



## **U.S. Department of State FY 2000 Country Commercial Guides: Bahamas**

The Country Commercial Guide for Bahamas was prepared by U.S. Embassy Nassau and released by the Bureau of Economic and Business in July 1999 for Fiscal Year 2000.

### **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 just under 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, accounting 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 will support 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 less than 8 percent. Government and consumer borrowing have increased along with the growth in the economy. The Government maintains the value of the Bahamian dollar on par with the U.S. dollar. Foreign exchange reserves are at historically high levels 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, 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 will 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 \$14,492 in 1998. Gross Domestic Product, approximately \$4.25 billion by Government estimates, is estimated to have grown at a healthy but moderate pace in 1998. This slightly dampened performance is attributable to a slowdown in the growth of tourism, as visitor arrivals increased only 3.1 percent in 1998, principally due to additional property closures in New Providence and Grand Bahama for upgrading. This trend had begun to reverse by the end of 1998, however, as renovated and expanded hotel properties began reopening and occupancy rates stayed high. Although the number of licensed "offshore" banks and trusts remained at 418 in 1998, according to the Central Bank their total expenditures exceeded \$280 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. Output was sustained by investment in the construction sector, as well as measured growth in financial services. Unemployment hit a 25-year low at just under 8 percent at the close of 1998. Government spending also contributed to

growth, but the Government budget deficit remains a persistent problem, with the 1999-2000 shortfall projected at roughly \$23 million. Overall Government debt amounted to \$1.75 billion in 1998, roughly 41 percent of the GDP.

Growth in monetary aggregates (m3) rose 15.8 percent from 11.1 percent in 1997 boosting the money stock to \$2.9 billion from \$2.5 billion in 1997 reflecting growing individual and corporate bank balances, as well as strong inward foreign investment. Domestic credit expanded by 12 percent from \$282.5 million in 1997 to \$366.4 million in 1998. Consumer credit of \$146.6 million accounted for 66.8 percent of personal loans in 1998 compared to 88.4 percent in 1997. Inflation remained low; prices rose only 1.3 percent in 1998.

Consumer spending abroad and on imports led to a deficit on the current account of the balance of payments of \$592.7 million, up from an estimated \$472.1 million in 1997. Net inward direct investment of \$491 million helped to push the surplus on the capital and financial account to \$490.9 in 1998 from \$370 million in 1997. Benefiting from the flow of investment, the Central Bank's foreign reserves stood at \$338.7 at the end of 1998, a year-end record high.

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. A continuation of growth in Government deficit spending and in consumer credit would exacerbate the effects of any future downturn. The most recent Government budget comes closer to closing the recurrent fiscal deficit than previous budgets, and the Central Bank has taken some recent steps to encourage tougher lending requirements for consumers.

## **Principal Growth Sectors**

**Tourism:** The Bahamas was a vacation destination for over 3.35 million visitors in 1998, a decline of 3.1 percent over 1997 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 1997 to July 1998 accounted for 83 percent of total stopover visitors, down 4.5 per cent from 1997. Visitors from Canada decreased by 11.3 percent over 1997 figures, but constituted only 5 percent of visitors overall. The number of European visitors declined by 12.2 percent and accounted for 6.5 percent of the total stopover arrivals. Visitor expenditure for the first half of 1998 was \$696.2 million. Average expenditure per stopover per visit increased from \$791 in 1996 to \$808 in 1997, an increase of 2.1 percent. Stopover 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 3.9 percent in average stopover expenditure from \$946 in 1996 to \$983 in 1997. Grand Bahama saw a decrease in average expenditure from \$558 in 1996 to \$506 in 1997. The out islands average stopover expenditure increased by 6.6 percent from \$788 in 1996 to \$840 in 1997. Cruise ship visitors totaled 1.7 million in 1998 a decline of 1.2 percent of 1997 arrivals.

In December 1998, Sun International opened the \$450 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. Canadian investor RHK Capital, Ltd. is scheduled to open the historic British Colonial Hotel in downtown Nassau after over a year of renovation. RHK envisions a hotel catering to business travelers, located in the heart of Nassau's financial district. 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 suffered in 1998 because of the continued closure for renovation of three major hotels purchased by Hong Kong-based Hutchison Whampoa. Reconstruction of these hotels, the Lucayan Beach Hotel, the Grand Bahama Beach Hotel and the Clarion Atlantik Beach Hotel, should be completed by January 2000. Portions of the properties on Lucayan Beach opened in the spring of 1999, injecting some long-awaited money and activity into Freeport's tourism sector. The sale of the three hotels to Hutchison Whampoa leaves the Radisson Cable Beach Hotel 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 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 418 licensed banks and trust companies in the country in 1998, including 9 commercial banks. The gross economic contribution of the banking sector to the Bahamian economy exceeds \$298 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 nearly over 84,000 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 \$80 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.

**Construction:** According to the 1998 Central Bank Annual Report, the construction industry continued at a brisk pace during 1998 after a strong recovery in 1996-7, buoyed by large scale commercial projects such as Sun International's second phase expansion and significant residential investments, including the second homes market.

The number of building starts, a leading indicator of activity in the sector, declined by 12 percent to 971 in value in 1998 and by 69.7 percent to \$127.3 million. Most of this decline is accounted for by the completion of Sun International's second phase expansion on Paradise Island whose contribution to commercial starts receded to \$22.7 million from a \$334.0 million peak in 1997 as the project reached completion. During 1998, the number of building completions decreased by 174 percent to 956 and the corresponding value by \$125.1 million to \$146 million. Prospective activity, as signaled by permits issued, suggests continued buoyancy in the construction sector through 1998.

**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 remained virtually unchanged in 1997 at \$55.4 million. Crop production fell by \$4.1 million (15.9%) to \$21.6 million, due to lower market prices. Poultry production rose by 3.3 percent to \$28.3 million. A May 1998 Government announcement of its intention to halve the existing 70% duty on imported chicken dismayed Bahamian poultry producers. Production of red meat rose by 23.1 percent to \$1.2 million. Ornamental plant production is estimated at \$6.0 million in value.

The Ministry of Agriculture and Fisheries and the Department of Fisheries have 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 industry by promoting under-utilized seafood products of The Bahamas. The Ministry of Agriculture and Fisheries opened a shrimp hatchery in Nassau in 1993, and another shrimp farm is in operation on Grand Bahama Island.

In 1998, overall fisheries exports declined by 2.3 percent to \$61.3 million as a result of a 1.4 percent reduction in average prices and a .9 percent decline in volume. Receipts of crawfish exports, which comprised 91.6 percent of total exports, contracted by 3.0 percent to \$57.4 million. Legal restrictions on external sales continued to impact conch exports, which were valued 28.1 percent lower at \$0.5 million. Sponge exports continued to register strong growth of 43.2 percent to \$1.3 million, amid a 41.5 percent appreciation in average prices.

## **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 was observed to decline to \$15.8 million for the period January-March 1998 compared to \$40.8 million a year earlier. The overall deficit for FY 98 (July 1997 – June 1998) halved from \$142.7 million in FY 96/97 to \$71.3 million in FY 97/98. An 11.6 percent growth in revenue collections, improved tax administration and robust economic growth contributed to this decrease. The Government has budgeted for a \$23 million deficit, 1.4 percent of GDP, for the 1999-2000 fiscal year.

Overall, the national debt rose by \$65.3 million in 1998, to stand at \$1.75 billion. Foreign currency debt decreased by \$39.7 mil (10.2%) to \$348.7 mil. Most of The Bahamas' foreign currency debt (47.8%) is owed to multilateral institutions. Ninety-five percent of the foreign currency debt is denominated in U.S. dollars.

In the 1999/2000, \$1.02 billion budget for fiscal year ending June 30, 2000, Government outlays for education, health, social benefits and services, housing and other social services accounted for the majority of the Government's total expenditure. Education received \$171.7 million or 19.1 percent of the recurrent budget. Law enforcement funding – a majority of which goes to the fight against drug trafficking – received \$140.3 million – 15.6 percent of the FY 99/2000 budget, followed by the health care sector which received \$132.5 million or 14.8 percent of the recurrent expenditures. Debt service accounted for a substantial portion, \$113.5 million or 12.6 percent of the recurrent expenditure.

In April 1998, the Government launched The Bahamas Financial Services Board, to promote The Bahamas as a financial services center. Work continues on the establishment of a stock market for The Bahamas.

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

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. In 1998, concerned about increasing consumer debt, mostly for purchase of imported consumer goods, the Government encouraged commercial banks to increase down payment requirements and limit paycheck deductions for loan repayment.

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. 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. Lower world oil prices helped to moderate increases in The Bahamas total bill for merchandise imports in 1998, which declined by 2.8 percent to \$1.37 billion. A 5.5 percent increase in exports led to a \$55.4 million decrease in the trade deficit, which stood at \$1.06 billion at the end of 1998. The estimated surplus on the services account, which includes tourism earnings, declined by \$133.8 million to \$623.1 million due to increased payments for foreign construction expertise amidst booming hotel expansion activities. As a result, the current account deficit rose to \$592.7 million from \$472.1 million in 1997.

Strong foreign direct investment in the hotel sector increased the surplus on the capital and financial account to \$490.8 million from \$399.1 million in 1997. The Bahamas also saw record net foreign investment inflows in 1998, up 21.9 percent to \$502.5 million.

## **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 three Internet service providers in Nassau. Mail service is slow both on the islands and between other countries, however, the islands are serviced by several international overnight delivery services.

With a large, computer-dependent financial services industry, The Bahamas has begun to prepare for computer problems brought on by the advent of the year 2000 (Y2K). The Government has appointed a Y2K coordinator in the Ministry of Finance to oversee compliance efforts by Government entities, and has promised that the public sector will be Y2K-ready by the third quarter of 1999. Several seminars have been held in Nassau by private industry to highlight the problem, and local firms - particularly in the financial services sector - have invested heavily in equipment upgrades. Still, many companies and Government entities have been late to plan for the millennium bug, and the issue of non-compliant embedded chips and effective contingency planning does not appear to have been fully addressed.

## **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 lead 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 5 held by the PLP. Under the Constitution, the next general elections must be held by 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 American 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 partners 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, weekly)

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 obtainable 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)

### **Power Generating Machinery, Specialized Machinery, Metalworking Machinery, General Industrial Machinery, Electrical Machinery, Apparatuses and Appliances**

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.

1997

1998

Total imports	N/A	\$211.0
Imports from U.S.	\$107.3	\$134.0

### **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>1997</u>	<u>1998</u>
Total imports of motor vehicles and parts	N/A	\$140.34
Imports from U.S.	\$84.0m	\$105
Total imports of Transport equipment including marine	N/A	\$71.4
Imports from U.S.	\$39.4	\$26.3

### **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>1997</u>	<u>1998</u>
Total imports	N/A	\$22.7
Imports from U.S.	\$4.7	\$ 5.7

### **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>1997</u>	<u>1998</u>
Total imports	N/A	\$142
Imports from U.S.	\$33.2	\$47.7

## **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>1997</u>	<u>1998</u>
Total imports of Miscellaneous edible Preparations	N/A	\$11.8
Imports from U.S.	\$34.5	\$24.4

### **Fruits and Vegetables, Cereal and Cereal Preparations**

	<u>1997</u>	<u>1998</u>
Total imports	N/A	\$48.0
Imports from U.S.	\$29.9	\$45.5

### **Meat and Meat Preparations**

	<u>1997</u>	<u>1998</u>
Total imports	N/A	\$74.5
Imports from U.S.	\$20.0	\$27.8

## **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 video tapes, but rose for automobiles. Bahamians shopping in Florida (and elsewhere abroad) are permitted to import \$300 worth of goods, duty free, 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, 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.

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.

## **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 condominium, 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 Appeal 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 1999) 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, are 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, which is intended to provide better protection to international holders of copyrights. The Government has not yet brought this law into force, but has committed to do so by July 1999.

### **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 1998 was 6.75 per cent, with loans of all types averaging a 13.37 per cent rate of interest (consumer loans rates averaged 14.55%). On a weighted average of interest rates over 1998, the interest rate spread was 6.75 per cent. The estimated total domestic assets of the nine Bahamian commercial banks were \$3.78 billion at the end of 1998. The majority of outstanding commercial bank credit is personal loans for consumer purchases. 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 418 "offshore" banks and trust companies, holding assets of roughly \$270 billion, and over 84,000 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 over the past year - in particular due to the proposed privatization of the phone company - has led to several semi-violent confrontations between workers and police over the past year. The Government publicly and strongly supports a modern open approach to foreign investment, however, 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 by - 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 of being a corrupt nation. Since that time, reports of 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 1998 was estimated at just 7.8 percent, a historically low level. 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. The Government established a minimum wage of \$4.12 per hour for its own employees in 1996. 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 currently under consideration 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 law.

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 control. 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 can cost as much as \$7,500 per year for upper management employees, or as little as \$250 per year for farm laborers. (Legislation currently pending in Parliament would raise the cost of work permits across the board. Fees for the two categories mentioned above would rise to \$10,000 and \$350 respectively.)

## **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 1998, inflows of private foreign investment measured US\$851.2 million, up from US\$416.5 the year before. 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. Central Bank sources estimate that Bahamians invested roughly US\$100,000 overseas in this manner in 1998. 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, owned by the Ruffin Group of the United States and operated by Marriott;
- Crystal Cay underwater observatory, marine park, and hotel owned by the Ruffin Group;
- 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;

## **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 is 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: 293,261 (1998).

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>1997</u>	<u>1998</u>	<u>1999</u>
GDP (Current Value) (Ministry of Finance est.)	3750	4250	N/A
Per Capita GDP (InterAmerican Development Bank est)	N/A	14,492	N/A
GDP Growth Rate (%) (Ministry of Finance est.)	3.0	N/A	N/A
Government Spending As % of GDP	21	N/A	N/A
Inflation(%)	0.5	1.3	N/A
Unemployment(%)	9.8	7.9	7.8
Foreign Exchange Reserves	219.4	338.7	438.0
Average Exchange Rate For US\$ 1.00	1	1	1
Debt Service Ratio	2.5	3.9	N/A
US Military/Economic Assistance	N/A	N/A	N/A

### 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>1997</u>	<u>1998</u>	<u>1999</u>
Total Country Exports	230.4	311.4	N/A
Total country imports	1276.5	1371.4	N/A
U.S. exports	789.6	774.5	499.5*
U.S. imports	166.0	143.0	77.5*

\*U.S. Statistics January to August 1999

## **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 Agriculture and Fisheries  
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 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.