sea transportation between the major developed islands and the United States. Telecommunication service is generally adequate but delays in service installation and maintenance are common. There are four Internet service providers in Nassau. Mail service is slow both among the islands and

with other countries, however, the islands are serviced by several international overnight delivery services.

The Government has given Cable Bahamas approval-in-principle to establish an e-commerce facility -- an off-shore data center established to provide web hosting for international companies -- in Freeport, Grand Bahama. The center will set-up and manage web sites. At the completion of the project, Cable Bahamas will also build and operate a \$15 million fibre-optic cable system creating a high-speed link between The Bahamas and the U.S., which would provide fast access to the Internet. Cable Bahamas plans to complete the project by the Fall 2000.

### III. POLITICAL ENVIRONMENT

The Bahamas is a constitutional multi-party parliamentary democracy and a member of the Commonwealth of Nations. Queen Elizabeth II is the nominal Head of State and is represented in The Bahamas by an appointed Governor General. An elected Prime Minister and Parliament head the Government. Since 1992, the Government has been controlled by the centrist Free National Movement (FNM) of Prime Minister Hubert A. Ingraham, which is now serving its second term in office. Perry G. Christie, a close friend and former law partner of Ingraham, leads the opposition center-left Progressive Liberal Party (PLP). Since the March 1997 general elections, the FNM has held 35 seats in the 40-member house of assembly, with the other 4 held by the PLP and one by the newly formed Coalition for Democratic Reform. Under the Constitution, the next general elections must be held by March 2002.

Both major political parties have enjoyed good relations with the business community, although PLP members have occasionally voiced populist opposition to business-friendly policies such as privatization and openness to foreign investment. No serious political movement in Bahamian history has ever advocated the nationalization of foreign property. There is little history of political violence or instability in The Bahamas, although semi-violent labor union protests erupted in early 1999 over Government plans to downsize the phone company. Overall, however, politics tends to follow the British model of combining sometimes intense rhetoric with courtly manners. The political issues of most interest to the business community are bank secrecy and openness to foreign investment. Both political parties favor maintaining the Bahamian tradition of strict bank secrecy, believing this policy to be essential to the maintenance of a thriving financial services sector. However, the Government introduced the Money Laundering (Proceeds of Crime) Act in December 1996, which codified many of the due diligence procedures enshrined within the 1985 code of conduct of the Association of International Banks and Trust companies in The Bahamas. Along with the Money Laundering (Proceeds of Crime) regulations, the Act reinforced the Tracing and Forfeiture of Proceeds of Drug Trafficking Act, 1987, making it a crime to launder the proceeds of any criminal activity.

The Bahamian legal system is derived from British common law and colonial legislation, although American and other models have been used for some business legislation enacted since independence. The judiciary is independent, and conducts generally fair,

public trials with the ultimate right to appeal judicial decisions to the Privy Council in London. A large legal community, most of which has received its training in Great Britain or in the Caribbean, is available to assist foreign business clients. While generally fair, the Bahamian judicial process tends to be much slower than the norm in the United States and the Embassy has received occasional reports of malfeasance on the part of court officials. There have been instances of Bahamian businessmen attempting to take advantage of delays in the judicial process and their physical proximity to gain advantages in commercial disputes with foreign firms, but there is little evidence that the Bahamian judiciary has favored local firms over foreign ones in its adjudication of disputes. The Bahamian Government began a process of upgrading its court system in 1993, with significant U.S. Government aid.

Bilateral U.S.-Bahamian relations are excellent. The Bahamas lie along the most direct air route for transport of illegal substances between South America and the southeastern United States. The Bahamian Government cooperates closely with U.S. law enforcement agencies through "Operation Bahamas-Turks and Caicos" (OPBAT). A common language, cultural similarities, family and personal ties dating back to the days of the American Revolution (when the ancestors of many modern Bahamians first came to the islands from the southeastern United States), and the enormous number of visitors every year between the two countries have engendered an unusually high level of familiarity and ease of communication.

#### IV. MARKETING U.S. PRODUCTS AND SERVICES

**Distribution and Sales Channels:** Bahamian Government policy prohibits foreign investors from opening retail and wholesale outlets, commission agencies engaged in the import/export trade; real estate and domestic property management agencies; domestic newspaper and magazine publication; domestic advertising and public relations firms; nightclubs and restaurants, except specialty, gourmet and ethnic restaurants; restaurants operating in a hotel, resort complex or tourist attraction; security services; domestic distribution of building supplies; construction companies, except for special structures for which international expertise is required; personal cosmetic/beauty supplies; shallow water scale-fish, crustacean, mollusks and sponge-fishing operations; appliance service operations; and public transportation. However, a wide variety of distributorship, joint venture, and franchise opportunities involving Bahamian majority share partnerships are available. Goods intended for sale to the general public are normally purchased by local wholesalers, several of whom specialize in particular lines. The usual business practice is for wholesalers to make purchases directly from their counterparts in Florida, which is why such a large proportion of third-country products are imported into The Bahamas through the United States. Most wholesalers and some retailers, however, are willing to make direct purchase arrangements. In some cases, Bahamian retail outlets or wholesalers will enter exclusive distributorship arrangements with foreign firms.

**Franchising:** There are a number of American franchises in The Bahamas. Most franchises are successful because they appeal to both the local community and the three million plus tourists who visit The Bahamas. Although Bahamian Government policy

prohibits American foreign retail chains from opening outlets in The Bahamas, various contractual distributorship and franchise arrangements are possible.

**Direct Marketing:** Many Bahamians use credit cards and can order items by mail or telephone for delivery to The Bahamas if the exporter is willing to ship. However, import duties levied on the sales price and freight of small shipments often make such orders economically unviable. Many Bahamians prefer to shop in person in Florida to benefit from their personal exemptions from customs duties.

**Joint Ventures/Licensing:** International investors are encouraged to establish joint ventures with Bahamian partners, although the Bahamian partner must have majority ownership. The choice of a Bahamian partner is left to the discretion of the investor. Joint ventures between international investors and Bahamians are eligible to access funding from The Bahamas Development Bank (BDB). However, the equity of the overseas investor may not be borrowed from the BDB or from the domestic capital market. Bahamians may, however, borrow a percentage of their contribution from BDB or the domestic capital market. An established joint venture is not debarred from accessing BDB funds.

**Steps in Establishing an Office:** Companies seeking to establish a representative office in The Bahamas must first obtain a business license. Licenses are issued following application to and approval by The Bahamas Investment Authority (BIA) in the Office of the Prime Minister. The BIA can be contacted at:

Bahamas Investment Authority  
Office of the Prime Minister  
P.O. Box CB-10980  
Nassau, Bahamas  
Tel:(242) 327-5970  
Fax:(242) 327-5907

**Advertising and Trade Promotion:** Advertising for any legal item or service, whether sold in The Bahamas or in the United States, can be purchased freely in any local newspaper or publication. Leading local publications include:

The Nassau Guardian (circ. 15,000, morning daily)  
P.O. Box N-3011  
Nassau, Bahamas  
Tel:(242) 323-5654  
Advertising Manager Tel: (242) 325-4259  
Fax: (242) 328-6883.

The Tribune (circ. 10,000, morning daily)  
P.O. Box N-3207  
Nassau, Bahamas  
Tel:(242) 322-1986  
Advertising Manager Tel:(242) 322-2768

Fax:(242) 328-2398.

The Freeport News (circ. 5,000, morning daily)  
P.O. Box F-40007  
Freeport, Bahamas  
Tel:(242) 352-8321

The Punch (circ. 18,000, twice weekly tabloid)  
P.O. Box N-4081  
Nassau, Bahamas  
Tel:(242) 322-7112  
Fax:(242) 323-5268

The Bahama Journal (circ. 5,000, daily)  
P.O. Box N-8610  
Nassau, Bahamas  
Tel: (242) 325-3082

Radio and television advertising can also be purchased for local radio and television stations. The sole television broadcaster is the state-owned ZNS (Channel 13). This station, and its Nassau radio stations ZNS-1, ZNS-2, and ZNS-FM, can be contacted at:

Broadcasting Corporation of The Bahamas  
P.O. Box N-1347  
Nassau, Bahamas  
Tel:(242) 322-4623 or (242) 322-4480  
Advertising Sales Director:(242) 322-8962

There are three independent FM radio stations in Nassau: 100-Jamz (operated by the Tribune); Love-97 (operated by the Bahama Journal); and 94-More FM.

100-Jamz  
P.O. Box N-3207  
Nassau, Bahamas  
Tel:(242) 328-4771  
Fax:(242) 356-5343

Love-97 FM  
P.O. Box N 3909  
Nassau, Bahamas  
Tel: (242) 356-4960  
Fax: (242) 356-7256

94-More FM  
P.O. Box N-7030  
Nassau, Bahamas

Tel: (242) 361-2447  
Fax: (242) 341-2448

**Selling to the Government:** Businesses intending to market goods or services to The Bahamas Government or businesses seeking to enter the Bahamian commercial market are advised to seek the advice of the American Embassy in Nassau at an early stage. The Government has a generally fair and open procurement process for purchasing supplies, equipment and services, although some Government contracts are not put out to open bid. The Embassy's Commercial office offers a number of services tailored to specific businesses seeking local distributors, including the Commerce Department's "Gold Key Service," for modest fees. Visitors can also speak, by appointment, with a trade specialist in the Embassy's Commercial Section, located in the Embassy in downtown Nassau on Queen Street. The office can be contacted at:

Economic-Commercial Section  
U.S. Embassy  
P.O. Box N-8197  
Nassau, Bahamas

Or:

Amembassy Nassau/Econ  
Department of State  
Washington, DC 20521-3370  
Nassau telephone: (242) 322-1181 or 323-7180 and  
Fax:(242) 328-3495 or 356-0222

**Need for a Local Attorney:** As in the U.S., most business transactions may be carried out without an attorney. Persons wishing to consult or retain local counsel, however, are advised to contact the Commercial Section for a list of local attorneys.

**Performing Due Diligence/Checking Bona Fides:** There is no local equivalent of a Dunn and Bradstreet to check the bona fides of banks, agents or customers. However, the business community is small and local attorneys or other Bahamian contacts may be able to assist. Information may also be obtained from:

The Bahamas Chamber of Commerce  
P.O. Box N-665  
Nassau, Bahamas  
Tel: (242) 322-2145.

Information on mortgages, security interests in personal property, and corporate document filings may be obtained from:

The Registrar General  
P.O. Box N-532

Nassau, Bahamas  
(242) 322-3316

The Embassy's Commercial Section is willing to assist in verifying the bona fides of potential business partners and customers.

## V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

The best U.S. export opportunities remain in the traditional areas of foodstuffs and manufactured goods; vehicles and automobile parts; hotel, restaurant, and medical supplies; and computers and electronics. Bahamian tastes in consumer products roughly parallel those in the United States, both because of similarities in culture and because the proximity of The Bahamas to the U.S. exposes Bahamians to massive doses of American domestic advertising. Merchants in Southern Florida have found it profitable to advertise in Bahamian publications, as the average middle-income Bahamian makes several shopping trips to Florida every year. With approximately 85 percent of the population primarily being of African descent, there is a large and growing market in The Bahamas for "ethnic" personal care products aimed at the African-American market. Bahamian consumer and safety regulations, where they exist, are based on U.S. models and thus are not a barrier to exports of items suitable for the domestic American market. Most imports in this sector are subject to high but non-discriminatory tariffs.

Best Prospects for Non-Agricultural Goods and Services  
(all figures in millions of U.S. dollars)

Machinery: Mechanical appliances and electrical equipment and parts.

The Bahamas does not produce machinery or mechanical appliances of its own. Strong growth in the construction sector, including residences for Bahamians and second homes for foreigners, as well as hotel development, should create continuing demand for U.S. construction machinery, domestic appliances and other types of machinery.

	<u>1998</u>	<u>1999</u>
Total imports	\$ 58.5	\$ N/A
Imports from U.S.	\$115.4	\$133.9

Motor Vehicles and Parts, Boats, Ships and Other Transport Equipment

Although Bahamians drive on the left side of the road, there is no legal restriction against left-hand drive (U.S. standard) vehicles, and the majority of vehicles on Bahamian roads are American-made. There is a large market for second-hand U.S. vehicles, although these can only be sold through local dealers. Used limousines are particularly prized for use as taxis. Bahamian safety and pollution standards are less restrictive than those in the United States. Import tariffs, while high, are non-discriminatory. As an island archipelago, the market for boats, ships, and other maritime equipment is significant.



	<u>1998</u>	<u>1999</u>
Total imports of motor vehicles and parts	\$195.56	N/A
Imports from U.S.	\$ 71.00	\$ 78.3
Total ships, boats, floating structures	\$ 71.4	\$ 31.41
Imports from U.S.	\$ 26.23	\$ 31.41

#### Medicinal and Pharmaceutical Products

There are three main hospitals in The Bahamas (the Government-owned hospitals, Princess Margaret in Nassau and Rand Memorial in Freeport, and the privately-owned Doctors Hospital in Nassau). The level of medical care in The Bahamas is continuously developing to keep abreast with medical technology. The medical community aims to provide a level of service to treat patients effectively and curtail the numbers of Bahamians who travel to South Florida for medical treatment.

	<u>1998</u>	<u>1999</u>
Total imports	\$ 38.4	\$ N/A
Imports from U.S.	\$ 4.4	\$ 3.8

#### Office Machines and ADP Equipment (computers), Telecommunications Equipment (Including Televisions, etc.)

The large, modern financial services sector is a particular target for export. In 1996 the Government reduced import duties on computers and computer parts and consumer electronic appliances. Goods, which can be easily serviced, either in The Bahamas or in Florida, will enjoy a competitive advantage over those that cannot; service agents in The Bahamas must be Bahamian. The Bahamas is constantly upgrading its telecommunications network. The impending privatization of Batelco will create opportunities for exporters of telecommunications equipment.

	<u>1998</u>	<u>1999</u>
Total imports	\$141.0	N/A
Imports from U.S.	\$ 54.5	\$ 30.0 (technology exports only)

#### Best Prospects for Agricultural Products (all figures in millions of U.S. dollars)

### Miscellaneous Edible Preparations

The Bahamas has a relatively sophisticated consumer goods market and most major U.S. producers are well represented here. Some local food brokers say that Bahamians prefer brand name products and it is often difficult to sell large quantities of unknown brands unless the quality is exceptional. The only barriers to entry of most food imports are duties and stamp taxes. The Bahamian Government charges import duties on most items including food products. The duties generally range from zero to 35 percent plus two to seven percent stamp tax on some items. There is no duty on market basket items -- breads, rice, sugar, corned beef and baby foods. The Government occasionally bans imports of certain food products such as bananas and poultry products, to protect local production.

	<u>1998</u>	<u>1999</u>
Total imports of Miscellaneous edible Preparations	\$ 38.1	N/A
Imports from U.S.	\$ 16.8	\$ 22.1

### Fruits and Vegetables, Cereal and Cereal Preparations

	<u>1998</u>	<u>1999</u>
Total imports	\$ 91.4	N/A
Imports from U.S.	\$ 32.8	\$ 31.5

### Meat and Meat Preparations

	<u>1998</u>	<u>1999</u>
Total imports	\$ 74.5	N/A
Imports from U.S.	\$ 24.3	\$ 24.1

## VI. TRADE REGULATIONS AND STANDARDS

**Tariffs and Import Taxes:** The Bahamian Government raises approximately 60 percent of its total revenue from import tariffs, which, as a result, tend to be high. The basic ad valorem tariff for imported goods is 35 percent, but a long list of items have separate tariff rates. Among these are:

- clothing: 25 percent
- fine cut tobacco: 210 percent
- chewing tobacco: duty free
- cigars: 200 percent

- cigarettes: 210 percent and 7 percent stamp tax
- bottled water: 70 percent
- pool tables: 100 percent
- room air conditioners: 35 percent
- automobiles: 45 to 75 percent, based on the book value of the car
- automobile parts and accessories: 35 - 50 percent
- personal computers: 15 percent plus 7 percent stamp tax
- business computers: 15 percent plus 7 percent stamp tax
- stereo units: 25 percent
- satellite receivers and accessories: 35 percent
- video tapes: 10 percent
- cheese: 15 percent
- pasta: 10 percent
- water heaters: 35 percent
- televisions: 25 percent
- plumbing supplies: 25 percent
- wooden doors: 25 percent
- concrete tiles: 35 percent
- cement: duty free
- lumber: duty free, 7 percent stamp tax

All tariff rates are subject to change. In the 1996 budget, for example, the Bahamian Government lifted customs duties on a variety of imported goods, ranging from construction materials (nails, cement, sheetrock, plywood, etc.) to computers and computer parts, musical instruments and consumer electronic appliances. In the 1999-2000 budget, tariff rates fell on certain types of seasoned poultry and prerecorded videotapes, but rose for automobiles. Bahamians shopping in Florida (and elsewhere abroad) are permitted to import \$300 worth of goods, duty free, twice per year.

In addition to duties, The Bahamas charges a 7 percent "stamp tax" on most imports. Higher stamp taxes are charged on some duty free goods, including tourist items such as china, crystal, wristwatches, clocks, jewelry, table linens, leather goods, perfume, wine and liquor. On average, The Bahamas charges an export stamp tax of 4 percent on most exports from the country.

In an effort to protect domestic agricultural producers, the Government requires that a permit be granted to import more than 50 pounds of whole chickens or chicken parts, lamb or mutton, or pork legs, shoulders, or hams into The Bahamas. Permits are also required to import plants and fruits - particularly bananas, vegetables, and cut flowers. Permit applications have occasionally been denied when the Government determined that a surplus existed in locally - grown products in the same category.

**Customs Valuation:** Most imported goods are valued based on their actual cost as evidenced by an invoice. The Customs Department only honors discounts of up to three percent (3%) given by U.S. exporters. Customs officials determine the value of automobiles with reference to standard valuation guides. Freight and shipping charges are included in the value assessed.

**Import Licenses:** Permits are required for imports of certain items. Applications for permits should be made to the ministry indicated, as follows:

Poultry, meats, vegetables, fruits, live plants and animals: Ministry of Agriculture;

Medicines: Ministry of Health;

Slot machines, trailers and caravans for living (temporary use only): Ministry of Finance;

Firearms, fireworks, underwater guns other than Hawaiian sling: Commissioner of Police; and

Precursor and essential chemicals: Customs Department.

**Import/Export Documentation Requirements:** Entry forms are required by Bahamian Customs for goods coming by sea, air or post. A genuine invoice (original or copy) is required. Goods may be cleared through Customs without a proper invoice if the importer leaves a deposit (usually double the estimated duty) and agrees to present an invoice at a later time.

**Temporary Entry:** Certain goods may be imported conditionally on a temporary basis against a security bond or a deposit that is refundable on the re-exportation. These include fine jewelry, goods for business meetings or conventions, traveling salesmen equipment, and equipment or tools for repair work.

Copies of current import regulations may be obtained from:

Government Publications Office  
East Bay Street  
P.O. Box N-7147  
Nassau, Bahamas  
Tel: 322-2410

**Free Trade Zones:** The City of Freeport on the island of Grand Bahama is a major free trade zone. See section VII (E) below.

**Membership In Free Trade Arrangements:** The Bahamas is a beneficiary of the U.S. Caribbean Basin Initiative (CBI), Canada's CARIBCAN Program, and the European Union's LOME IV Agreement. Although The Bahamas participates in the political aspects of the Caribbean Community (Caricom), it has not entered any joint economic

initiatives with other Caribbean states. The Bahamas is not a member of the World Trade Organization but recently gained observer status.

## VII. INVESTMENT CLIMATE

### A.1. Openness to Foreign Investment

The Bahamian Government generally encourages and offers incentives for foreign investment in all sectors of the economy except those the Government reserves exclusively to Bahamian citizens. Reserved businesses include: wholesale and retail operations; commission agencies engaged in the import/export trade; real estate and domestic property management agencies; domestic newspaper and magazine publication; domestic advertising and public relations firms; nightclubs and restaurants (except specialty, gourmet and ethnic restaurants and restaurants operating in a hotel, resort complex or tourist attraction); security services; domestic distribution and building supplies; construction companies (except for special structures for which international expertise is required); personal cosmetics/beauty establishments; shallow water scalefish; crustacean; mollusk and sponge fishing operations; auto and appliance service operations; and public transportation.

Officially, the Government has targeted the following categories of businesses for foreign investors: tourist resorts; upscale condominiums; time share and second home development; international business centers; marinas; information and data processing services; assembly industries; high-tech service; ship registration; repair and other services; light manufacturing for export; agro-industries; food processing; mariculture; banking and other financial services; captive insurance companies; aircraft services; pharmaceutical manufacture; and offshore medical centers.

Benefits of investing in The Bahamas include: a stable, democratic Government; relief from corporate and personal income taxes; timely repatriation of profits of approved investments; proximity to the United States; extensive air links through nearby Miami, Ft. Lauderdale and Orlando; well-developed, but expensive, telecommunications links; a good pool of skilled professionals; excellent tourism and conference facilities; and tariff concessions under the Caribbean Basin Economic Recovery Act, Canada's CARIBCAN Program, and the European Union's LOME IV Agreement. The Bahamian dollar is fixed at par with the United States dollar and the Government is firmly committed to maintaining this exchange rate.

In practice, the vast majority of successful foreign investments in The Bahamas have been in the traditional areas of tourism and banking. The decision-making process within The Bahamas Government is highly centralized and most major investments are subject to review and approval at the cabinet level. The Government is most interested in investments that will generate local employment, particularly in white-collar or skilled jobs. Large-scale projects in areas such as agriculture may be difficult to staff since low-wage and low-skill jobs do not appeal to most Bahamians, and because the Government is reluctant to permit foreign laborers in these jobs, even on a temporary-permit basis. When new foreign,

ventures are perceived as competitors to existing Bahamian businesses or too dependent on foreign labor, the Government has responded to local concerns and withdrawn or refused the license of the foreign business.

In 1993, the Government established The Bahamas Investment Authority (BIA) within the Office of the Prime Minister. BIA is intended to provide a "one-stop-shop" to assist foreign investors with initial Governmental approval of their investment applications and to cut through further red tape for approved investments. BIA is the Government's central point of contact for foreign investment questions. Potential investors may contact the BIA at:

Bahamas Investment Authority  
P.O. Box CB-10980  
Nassau, Bahamas  
Tel: 1-242-327-5970, fax: 1-242-327-5907

While The Bahamas has not yet enacted environmental legislation as extensive as that in the United States, the BIA still requires a full accounting of the environmental impact of any industrial or agricultural schemes.

#### A.2. Conversion and Transfer Policies

Persons and corporations resident in The Bahamas are subject to exchange controls administered by the Central Bank. Certain commercial banks are authorized to deal in foreign currency and have authority delegated by the Central Bank to approve exchanges for certain current account transactions. Non-resident investors wishing to initiate operations in The Bahamas must register their operations with the Central Bank. If their projects are financed substantially by foreign currency transferred into The Bahamas, they will be given "approved status," meaning that profits and capital gains can be converted into foreign currency and repatriated with minimal formalities. Capital investment into The Bahamas remains subject to exchange controls, but as a practical matter these controls have not been known to inhibit repatriation of approved investment capital. Many Bahamians argue that exchange controls should be eliminated, but the Central Bank and the Government are not prepared to do so at this time, citing the need to retain sufficient foreign reserves to mount a strong defense of the currency's one-to-one parity with the U.S. dollar.

#### A.3. Expropriation and Compensation

Article 27 of the Bahamian Constitution prohibits deprivation of property except upon the making of prompt and adequate compensation in the circumstances. There is no evidence that the Government has ever expropriated a business, and both major political parties have stated that nationalization will not be an instrument of Government policy.

#### A.4. Dispute Settlement

There is no history of major investment disputes in The Bahamas, although smaller contractual and other disputes between Bahamians and foreign investors or exporters are not uncommon. The Bahamian legal system is based on English common law. The judiciary, appointed by the Governor General, is independent and there is no evidence of Governmental interference with the system. The highest court of appeal is the Privy Council in London.

Tentative consideration is being given to the creation of a Caribbean Final Court of Appeals to replace the Privy Council. Despite recent efforts to reduce backlogs of criminal and civil cases, resolution of court cases can be slow, sometimes taking years. The Embassy has received some reports of encounters with biased judges and malfeasance by attorneys. The Embassy has also received reports of local defendants evading payment of Bahamian civil judgments or deliberately dragging out court disputes, especially in cases involving non-resident plaintiffs.

Judgments of British courts, and of selected commonwealth countries, can be registered and enforced. Other countries' judgments, including those of the United States, must be sued upon in court as debt, subject to all jurisdictional requirements. Judgments of Bahamian courts are payable in Bahamian dollars unless otherwise specified by agreement of the parties.

Personal bankruptcy laws are antiquated and rarely used. Companies can be and are frequently liquidated according to law. Creditors of bankrupt debtors and liquidated companies participate in the distribution of the bankrupt debtor's or liquidated company's estate according to statute. The law relating to sales of goods and some other commercial subjects are codified in The Bahamas statutes.

The Bahamas has been a member of the International Center for the Settlement of Investment Disputes (ICSID) since 1995. It is also a member of the Multilateral Investment Guarantee Agency, which insures investors against currency transfer restrictions, expropriation, war and civil disturbances, and breach of contract by member countries.

#### A.5. Performance Requirements/Incentives

The Bahamas lacks any form of taxation on income, sales, estates or inheritances. The only direct tax is a real property tax. Casinos are specially taxed, and there is a \$15 departure tax levied at the airports and harbors. The principal incentives for foreign investments are concessions on import duties and property tax abatement. Tariffs in general are high but do not generally discriminate by country of origin. Incentives are offered under the following legislation:

-- Industries Encouragement Act: Under this law, the Government may exempt from duties the machinery, tools, equipment, and raw materials imported to construct new factories. A list of duty-exempt items is negotiated separately with each new venture.

-- Hotels Encouragement Act: Under this law, new hotels and resorts can be exempted from real property taxes for ten years from the date the new facility opens, and for significant tax reduction for up to ten additional years. An amendment to the Act currently before Parliament would allow the Government to grant tax relief for an additional ten years, raising the maximum length of tax abatement to thirty years. In addition, the Act allows the duty-free importation of materials used for the construction of new facilities or the substantial renovation of existing facilities acquired by new owners for a set period of time. The list of duty-free items for each project and the duration of some duty-free windows are negotiated separately for each venture.

-- Agricultural Manufacturers Act: This law allows any materials necessary for the construction, alteration, or repair of an agricultural factory, as well as any machinery or supplies used in establishing such a factory, to be imported duty free. An agricultural factory refers to any factory established for the purpose of manufacturing or preparing agricultural or horticultural produce of The Bahamas for sale or export.

-- Spirits and Beer Manufacturers Act: This law provides for the duty-free importation of materials used in the construction, alteration or repair of approved liquor distilleries or beer breweries and the duty-free importation of raw materials and equipment for liquor or beer production.

-- Recent amendments to the Tariff Act provide duty exemptions for construction and development on certain outer "Family Islands."

Prospective investors should discuss the terms and conditions under which these benefits will be made available in any specific case with The Bahamas Investment Authority. Although work permits for key foreign employees are readily granted in connection with the investment approval process, Government policy favors employment of Bahamians. Fees for work permits can run up to several thousand dollars each, and permits for less senior employees can be difficult to obtain.

#### A.6. Right to Private Ownership and Establishment

Subject to the reservation of certain areas of economic activity to Bahamian citizens only, and the necessary approvals and licenses, private entities may engage in nearly all forms of remunerative activity. They may freely establish, acquire, and dispose of interests in business enterprises. One significant exception is the Government's monopoly on all forms of telecommunications (except Internet services, paging, and radio) exercised by The Bahamas Telecommunications Corporation (Batelco). Government corporations such as the Hotel Corporation of The Bahamas and ZNS Radio compete on a basis of rough equality with private corporations in similar businesses. The Government has announced plans to privatize Batelco (by the end of 2000) and the public utilities (sometime thereafter), and to deregulate the telecom and utilities markets.

#### A.7. Protection of Property Rights



Subject to long legal delays, secured interest in property, both chattel and real, is recognized and enforced. Mortgages in real property and security interests in personal property can be recorded with the Registrar General.

The Bahamas is a member of the World Intellectual Property Organization (WIPO), but not of the World Trade Organization (WTO). There is little industrial production that might generate possible infringements of patent rights. However, existing copyright laws are widely ignored, resulting in widespread piracy of video and music cassettes, most of which remain in The Bahamas. Parliament has passed a new copyright law on July 4, 2000, which is intended to provide better protection to international holders of copyrights.

#### A.8. Transparency of the Regulatory System

Official Government policy commits The Bahamas to building an economic environment where the Government assumes its proper role as regulator and facilitator of economic development, and where ideals of transparency, fair play and equality of treatment are protected. Still, the discretionary issuance of business licenses can result in a lack of transparency in decisions to authorize or to renew the authority of a business. Large foreign investors may be held to higher labor, health and safety standards than are local entrepreneurs. Obtaining required permits, especially immigration permits, sometimes can take an inordinate length of time. The Bahamas Investment Authority exists to assist foreign investors in dealing with the permitting process.

#### A.9. Efficient Capital Markets and Portfolio Investment

Less than twenty Bahamian companies offer stock to the public. These shares are traded by local banks. Foreign entities, other than Bahamian permanent residents, are not allowed to purchase publicly traded Bahamian shares. The Government has established a Securities Commission, and the Embassy is not aware of any deficiencies in its oversight of the existing securities market. A Security Industries Bill has passed the legislature and authorizes a new, privately operated stock market. The legislation envisions a two-tier exchange with one market for Bahamian investors and companies only and an offshore market for foreign investors and companies. Other than the requirement of Central Bank approval mentioned in section A.2, and observance of sectors reserved to Bahamian investors under Government guidelines, the Embassy is not aware of any laws, regulations or widespread practices which prevent foreign investment, participation or control of Bahamian companies whose shares are not publicly traded.

Local bank credit, including loans from The Bahamas Development Bank, are available to resident enterprises for capital investment in The Bahamas in proportion to their local ownership. The prime rate at the end of 1999 was 6.00 percent, with loans of all types averaging a 13.87 percent. The majority of outstanding commercial bank credit is personal loans for consumer purchases. According to data relating on foreign accounts of the branches of US banks operating in The Bahamas, the total assets and liabilities of these branches as at the end of June 1999 amounted to \$140.0 billion and \$155.5 billion respectively. The gross economic contribution of the banking sector to the Bahamian

economy exceeds \$300 million. Assuming continued growth and steady or declining unemployment, there is at this time no reason to doubt the soundness of the banking system in general. The Government is currently considering implementation of a deposit insurance system, but coverage is likely to be limited to Bahamian depositors with accounts in Bahamian dollars.

Projects in The Bahamas are also eligible, in some instances, for financing from the U.S. Export-Import Bank, the Overseas Private Investment Corporation (OPIC), or from Multilateral Institutions such as the Inter-American Development Bank (IDB). Major Bahamian banking institutions, which can provide financing for certain projects in The Bahamas include:

Bahamas Development Bank  
P.O. Box N-3034,  
Nassau, Bahamas  
Tel: (242) 352-5780

Bank of The Bahamas, Ltd.  
P.O. Box N-7118  
Nassau Bahamas  
Tel: (242) 326-2560

Barclays' Bank  
P.O. Box N-8350  
Nassau, Bahamas  
Tel: (242) 322-4921

British-American Bank  
P.O. Box N-7502  
Nassau, Bahamas  
Tel: (242) 327-5170

Canadian Imperial Bank of Commerce (CIBC)  
P.O. Box N-7125  
Nassau, Bahamas  
Tel: (242) 322-8455

Citibank Bahamas  
P.O. Box N-8158  
Nassau, Bahamas,  
Tel.: (242) 322-4240

Commonwealth Bank  
P.O. Box SS-6263  
Nassau, Bahamas  
Tel.: (242) 328-1854

Royal Bank of Canada  
P.O. Box N-7537  
Nassau, Bahamas  
Tel: (242) 322-8700

Bank of Nova Scotia  
P.O. Box N-7518  
Nassau, Bahamas  
Tel: (242) 356-1400

Finance Corp. Of The Bahamas  
P.O. Box N-3038  
Nassau, Bahamas  
Tel: (242) 322-4822

Some 415 "offshore" banks and trust companies, holding assets of roughly \$300 million, and over 110,000 international business corporations, operate in The Bahamas. Although they employ about 4000 Bahamians and consume Bahamian goods and services, their offshore investments and business transactions are separate and apart from the local Bahamian economy.

#### A.10. Political Violence

The Bahamas has no history of political violence, although labor unrest in 1998 - in particular due to the proposed privatization of the phone company - has led to one semi-violent confrontation between workers and police over the past year. The Government publicly and strongly supports a modern open approach to foreign investment, although some Bahamians remain suspicious of expatriate investors and employees. Foreign investors are often the targets of strong criticism in the news media.

#### A.11. Corruption

Giving a bribe to - or accepting bribes from - a Government official is a criminal act in The Bahamas. The current Government was elected in 1992 on a platform of accountability designed to change the country's image and international reputation from that of corruption to transparency. Since that time, reports of heavy corruption have become rare, although allegations of improper conduct on the part of Government officials surface from time to time.

#### B. Bilateral Investment Agreements

There is no Bilateral Investment Treaty between The Bahamas and the United States. The Bahamas was designated a beneficiary of the Caribbean Basin Initiative (CBI) in 1985. As a result, with certain restrictions, products manufactured in The Bahamas qualify for duty-free entry into the United States. High wage rates, combined with the small size of the

country's manufacturing and agricultural sectors, have hindered The Bahamas' ability to exploit these benefits. In addition, The Bahamas failure to enter negotiations with the United States for a bilateral Tax Information Exchange Agreement (TIEA) precludes the use of credits for projects in The Bahamas or U.S. tax deductions for expenses of business conventions held in The Bahamas.

### C. OPIC and Other Investment Insurance Programs

Since 1992, the U.S. Overseas Private Investment Corporation (OPIC) has approved two investment projects, in The Bahamas. It guaranteed up to \$10.8 million in loans to Uniroyal Chemical Company, Ltd. to assist in the purchase and refurbishment of a plant in Freeport. Uniroyal currently uses the plant to produce high performance antioxidants used in the manufacture of plastics. In addition, OPIC committed itself to loan of up to \$1.6 million to Landquest, Ltd. for the development of a cruise ship facility on the island of Eleuthera.

The Bahamas is also associated with the Multilateral Investment Guarantee Agency of the World Bank, which, like OPIC, insures investors against currency transfer restrictions, expropriation, war, civil disturbances and breach of contract by member countries.

### D. Labor

In 1998 the labor force consisted of approximately 156,000 workers. The Government and the tourism industry are the country's largest employers. The official unemployment rate at the end of 1999 was estimated at just 7.8 percent, now down to 7.0 percent, both historically low levels. With several major construction projects underway, Nassau is currently experiencing shortages of skilled construction workers. Well-qualified accountants and secretaries, and others with skills appropriate to the financial services industry command a premium due to the large number of financial institutions located in Nassau. Unemployment is highest among youth and slightly higher for women. Unemployment outside Nassau and Freeport tends to be higher than in the two major population centers. Considerable underemployment also exists in The Bahamas. Despite these facts, wage rates, while lower than in the United States, tend to be higher than elsewhere in the Caribbean. Some business owners have raised concerns about the level of employee and white-collar crime in The Bahamas.

There is no minimum wage in the private sector. In the 2000/2001 Government Budget, the Government increased its minimum wage from \$4.12 per hour to \$4.25 per hour for public sector employees. The Fair Labor Standards Act requires at least one 24-hour rest period per week, paid annual vacations, and employer contributions to National Insurance (social security). The Act also requires overtime pay (time and a half) for hours in excess of 48 or on public holidays. A 1988 law provides for maternity leave and the right to re-employment after childbirth. A new Minimum Labor Standards Act including the Employment Act, Health and Safety at Work Act, Industrial Tribunal and Trade Disputes Act, and the Trade Union and Labor Relations Act, are currently under consideration. When enacted, these bills may give the Government the right to establish wage minimums

for the private sector, shorten the work week, increase paid vacations, guarantee paid sick leave and severance pay, and grant employees new protections against unfair dismissal. Local business leaders complain that the draft law is too restrictive and the Government has given signs that it may revise the proposed laws.

The Bahamian Constitution specifically grants labor unions the rights of free assembly and association. These rights are exercised extensively, particularly in the hotel industry - where 80 percent of the employees are unionized - and in the state-owned industries. Unions operate without restrictions or Government controls. The right to strike is governed under the Industrial Relations Act, which requires a simple majority of union members to vote in favor of a strike before it can commence. The Ministry of Labor oversees strike votes. Labor-management relations in The Bahamas have become strained in recent months. Although prolonged strikes are still rare, work slow-downs and rowdy protests have become more common over the past year. Labor unions and others involved in disputes with foreign-owned enterprises have not been above using the fact of foreign ownership as a lever to gain popular support for their demands.

The Immigration Act requires foreigners to obtain work permits before they can be employed in The Bahamas. The Government will permit foreign employees to work in a technical, supervisory or managerial capacity to initiate and operate industries, provided no similarly qualified Bahamians are available for the job. Foreign business owners are expected to train as many of their Bahamian employees as possible to eventually fill technical and managerial positions. Work permits fees have been increased from a range of \$250 to \$7,500 per year to \$350 to \$10,000 per year.)

#### E. Foreign Trade Zones/Free Ports

The 1955 Hawksbill Creek Agreement established Freeport, Grand Bahama, the country's second-largest town, as a free trade zone. Firms in Freeport are granted the right to import equipment and materials duty-free, and enjoy other tax advantages. In 1993, the Government extended the Hawksbill creek property tax exemptions through 2015 and duty exemptions to 2054, but withdrew real property tax exemptions for foreign individuals and corporations. The prime minister declared at the time that property tax exemptions might still be available on a case-by-case basis. Recently, the Hong Kong-based conglomerate Hutchison Whampoa has invested millions of dollars in a new deep-water container port, a cruise ship dock, an industrial park, and hotel properties in Freeport, promising a revitalization of Freeport as The Bahamas' leading industrial city.

#### F. Foreign Direct Investment Statistics and Major Foreign Investments

Foreign direct investment in The Bahamas has increased significantly in recent years. In 1999, inflows of private foreign investment measured \$512.80 million, down from \$793.8 million in 1998. While no exact breakdown of this figure is available, the majority of the growth in investment in The Bahamas appears to be the result of large-scale hotel construction, renovations, and expansion. While Government statistics do not list overall

foreign investment by nationality, the Embassy believes that the largest investors are American, Canadian, Hong-Kong Chinese, and South African in origin.

Exchange controls restrict direct investment by Bahamians overseas, since the Central Bank must approve - and takes a percentage of - all foreign currency purchases. Wealthy Bahamians are widely believed to skirt Central Bank regulations, however, making investments in the U.S. and elsewhere. Therefore, the Central Bank's estimates are likely to be too small by several orders of magnitude.

Major foreign investments in The Bahamas include:

- Atlantis, a hotel, resort, and casino complex on Paradise Island near Nassau owned by the South African firm Sun Hotels International;
- Nassau Marriott Crystal Palace Resort, casino, and convention center, the Nassau Beach Hotel, and the Crystal Cay Marine Park and Villas owned by the Ruffin Group of the United States and operated by Marriott;
- Superclub Breezes Resort, owned by a Jamaican company;
- Sandals Royal Bahamian Resort, owned by a Jamaican company.
- The Sheraton Grand Hotel on Paradise Island, owned by the U.S.-based Wedge Group;
- The British Colonial (Hilton) Hotel and the Clarion Resort owned by RHK Capital, Inc. of Canada;
- Club Med Resorts on Paradise Island, Eleuthera, and San Salvador;
- Comfort Suites on Paradise Island owned by a U.S. company;
- Island Outpost Resort at Compass Point, Nassau, and Pink Sands Resort, Harbour Island, owned by a Jamaican company.
- Cable Bahamas, Ltd., established by a Canadian group
- Sandyport Development Co. Ltd., a housing subdivision owned by a British company.
- Roberts Isle, a housing subdivision owned by a U.S. company.
- Treasure Trove, a housing subdivision, owned by a U.S. company;
- Commonwealth Brewery Ltd (Heineken), is a Dutch-Bahamian company;
- Bacardi Company Ltd. is a Bermuda-based company;

- The Container Port facility, airport and three beachfront hotels acquired in 1997 by Hong Kong-based Hutchison Whampoa;
- Freeport Power is an affiliate of Southern Company Power based in Atlanta.
- PFC Bahamas in Freeport formerly known as Syntex, acquired by the U.S. company Allied Signal in 1998;
- Uniroyal Chemical, a plant manufacturing high performance antioxidants for the plastics industry in Freeport is owned by a U.S. company;
- Freeport/Lucaya marina village developed recently by European investors;
- Polymers International, Ltd., a subsidiary of Dart Container, which produces styrofoam pellets at a plant in Freeport.
- Morton Bahamas Ltd. (Salt), is owned by a U.S. company;
- The Winding Bay Hotel in Eleuthera owned by Venta, an Italian group;
- Gorda Cay, purchased and developed by Disney Corp. for its cruise ship operations;
- Half Moon Cay, owned by U.S. company Holland America Cruise Lines;
- Bahama Star, a large citrus farm on Abaco Island owned by a U.S. company;
- Cotton Bay Club, Eleuthera, owned by a Colombian company;
- A large shrimp farm on Long Island operated by the American firm Maritek;
- A tropical fish farm operated on Walker's Cay by Aqualife, Ltd., a U.S. company;
- Princess Cay, a cruise ship landing facility near Eleuthera island, owned by Landquest, a U.S. company;
- Four Seasons Resort Development on Exuma, a U.S. Company.
- Freeport Ship Care Facility, owned by the Lloyd Werft Ship Repair company of Germany.

## VIII. TRADE AND PROJECT FINANCING

Foreign exchange is readily available to Bahamians to purchase goods abroad. Bahamian banks tend to be more conservative than their American counterparts in making business loans, often asking for high levels of collateral. However, lending for consumer purchases is now at record levels. U.S. exporters may be able to obtain financing from

the Export-Import Bank of the United States. The state of Florida offers loan guarantees to Florida exporters through the Florida Export Finance Corporation. See Section VII.A.9 above for further information on the Bahamian banking system.

## IX. BUSINESS TRAVEL

Business travelers to The Bahamas seeking appointments with U.S. Embassy Nassau officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at (242)322-1181 or by fax at (242)328-3495.

**Business Customs:** The national language of The Bahamas is English, sometimes spoken with a distinctive local accent and the use of colorful local expressions. Due to the proximity of The Bahamas to the U.S. and the extensive familiarity of most Bahamians with Americans and American culture, business customs tend to be similar to those in the United States. Business dress is more formal in The Bahamas than elsewhere in the Caribbean or in Florida; a business suit and tie are recommended for men and conservative business dress for women. Business attire generally follows the standards of the Northeastern United States. Bahamians shake hands upon meeting, sometimes exchange business cards, and address first-time business acquaintances by their last names. Conversations generally move to a first name basis a bit more slowly than in the United States. Firm appointments for business meetings are advisable. Although Bahamians are not punctual for meetings, foreign visitors should be punctual.

In addition, The Bahamas is very much a consensus-driven society, in which people often disguise personal feelings beneath a surface cordiality. Business meetings in The Bahamas tend to be very pleasant and Bahamians often end a meeting with an air of agreement even if real differences remain. Thus, Bahamian partners may still retain some reservations even after meetings that ended with firm handshakes and pleasantries. Bahamians at the middle levels of business or Government must often gain final approval from more senior officials.

Bahamian businesses tend to operate on a tighter financial margin than their American counterparts, often juggling financing from one commitment to another. Therefore, for initial or large sales, a businessman should require a deposit against future payment for goods or services delivered, and expect that some delays may occur with subsequent payments.

Business lunches are common in The Bahamas, and invitations to discuss matters over lunch in a quiet restaurant are common practice. Bahamians tend not to drink very much at business lunches and usually expect the lunch to last between an hour and an hour-and-a-half. Business dinners are relatively rare, and Bahamians do not often invite new acquaintances to their homes. When they do so, dinners at the homes of well-to-do Bahamians tend to be elaborate and formal affairs, at which business attire for men and conservative evening wear for women is appropriate. A small gift for the hostess, such as flowers, and a follow-up thank you note are appropriate acknowledgments.



Acceptable topics of conversation include: sports; the tourist business; the beauty of the islands; the weather; and unique or distinctive aspects of Bahamian culture such as the local cuisine, junkanoo, local music, art, architecture, and history. While Bahamians are comfortable with discussing most topics, drug trafficking and race relations are sensitive topics and should be avoided during initial contacts.

Since much of Bahamian social life revolves around church, an invitation to a church service is a sign of personal respect and affection. Many churches in The Bahamas have proud traditions of gospel choir singing, and church services can be quite lively. Dress at church services is usually formal with conservative business suits for men and colorful, sometimes elaborate dresses for women.

**Travel Information and Visas:** American citizens do not require a passport or visa to enter The Bahamas, but proof of citizenship such as a birth certificate or voter registration card accompanied by a photo ID is required, as well as a return ticket to the United States. American citizens traveling to The Bahamas or any area where they may have some concern about local conditions can contact the State Department's Citizens Emergency Center at tel. (202) 647-5225 for the most up-to-date information.

#### Bahamian Holidays:

- New Year's Day (January 1)
- Good Friday (variable)
- Easter Monday (variable)
- Whit Monday (seven weeks after Easter)
- Bahamian Labor Day (first Monday in June)
- Independence Day (July 10)
- Emancipation Day (first Monday in August)
- Discovery Day (October 12)
- Christmas Day (December 25)
- Boxing Day (December 26)

Holidays that fall on Saturday or Sunday are usually observed on the following Monday. Persons present in The Bahamas on the night of December 25-26 or December 31-January 1 can enjoy a unique cultural experience by purchasing tickets to the annual Junkanoo Parade in downtown Nassau, a carnival similar to Mardi Gras of which Bahamians are justly proud.

**Business Infrastructure:** Both Nassau and Freeport boast a wide variety of excellent hotels and resorts. Although Bahamian hotels are more used to catering to the vacationer rather than the business traveler, many large hotels have business centers. Even hotels without such centers will be happy to arrange for fax transmissions, office and conference facilities, and other business services. Electricity is 110 v, 60 HZ (U.S. standard). Taxis are plentiful near hotels and downtown, and radio taxi services are available. Some taxi drivers are willing, for a prearranged fee, to spend the entire day with a single customer. Rental cars are also available, but they are more expensive than the American norm.

Bahamians drive on the left side of the road, as in Great Britain, even though most cars in The Bahamas are imported from or through the United States and have left-hand drive (U.S. standard). Nassau has two large hospitals and there is one in Freeport. Nassau's privately-owned Doctors Hospital is widely regarded as the best medical facility in The Bahamas. No special health precautions or vaccinations are necessary. Tap water is potable but brackish; most Bahamians drink one of the locally produced brands of bottled water. As major resorts, both Nassau and Freeport have a wide variety of restaurants ranging from local franchises of American fast-food chains to expensive five-star gourmet places. Local cuisine tends to favor freshly caught seafood, particularly using grouper, lobster (locally known as "crawfish"), and conch (a Caribbean shellfish), but American and ethnic cuisine such as Chinese and Italian are also available.

Temporary Entry of Goods: Personal effects, a limited amount of alcoholic beverages, and other articles up to a value of \$100 can be brought into The Bahamas duty-free by bona fide visitors. Exhibit materials, salesmen's samples, photographic and cinematographic equipment belonging to members of the press and special tools for repair work may be imported on a temporary basis, but a bond or deposit may be required. Questions should be referred to the Comptroller of Customs, P.O. Box N-155, Nassau, The Bahamas, tel. (242) 326-4401.

## X. ECONOMIC AND TRADE STATISTICS

### Appendix A: Country Data:

Population: 302,836 (2000 estimate).

Population Growth Rate: 1.7 percent.

Religions: Baptist 35 percent, Roman Catholic 20 percent, Anglican 15 percent, Evangelical Protestants 15 percent, Methodist 5 percent, Church of God 5 percent, others 5 percent.

Government System: Multi-party parliamentary democracy.

Languages: English.

Workweek: Monday through Friday. Shops are generally open all day Saturday; Sunday closing laws are strictly observed, although grocers are permitted to open for a few hours on Sunday. Tourist shops on Bay Street are open on Sundays when there are cruise ships in port.

### Appendix B: Domestic Economy:

(In millions of U.S. dollars unless otherwise indicated. NB: B\$1 equals US\$1. Numbers are the most recent available. Figures are Central Bank estimates unless otherwise noted.)

	<u>1998</u>	<u>1999</u>	<u>2000</u>
GDP (Current Value) (Ministry of Finance est.)	4190	4560	4810

Per Capita GDP (InterAmerican Development Bank est	13,702	N/A	N/A
GDP Growth Rate (%) (Ministry of Finance est.)	6.3	8.8	5.5
Government Spending As % of GDP	N/A	N/A	N/A
Inflation(%)	1.3	1.3	N/A
Unemployment(%)	7.9	7.8	7.0
Foreign Exchange Reserves	338.7	404.0	460.0*
Average Exchange Rate For US\$ 1.00	1	1	1
Debt Service Ratio	3.8	3.2	N/A
US Military/Economic Assistance	N/A	N/A	N/A

\* As at May 10, 2000

#### Appendix C: Trade:

(In millions of U.S. dollars unless otherwise indicated. Total figures are Central Bank estimates. U.S. figures are U.S. Department of Commerce estimates.)

	<u>1998</u>	<u>1999</u>	<u>2000</u>
Total country exports	300.32	N/A	N/A
Total country imports	1816.3	N/A	N/A
U.S. exports	815.6	842.0	352.8*
U.S. imports	142.40	195.3	85.7*

\*U.S. Statistics January to April 2000

## XI. U.S. AND COUNTRY CONTACTS

### U.S. Government Trade Related Contacts:

U.S. Embassy Nassau  
Economic-Commercial section  
Department of State  
Washington, DC 20521-3370  
Tel:(242)322-1181  
Fax:(242)328-3495

U.S. Department of Commerce  
Desk officer for The Bahamas

Room H 3021  
Washington, DC 20230  
Tel:(202)377-2527

Caribbean Basin Agricultural Trade Office  
U.S. Department of Agriculture  
Foreign Agricultural Service  
909 SE 1<sup>st</sup> Ave., Suite 720  
Miami, FL 33131  
Tel: (305) 536-5300  
Fax: (305) 536-7577

U.S. Department of Agriculture  
Office of International Cooperation and Development  
Private Sector Relations  
McGregor Building  
Room 343  
14th and Independence Ave., SW  
Washington, DC 20250-4300  
Tel: (202)653-7917

Overseas Private Investment Corporation  
1615 M street, NW  
Washington, DC 20527  
Tel: (202)457-7200

Trade and Development Program  
U.S. Department of State  
2201 C street, NW  
Washington, DC 20523  
Tel: (202)875-4357

Key Bahamian Government Offices:

Embassy of the Commonwealth of The Bahamas  
2220 Massachusetts Avenue, NW  
Washington, DC 20008  
Tel: (202)319-2660

Consulate General of the Commonwealth of The Bahamas  
Ingraham Building  
25 SE Second Avenue  
Miami, FL 33131  
Tel: (305)373-6295

The Bahamas Investment Authority

Office of the Prime Minister  
P.O. Box CB-10980  
Nassau, The Bahamas  
Tel: (242)327-5970

Bahamas Agricultural and Industrial Corporation  
P.O. Box N 4940  
Nassau, The Bahamas  
Tel: (242)322-3740

Ministry of Commerce Agriculture and Industry  
P.O. Box N 3028  
Nassau, The Bahamas  
Tel: (242)325-7502

Chambers of Commerce:

Bahamas Chamber of Commerce  
P.O. Box N 665  
Nassau, The Bahamas  
Tel: (242)322-2145

Grand Bahama Chamber of Commerce  
P.O. Box F-40808  
Freeport, The Bahamas  
Tel: (242)352-8329

Market Research Firms:

Adworks Advertising  
Tel: (242)393-4566

Market Facts and Opinions, Ltd.  
Tel: (242)328-6133

Bahamian Heritage Marketing Group  
P.O. Box EE-17148  
Nassau, The Bahamas  
(242)356-0314

Carter Marketing  
Tel: (242)322-8826

The Counsellors Ltd.  
P.O. Box N-3220  
Nassau, The Bahamas

Tel: (242)322-7505

TRG Limited

Tel: (242)394-3083

Commercial Banks: See Section VII.A.9 above.

Multilateral Development Banks:

Inter-American Development Bank

P.O. Box N-3743

Nassau, The Bahamas

Tel: (242)393-7159

Market Research:

Industry sector analyses on the wholesale food market, the computer industry and the construction industry in The Bahamas are available from the Embassy and on the National Trade Database. A complete list of market research is available on the National Trade Database.

Trade Event Schedule:

Bahamians frequently attend trade events held in the U.S. - and Florida in particular - because of its proximity to The Bahamas. A complete list of trade events to be held in Miami is available from the Greater Miami Convention and Visitors Bureau, 701 Brickell Ave., Suite 2700, Miami, Florida 33131, Tel: 305-539-3000 or 800-933-8448. Firms should also consult the Export Promotion Calendar on the National Trade Database. The Commercial Section of the U.S. Embassy in Nassau will notify appropriate Bahamian businesses of any events about which it is informed by U.S. promoters or exhibitors, and can also arrange individual trade programs as requested.