



## Official Name: Commonwealth of The Bahamas



### PROFILE

#### Geography

Area: 13,939 sq. km. (5,382 sq. mi.); slightly larger than Connecticut and Rhode Island combined.

Cities: *Capital*--Nassau, New Providence. *Second-largest city*--Freeport, Grand Bahama.

Terrain: Low and flat.

Climate: Semitropical.

#### People

Nationality: *Noun and adjective*--Bahamian(s).

Population (2009 official est.): 342,400; (unofficial, including an estimated 30,000 undocumented Haitians): 370,000.

Annual population growth rate (2009 est.): 1.24%.

Ethnic groups: African 85%, European 12%, Asian and Hispanic 3%.

Religions: Baptist (35%), Roman Catholic, Anglican, Evangelical Protestants, Methodist, Church of God, Rastafarian, traditional African.

Language: English (official); Creole.

Education (2003): *Years compulsory*--through age 16. *Attendance*--92%. *Literacy*--95.5%.

Health (2009 est.): *Infant mortality rate*--17.6/1,000. *Life expectancy*--73.15 years.

Work force (2008): 191,595; majority employed in the tourism, government, and financial services sectors.

#### Government

Type: Constitutional parliamentary democracy.

Independence: July 10, 1973.

Branches: *Executive*--Queen Elizabeth II (head of state), governor general (representative of Queen Elizabeth II), prime minister (head of government), and cabinet. *Legislative*--bicameral Parliament (41-member elected House of Assembly, 16-member appointed Senate). *Judicial*--Privy Council in U.K., Court of Appeal, Supreme Court, and magistrates' courts.

Political parties: Free National Movement (FNM), Progressive Liberal Party (PLP), Bahamas Democratic Movement (BDM).

Suffrage (2007): Universal over 18; 150,689 registered voters.

### **Economy**

GDP (2009 est., official exchange rate): \$7.376 billion (current); \$6.717 billion (constant).

Growth rate (2009 est.): 0.93% (current); -4.29% (constant).

Per capita GDP (2008 est.): \$19,619 (constant).

Government spending (current expenditure only, 2009): 16.8% of GDP.

Natural resources: Salt, aragonite, timber, arable land.

Tourism (2004, including tourism-driven construction and manufacturing): 48% of GDP.

Financial services: 7.8% of GDP.

Business services and real estate: 28.8% of GDP.

Construction (2009; 5.6% of GDP): *Products*--largely tourism-related.

Manufacturing (2008; 3.0% of GDP): *Products*--plastics, pharmaceuticals, rum.

Agriculture and fisheries (2009; 1.5% of GDP): *Products*--fruits, vegetables, lobster, fish.

Trade (2008): *Exports* (\$410 million)--mineral products and salt, rum, animal products, chemicals, fruits, and vegetables. *Export partners* (2007)--U.S. (71%), Canada (5.7%), Netherlands (5.6%), France (4.9%), Germany (2.4%), U.K. (1.5%), South Africa (1.5%), China (1.5%). *Imports* (\$3.2 billion)--foodstuffs and animals, machinery and transport equipment, manufactures, chemicals, mineral fuels. *Import partners* (2007)--U.S. (87.0%), Curacao (2.8%), Venezuela (2.1%), Puerto Rico (1.4%), Japan (1.1%).

### **PEOPLE**

Eighty-five percent of the Bahamian population is of African heritage. About two-thirds of the population resides on New Providence Island (the location of Nassau). Many ancestors arrived in The Bahamas when the islands served as a staging area for the slave trade in the early 1800s. Others accompanied thousands of British loyalists who fled the American colonies during the Revolutionary War.

Haitians form the largest immigrant community in The Bahamas. 30,000-50,000 are estimated to be resident legally or illegally, concentrated on New Providence, Abaco, and Eleuthera islands.

School attendance is compulsory between the ages of 5 and 16. The government fully operates 157 of the 252 primary and secondary schools in The Bahamas. The other 95 schools are privately operated. Enrollment for state primary and secondary schools is 48,545, with more than 21,000 students attending private schools. The College of The Bahamas, established in Nassau in 1974, provides programs leading to bachelors and associates degrees. Several non-Bahamian colleges also offer higher education programs in The Bahamas.

### **HISTORY**

In 1492, Christopher Columbus made his first landfall in the Western Hemisphere in The Bahamas. Spanish slave traders later

captured native Lucayan Indians to work in gold mines in Hispaniola, and within 25 years, all Lucayans perished. In 1647, a group of English and Bermudan religious refugees, the Eleutheran Adventurers, founded the first permanent European settlement in The Bahamas and gave Eleuthera Island its name. Similar groups of settlers formed governments in The Bahamas until the islands became a British Crown Colony in 1717.

The late 1600s to the early 1700s were the golden age for pirates and privateers. Many famous pirates and privateers--including Sir Francis Drake and Blackbeard--used the islands of The Bahamas as a base. The numerous islands and islets with their complex shoals and channels provided excellent hiding places for the plundering ships near well-traveled shipping lanes. The first Royal Governor, Woodes Rogers, brought law and order to The Bahamas in 1718 when he expelled the buccaneers.

During the American Revolution, American colonists loyal to the British flag settled in The Bahamas. These Loyalists and new settlers from Britain brought Colonial building skills and agricultural expertise. Until 1834, when Britain abolished slavery, they also brought slaves, importing the ancestors of many modern Bahamians from Western Africa.

Proximity to the U.S. continued to provide opportunity for illegal shipping activity. In the course of the American Civil War, The Bahamas prospered as a center of Confederate blockade-running. During Prohibition, the islands served as a base for American rumrunners. Today, The Bahamas is a major transshipment point for narcotics on the way to the U.S.

Bahamians achieved self-government through a series of constitutional and political steps, attaining internal self-government in 1964 and full independence within the Commonwealth on July 10, 1973. Since independence, The Bahamas has continued to develop into a major tourist and financial services center.

## **GOVERNMENT AND POLITICAL CONDITIONS**

The Bahamas is an independent member of the Commonwealth of Nations. It is a parliamentary democracy with regular elections. As a Commonwealth country, its political and legal traditions closely follow those of the United Kingdom. The Bahamas recognizes Queen Elizabeth II as its head of state, while an appointed Governor General serves as the Queen's representative in The Bahamas. A bicameral legislature enacts laws under the 1973 constitution.

The House of Assembly consists of 41 members, elected from individual constituencies for 5-year terms. As under the Westminster system, the government may dissolve the Parliament and call elections at any time. The House of Assembly performs all major legislative functions. The leader of the majority party serves as prime minister and head of government. The Cabinet consists of at least nine members, including the prime minister and ministers of executive departments. They answer politically to the House of Assembly.

The Senate consists of 16 members appointed by the Governor General, including nine on the advice of the Prime Minister, four on the advice of the Leader of the Opposition, and three on the advice of the Prime Minister after consultation with the Leader of the Opposition.

The Governor General appoints the Chief Justice of the Supreme Court on the advice of the Prime Minister and the Leader of the Opposition. The Governor General appoints the other justices with the advice of the Judicial and Legal Services Commission. The Privy Council of the United Kingdom is the highest Court for The Bahamas. The Court of Appeal is separate from the Supreme Court, comprised of a President, three resident Justices of Appeal and one non-resident Justice of Appeal. The Chief Justice is part of the Court of Appeal by virtue of his title as Head of Judiciary.

Local government districts elect councils for town planning, business licenses, traffic issues and maintaining government buildings. In some large districts, lower level town councils also have minor responsibilities.

For decades, the white-dominated United Bahamian Party (UBP) ruled The Bahamas, then a dependency of the United Kingdom, while a group of influential white merchants, known as the "Bay Street Boys," dominated the local economy. In 1953, Bahamians dissatisfied with UBP rule formed the opposition Progressive Liberal Party (PLP). Under the leadership of Lynden Pindling, the PLP won control of the government in 1967 and led The Bahamas to full independence in 1973.

A coalition of PLP dissidents and former UBP members formed the Free National Movement (FNM) in 1971. Former PLP cabinet minister and member of Parliament Hubert Ingraham became leader of the FNM in 1990, upon the death of Sir Cecil Wallace-Whitfield. Under the leadership of Ingraham, the FNM won control of the government from the PLP in the August 1992 general elections. The PLP regained power in 2002 under the leadership of Perry Christie. The FNM, again led by Ingraham, returned to government by capturing 23 of the 41 seats in the House of Assembly during the May 2007 election; the PLP won 18 seats. The next election must be held no later than May 2012.

In July 2008 Prime Minister Hubert Ingraham announced changes to ministerial portfolios and the creation of two additional ministries--the Ministry of Youth, Sports, and Culture and the Ministry of the Environment.

#### **Principal Government Officials**

Governor General--Arthur A. Foulkes

Prime Minister--Hubert Ingraham

Deputy Prime Minister and Minister of Foreign Affairs--Brent Symonette

Ambassador to the United States and to the OAS--Cornelius A. Smith

Deputy Chief of Mission--Rhoda Mae Jackson

Ambassador to the United Nations--Paulette Bethel

Consul General, Miami--Alma Adams

Consul General, New York--Eldred Bethel

Consul General, Atlanta--Kay Forbes Smith

The Bahamas maintains an embassy in the United States at 2220 Massachusetts Ave., NW, Washington, DC 20008 (tel: 202-319-2660) and Consulates General in New York at 231 East 46th Street, New York, NY 10017 (tel: 212-421-6420); in Miami at Suite 818, Ingraham Building, 25 SE Second Ave., Miami, FL 33131 (tel: 305-373-6295); and in Atlanta at 2970 Clairmont Road, Atlanta, GA 30329 (tel: 404-636-3911).

#### **ECONOMY**

The Bahamian economy is driven by tourism and financial services. Tourism and tourism-related construction and manufacturing provide an estimated 60% of the gross domestic product (GDP). Tourism directly and indirectly employs about half the Bahamian work force. In 2008, 4.6 million tourists visited The Bahamas, 85% from the United States. This was a 4.5% year-on-year decrease from 2007. There are about 110 U.S.-affiliated businesses operating in The Bahamas, and most are associated with tourism and banking. With few domestic resources and little industry, The Bahamas imports nearly all its food and manufactured goods from the United States. American goods and services tend to be favored by Bahamians due to cultural similarities and

heavy exposure to American advertising. The Bahamian economy, due to its heavy dependence on U.S. tourism and trade, is deeply affected by U.S. economic performance.

The Bahamas is currently experiencing an economic downturn as a result of the worldwide economic recession. Tourism numbers dropped significantly during the last quarter of 2008, and approximately 112,000 Bahamians were receiving unemployment benefits as of November 2009. The Bahamas is focusing on construction and other infrastructure projects in an effort to boost the economy and create employment. Future goals include continued development of tourism properties through large-scale private sector investment, including increased Bahamian ownership, redevelopment of the Grand Bahama economy following major hurricane losses in 2004, and the expansion of the robust Bahamian financial sector.

In addition to the decrease in tourism, other economic challenges facing The Bahamas include meeting continued employment demands, jumpstarting a lagging privatization process, and monitoring increasing levels of government debt. Currently, Bahamians do not pay income or sales taxes. Most government revenue is derived from high tariffs and import fees. Reduction of trade barriers will probably require some form of taxation to replace revenues. However, as evident by domestic opposition to the Caribbean Single Market Economy (CSME), the advantages of free trade have been hard for the government to sell. Despite some domestic opposition, the Bahamian Government signed an Economic Partnership Agreement (EPA) with the European Union (EU) in December 2008.

A number of planned hotel projects have promised to increase economic growth and create short- and long-term employment. The Atlantis Resort and Casino on Paradise Island remains a major tourist draw and an engine of the economy; this resort is currently planning their '4<sup>th</sup> phase' of upgrades. The future of the Baha Mar hotel project was called into question after casino operator Harrah's pulled out of the deal in March 2008. However, in March 2009 the ExIm Bank of China formally agreed to finance the stalled project, estimated at \$3.2 billion in funding. The government is currently redeveloping Nassau International Airport and has turned over management to private operators. The Bahamian Government also has adopted a proactive approach to courting foreign investors and has conducted major investment missions to Asia, Europe, Latin America, India, and Canada. The government continues to pay particular attention to China to encourage tourism and investment. The Bahamas has now opened an embassy in Beijing. The Chinese are funding the construction of a new \$30 million sports stadium in New Providence and are providing more than \$100 million in road construction projects. While the FNM government has expressed a desire to increase Bahamian ownership interests in developments, The Bahamas' dependence on foreign investment is unlikely to change.

Financial services constitute the second-most important sector of the Bahamian economy, accounting for up to 15% of GDP, due to the country's status as a tax haven and offshore banking center. The Stop Tax Haven Abuse bill, which has been proposed in the U.S. Congress and which names The Bahamas as one of 34 secrecy jurisdictions, has generated considerable discussion in local media and amongst politicians. Many Bahamians feel the inclusion of The Bahamas in such a bill would result in significant job losses in the financial services sector. As of 2005, the government had licensed 262 banks and trust companies in The Bahamas. The Bahamas promulgated the International Business Companies (IBC) Act in January 1990 to enhance the country's status as a leading financial center. The act served to simplify and reduce the cost of incorporating offshore companies in The Bahamas. Within 9 years, more than 84,000 IBC-type companies had been established. In February 1991, the government also legalized the establishment of Asset Protection Trusts in The Bahamas. In 2000, in response to multilateral organizations' concerns, the government passed a legislative package of stronger measures to better regulate the financial sector and prevent money laundering in the country's banking sector, including creation of a Financial Intelligence Unit and enforcement of "know-your-customer" rules. Some of these measures have been challenged in Bahamian courts, and the number of offshore banks registered in The Bahamas has declined substantially since 2002. As many as half of the IBCs have also closed shop. The

government is considering additional legislation to keep the industry competitive while complying with international standards, including possible reform of the regulatory structure. As of March 2010, The Bahamas had signed 20 bilateral Tax Information Exchange Agreements, 14 with Organization for Economic Cooperation and Development (OECD) members and seven with G-20 members. These agreements helped The Bahamas avoid placement on the OECD “gray” list of countries that are not compliant with OECD tax information exchange regulations.

Agriculture and fisheries together account for about 1% of GDP. The Bahamas exports lobster and some fish but does not raise these items commercially. There is no large-scale agriculture, and most agricultural products are consumed domestically. Following an outbreak of citrus canker on Abaco in 2005, The Bahamas lost a main agricultural export, and the Ministry of Agriculture banned the export of plant materials from Abaco. The Bahamas imports more than \$250 million in foodstuffs per year, representing about 80% of its food consumption.

The Bahamian Government maintains the value of the Bahamian dollar on a par with the U.S. dollar. The Bahamas is a beneficiary of the U.S.-Caribbean Basin Trade Partnership Act (CBTPA), Canada's CARIBCAN program, and the EU's Economic Partnership Agreement. Although The Bahamas participates in the political aspects of the Caribbean Community (CARICOM), it has not entered into joint economic initiatives, like the CSME, with other Caribbean states.

The Bahamas has a few notable industrial firms: the pharmaceutical firm PFC Bahamas (formerly Syntex); the BORCO oil facility, doing business as Vopak Terminal Bahamas; Sands Beer; and the Grand Bahama Brewery, all in Freeport; and the Commonwealth Brewery in Nassau, which produces Heineken, Guinness, and Kalik beers. Other industries include sun-dried sea salt in Great Inagua, a wet dock facility in Freeport for repair of cruise ships, and mining of aragonite--a type of limestone with several industrial uses--from the sea floor at Ocean Cay.

The Hawksbill Creek Agreement established a duty-free zone in Freeport, The Bahamas' second-largest city, with a nearby industrial park to encourage foreign industrial investment. The Hong Kong-based firm Hutchison Whampoa operates the container port in Freeport. The Bahamian Parliament approved legislation in 1993 that extended most Freeport tax and duty exemptions through 2054.

### **Business Environment**

The Bahamas offers attractive features to the potential investor: 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 telecommunications links, and a good pool of skilled professional workers. The Government of The Bahamas welcomes foreign investment in tourism and banking and has declared an interest in alternative energy, agricultural, and industrial investments to generate local employment, particularly in white-collar or skilled jobs. Despite its interest in foreign investment to diversify the economy, the Bahamian Government responds to local concerns about foreign competition and tends to protect Bahamian business and labor interests. As a result of domestic resistance to foreign investment and high labor costs, growth can stagnate in sectors which the government wishes to diversify.

The country's infrastructure is best developed in the principal cities of Nassau and Freeport, where there are relatively good paved roads and international airports. Electricity is generally reliable, although many businesses have their own backup generators. In Nassau, there are three daily newspapers, several weeklies, and international newspapers available for sale. There also are six radio stations. Both Nassau and Freeport have a television station. Cable TV and satellite also are available locally and provide most American programs with some Canadian and European channels.

### **Areas of Opportunity**

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. Merchants in southern Florida have found it profitable to advertise in Bahamian publications. Most imports are subject to high but nondiscriminatory tariffs.

### **FOREIGN RELATIONS**

The Bahamas has strong bilateral relationships with the United States and the United Kingdom, represented by an ambassador in Washington and High Commissioner in London. The Bahamas also associates closely with other nations of the Caribbean Community (CARICOM). The Bahamas has an ambassador to Haiti and works closely with the United States and CARICOM on political and migration issues related to Haiti. The Bahamas has diplomatic relations with Cuba, including embassies in each other's capitals. A repatriation agreement was signed with Cuba in 1996, and there are commercial and cultural contacts between the two countries. The Bahamas also enjoys a strengthening relationship with China. The Commonwealth of The Bahamas became a member of the United Nations in 1973 and the Organization of American States in 1982.

The Bahamas holds membership in a number of international organizations: the UN and some specialized and related agencies, including Food and Agriculture Organization (FAO), International Civil Aviation Organization (ICAO), and the International Labor Organization (ILO); International Monetary Fund (IMF); International Telecommunication Union (ITU); World Bank; World Meteorological Organization (WMO); World Health Organization (WHO); OAS and related agencies, including Inter-American Development Bank (IDB), Caribbean Development Bank (CDB), and Pan-American Health Organization (PAHO); the Caribbean Community (CARICOM), excluding its Common Market; the International Criminal Police Organization (INTERPOL); Universal Postal Union (UPU); International Maritime Organization (IMO); World Intellectual Property Organization (WIPO); and obtained observer status in the World Trade Organization (WTO) in 2001.

### **U.S.-BAHAMIAN RELATIONS**

The United States historically has had close economic and commercial relations with The Bahamas. The countries share ethnic and cultural ties, especially in education, and The Bahamas is home to approximately 30,000 American residents. In addition, there are about 110 U.S.-related businesses in The Bahamas and, in 2008, 85% of the 4.6 million tourists visiting the country were American.

As a neighbor, The Bahamas and its political stability are especially important to the United States. The U.S. and the Bahamian Government have worked together on reducing crime and addressing migration issues. With the closest island only 45 miles from the coast of Florida, The Bahamas often is used as a gateway for drugs and illegal aliens bound for the United States. The United States and The Bahamas cooperate closely to handle these threats. U.S. assistance and resources have been essential to Bahamian efforts to mitigate the persistent flow of illegal narcotics and migrants through the archipelago. The United States and The Bahamas also actively cooperate on law enforcement, civil aviation, marine research, meteorology, and agricultural issues. The U.S. Navy operates an underwater research facility on Andros Island.

The Department of Homeland Security's Bureau of Customs and Border Protection maintains "preclearance" facilities at the airports in Nassau and Freeport. Travelers to the U.S. are interviewed and inspected before departure, allowing faster connection times in the U.S.

### **Principal U.S. Officials**

Ambassador--**Nicole A. Avant**

Deputy Chief of Mission--Timothy Zuniga-Brown

Management Officer--Sarah Solberg

Consular Section Chief--Robin Haase

Political-Economic Section Chief--Jefferson Dubel

Public Affairs Officer--Jefferson Dubel

Regional Security Officer--Roy Stillman

The **U.S. Embassy** is located at 42 Queen Street, Nassau (tel. 242-322-1181; telex 20-138); the local postal address is P.O. Box N-8197, Nassau, The Bahamas.

### **Other Contact Information**

U.S. Department of Commerce

International Trade Administration

Office of Latin America and the Caribbean

14th and Constitution, NW

Washington, DC 20230

Tel: 202-482-0704; 800-USA-TRADE

Fax: 202-482-0464

Caribbean/Latin American Action

1818 N Street, NW, Suite 310

Washington, DC 20036

Tel: 202-466-7464

Fax: 202-822-0075

### **TRAVEL AND BUSINESS INFORMATION**

The U.S. Department of State's Consular Information Program advises Americans traveling and residing abroad through Country Specific Information, Travel Alerts, and Travel Warnings. **Country Specific Information** exists for all countries and includes information on entry and exit requirements, currency regulations, health conditions, safety and security, crime, political disturbances, and the addresses of the U.S. embassies and consulates abroad. **Travel Alerts** are issued to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas that pose significant risks to the security of American travelers. **Travel Warnings** are issued when the State Department recommends that Americans avoid travel to a certain country because the situation is dangerous or unstable.

For the latest security information, Americans living and traveling abroad should regularly monitor the Department's Bureau of Consular Affairs Internet web site at <http://www.travel.state.gov>, where the current **Worldwide Caution**, **Travel Alerts**, and **Travel Warnings** can be found. **Consular Affairs Publications**, which contain information on obtaining passports and planning a safe trip abroad, are also available at <http://www.travel.state.gov>. For additional information on international travel, see <http://www.usa.gov/Citizen/Topics/Travel/International.shtml>.

The Department of State encourages all U.S. citizens traveling or residing abroad to register via the [State Department's travel registration](#) website or at the nearest U.S. embassy or consulate abroad. Registration will make your presence and whereabouts known in case it is necessary to contact you in an emergency and will enable you to receive up-to-date information on security conditions.

Emergency information concerning Americans traveling abroad may be obtained by calling 1-888-407-4747 toll free in the U.S. and Canada or the regular toll line 1-202-501-4444 for callers outside the U.S. and Canada.

The [National Passport Information Center](#) (NPIC) is the U.S. Department of State's single, centralized public contact center for U.S. passport information. Telephone: 1-877-4-USA-PPT (1-877-487-2778); TDD/TTY: 1-888-874-7793. Passport information is available 24 hours, 7 days a week. You may speak with a representative Monday-Friday, 8 a.m. to 10 p.m., Eastern Time, excluding federal holidays.

Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 800-CDC-INFO (800-232-4636) and a web site at <http://wwwn.cdc.gov/travel/default.aspx> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. The CDC publication "Health Information for International Travel" can be found at <http://wwwn.cdc.gov/travel/contentYellowBook.aspx>.

#### **Further Electronic Information**

**Department of State Web Site.** Available on the Internet at <http://www.state.gov>, the Department of State web site provides timely, global access to official U.S. foreign policy information, including [Background Notes](#) and [daily press briefings](#) along with the directory of [key officers](#) of Foreign Service posts and more. The Overseas Security Advisory Council (OSAC) provides security information and regional news that impact U.S. companies working abroad through its website <http://www.osac.gov>

[Export.gov](#) provides a portal to all export-related assistance and market information offered by the federal government and provides trade leads, free export counseling, help with the export process, and more.

[STAT-USA/Internet](#), a service of the U.S. Department of Commerce, provides authoritative economic, business, and international trade information from the Federal government. The site includes current and historical trade-related releases, international market research, trade opportunities, and country analysis and provides access to the [National Trade Data Bank](#).

