



## **Keynote Remarks**

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*“Investment Opportunities in The Bahamas”*

**BUSINESS OPPORTUNITIES IN  
THE CARIBBEAN REGION CONFERENCE**

**Hilton Miami Airport Blue Lagoon**

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**Good afternoon Ladies and Gentlemen,**

**I am pleased and honoured that I have been invited to bring the keynote address at what I am advised is the first annual “Business Opportunities in the Caribbean” Conference.**

**I noted with interest the presentation of Mr. Jerry Butler. He would have highlighted some of the challenges faced by the region- our small open economies, our lack of economies of scale, our high vulnerabilities to external debt, logistical challenges, susceptibility to natural disasters, our unemployment and underemployment , our experiences with brain drain and the need for technological modernization. The most recent challenge facing the region are the issues of de-risking, black listing**

and loss of correspondent banking. While crime is an ongoing challenge not only in the region but the world generally, the governments of the region continue to apply significant scarce resources to address crime, resources which might otherwise be applied to other social and economic programmes for our countries.

However, even within these challenges we face, Mr. Butler noted positive prospects for the region which many of you would be most interested in. He noted some of the opportunities which the governments of the region would be most interested in, opportunities in the creative industries-music, film and fashion, opportunities in the tourism sector, alternatives to banking and financial services, opportunities in the blue economy-marine and aquaculture, biotechnology, medical research and educational export just to name a few.

**I thought I should take advantage of this opportunity to also update you on what is happening in The Bahamas as the Government seeks to attract investment to our shores.**

**I want to demonstrate for you today that The Bahamas can be an extremely attractive trade and investment partner for the region - and not just in financial services, but across a range of other products and services opportunities.**

**I will do this by examining three main themes: firstly, I will talk about The Bahamas and what it offers you as a partner in this region;**

**Secondly, I will consider The Bahamas as a country with considerable potential to achieve more in this region; and**

**Thirdly, I will discuss some of the structures that are being put in place to enable us to explore our opportunities for working together more efficiently and effectively.**

**Ladies and Gentlemen,**

### **THE BAHAMAS – An Excellent Investment Partner**

**Allow me to set the stage for you. The Bahamas is one of the oldest democracies in the Western Hemisphere with a bicameral legislature that enacts laws under a constitution adopted in 1973.**

**The national government is a stable and mature one having peaceful elections and changes in government**

**every five years - fundamental for sound business operations particularly in today's global environment.**

**Located less than 60 miles off the coast of the southeastern United States, The Bahamas is an archipelago made up of more than 700 islands spanning 100,000 square miles of ocean.**

**We are strategically located in the same time zone as Florida and New York, and nestled between North America and Latin America with convenient international ocean lanes to Europe.**

**Two thirds of the country's population of approximately 375,000 people speak English, and live and work on the island of New Providence where the capital, Nassau is located.**

**The island of Grand Bahama is home to the second largest city in The Bahamas, Freeport. This island serves as the country's industrial and commercial shipping hub.**

**More than 60 years ago a small group of entrepreneurs built a deep water harbour and established a unique economic zone on Grand Bahama Island, with the vision that it would become a major shipping hub and international business centre.**

**Today, Freeport, Grand Bahama Island, is all that and much more, offering both an exceptional climate for business, private investment and unsurpassed quality of life.**

**Under Charter of the 1955 Hawksbill Creek Agreement, The Grand Bahama Port Authority (GBPA) has established the infrastructure for world-standard services and**

**facilities in a 230-square-mile economic zone just 68 miles from Florida, centered at Freeport, a modern, well-planned city twice the size of Washington, D.C.**

**Guaranteed long-term tax concessions and benefits for financial, commercial and industrial enterprises within this unique economic trade zone, offer advantages that are superior to anywhere else in the region.**

**With the island's pristine natural beauty, luxury living in modern and well-planned and serviced communities, international accessibility by sea and air, excellent telecommunications and a vibrant business and commercial sector, it is easy to see why Freeport, Grand Bahama, is the strategic choice for discerning investors and international companies wishing to locate within the region.**



**The other islands of the Bahamian archipelago are known as our Family Islands.**

**With the opening of the Lynden Pindling International Airport, one of the most modern international airports in the Caribbean, visitors to our shores can be connected to any of our Family Islands, but also just about any international airport in the world. The airport has won numerous international awards for the stellar services provided to the thousands of visitors that pass through it. We also have sophisticated communication systems, good public transportation, as well as very high levels of computer, Internet and e-commerce usage.**

**Having set the stage, we want to assure you that, The Bahamas is open for business and The Bahamas Government is not resting on its laurels.**

**We are reviewing our current tax structure in order to design a reform programme that will improve The**

**Bahamas' economic growth potential and improve the sustainability of the government's finances.**

**We are also improving systems and processes in an effort to ease the way business is done in The Bahamas.**

**That said, we also remain alert to identifying opportunities to adjust our economic policies to facilitate and optimise domestic economic growth.**

### **EXLPORING OPPORTUNITIES TOGETHER**

**While these are exciting times, where there are many untapped opportunities for investment and growth for local and international investors, we also recognize that these are also challenging ones.**

**The information age has brought the global economy to our doorstep. We all recognize that globalization and cross border transactions are the order of the day.**

**The Government of The Bahamas is cognizant that globalization demands dictate that we create a more open, productive and competitive society, a requirement that our trading partners expect and require of us.**

**The Government also recognizes that in a highly competitive environment, where countries are seeking to attract more and better quality investment to grow their economies, that The Bahamas must improve upon the things that we have traditionally done well and do them better, and change what is not working.**

**Despite the uncertainties prevailing in the global market, The Bahamas as a small island state, has always been adaptable to the demands of the global economy. We believe that if we do not adapt and position ourselves to compete in the global marketplace, we jeopardize the way of life for many Bahamians.**

The Bahamas is highly reliant on tourism, financial services and foreign direct investment to drive our economy. These sectors have traditionally played significant roles in the economic growth and development of our archipelagic nation state. However, our high dependence on these traditional drivers of our economy makes us particularly vulnerable to external shocks occurring in the international arena.

The Bahamas also imports approximately 80% of its foodstuffs, but farming accounts for only about 10% of our arable land, a potential investment opportunity. The advantage of manufacturing in The Bahamas includes our proximity to North American consumers and business markets.

**The Bahamas has made significant strides to address a number of concerns raised by domestic and international stakeholders, which we believe will allow The Bahamas to take its rightful place within the global community.**

**The Government is committed to modernizing and diversifying our vulnerable economy in order to build a more stable and resilient one, providing an environment in which small and medium sized businesses can grow.**

**We continue to engage stakeholders in every segment of the Bahamian economy to hear their concerns and share ideas on the way forward.**

**The Bahamas intends to meet the expectations of our domestic and global partners, and in so doing, attract the type of new business to The Bahamas that can create meaningful jobs, encourage entrepreneurship and opportunities for the growth of small and medium sized**

**businesses while simultaneously improving the standard of living for Bahamians.**

### **Ease of doing business**

**Since assuming office nearly a year ago, the ease of doing business in The Bahamas has been top on the Government's agenda.**

**The goal of eliminating unnecessary bureaucratic protocols and practices in the administration of daily business is viewed as critical if the country is to advance and not remain stagnant.**

**The Government therefore, made a serious decision to address concerns expressed by businesses early in its term of office. This decision was made to avoid the erosion of our regional and global competitive advantage in those areas where we have traditionally held an advantage.**

**Financial Services remains the second pillar of our economy employing 20,000 persons directly or indirectly and accounting for more than 15% of our GDP.**

**We have been providing banking and trust and other financial services to the international financial community since the 1930s.**

**Internationally, The Bahamas is recognized as a mature, well-regulated and sophisticated international financial centre with international financial institutions delivering a myriad of services, including retail banking, private banking, trust services, investment advisory services and insurance.**

**We are also known for having a sound regulatory regime governing our financial services sector. This infrastructure was established over decades.**

**As a global financial centre, we recognize our duty to keep abreast and compliant with global financial initiatives that help maintain our attractiveness as a place to do business, while also being a compliant jurisdiction.**

**In December 2017, we signed the OECD's Convention on Mutual Administrative Assistance in Tax Matters, the Multilateral Competent Authority Agreement and became a member of the Inclusive Framework for the implementation of Base Erosion and Profit Shifting (BEPS).**

**Signing onto these international initiatives sends a loud and clear message to our international counterparts that The Bahamas is serious in its commitment to adhering to international standards relative to tax compliance and co-operation.**

**We continue to modernize the products and services we offer potential investors and business partners, in order**



to better position ourselves to compete globally, while maintaining best international practices, and remaining compliant in the face of an ever changing global landscape.

The Government of The Bahamas believes that we must be innovative in our service and product offerings, and at the same time we must put the necessary framework in place for policy and innovation that will foster flexibility of new products and services.

We are exploring the Asset Management space for expansion of physical presence in The Bahamas, Global FX pricing and liquidity and Fintech just to name a few of our current offerings in financial services.

Another new service the Government is seeking to offer are arbitral services and the establishment of The Bahamas as an international arbitration centre and being

**used as a seat for International Commercial Arbitration matters.**

**The Government is cognizant of the fact that arbitration is quickly becoming the dispute resolution method of choice which many investors see as more effective and efficient than litigation, given the financial, economic and reputational implications at stake.**

**It is our intent to establish The Bahamas as a modern and sophisticated international commercial arbitration centre. We believe that given our developed financial services sector and large ship registry, there are opportunities which can allow such matters to be arbitrated in The Bahamas, creating the potential for long term employment opportunities for Bahamian professionals with trickle down effects for the economy at large.**

**The Bahamas already has a diverse cadre of local professionals fully trained in arbitration. The establishment of an arbitration centre will not only complement the Bahamian legal profession, but also the Bahamian financial and maritime services, foreign direct investment projects and international business initiatives. It will also help to build investor confidence in The Bahamas as a jurisdiction of choice which can rapidly and affordably resolve disputes.**

**The *International Commercial Arbitration Bill 2018* will be tabled shortly and seeks to make provision for the procedure for the conduct of international commercial arbitration hearings in The Bahamas and incorporates the provisions of the International Commercial Arbitration Model Law of the United Nations Commission on International Trade Law (the UNCITRAL Model Law).**

**The Ministry of Financial Services will shortly be conducting a Survey which we hope that some of you present today would participate. The Ministry is seeking to obtain feedback from the users of international arbitration services and practitioners to determine how companies and their clients decide on which international arbitration services to use; and whether consideration might be given to using The Bahamas as a seat for International Commercial Arbitration matters.**

**Improvements have also been made in our business license process to eliminate the business license fee for new Bahamian businesses in the first year. The request for documentation between government departments continues to improve, eliminating the need for duplication of the production of documents to the various Government Departments. There continues to be**

improvements at the Companies Registrar Department for faster incorporation of companies, request for documentation and update of the companies register to reflect companies that are active and those that have been struck off.

The Central Bank of The Bahamas has also relaxed some exchange controls, a measure the Government believes will attract foreign direct investments and allow Bahamians and non Bahamians to move goods and products more freely and efficiently across borders.

We continue to improve our talent pool to increase efficiencies in the “ease of doing business” in The Bahamas. While we are aware that we have well trained financial services professionals who can help your business to succeed, we also understand that education is an ongoing process and it is necessary to educate and retrain our human resource capital to take advantage of

**opportunities arising from technological changes and the way that the business community do business.**

**Advances in technology show that the work force will require new skills, additional resources and training and consequently there will be a need to develop educational programs and platforms that invest in increasing the value of the work force.**

**In that regard we are in discussions with professional development institutions locally and higher international learning institutions for the creation of a regionally focused degree in Wealth Management to ensure that our work force remains knowledgeable and current, not only for Bahamians, but also for regional professionals. The government is also working closely with the University of The Bahamas in their business program, to create**

opportunities for research and internships that will strengthen financial services education and development.

### **WORLD TRADE ORGANIZATION (WTO) ACCENSSION**

The uncertain economic times and global uncertainties facing participants in the global economy to which I referred earlier, require us to use every tool within our tool box to stimulate economic growth, diversify the economy, create new jobs and send a clear message to the international community that we are open for business.

However, as we traverse the turbulent waters impacting the international community, the Government is very mindful of certain realities that we face as a small archipelago. We have consistently pushed, and been pushed by, our global competitors who think of The Bahamas as the Island of New Providence and not an

archipelago with islands at various stages of development supporting populations living on them whose way of life can be decimated within hours by the ravages of one hurricane. The small island of Ragged Island one of the small islands in our chain of islands comes readily to mind.

However, remaining on the outside looking in when decisions are being made which can affect our country's development and having no say when rules are made or decisions made is no longer an option for The Bahamas.

The World Trade Organization is the international organization made up of its member states who decide the rules that will govern international trade. The Government of The Bahamas is pursuing membership in the World Trade Organization, a process The Bahamas



**began in 2001. Becoming a member in this process will represents a paradigm shift for international trade in The Bahamas.**

**We are fully aware of the opportunities and challenges that membership in the WTO pose, but believe that, based on our research and best guidance that this is in the country's medium and long term interest.**

**As international investors, many of you will look at a country's membership in the rules based system of the WTO to evaluate the risk of doing business with and in those countries. Membership in the WTO will give you as investors the guarantees that your investments will be protected by the rules that govern international trade. We believe that membership can only strengthen The Bahamas' competitiveness for international capital.**

**The Government also believes that membership will improve our global competitiveness, as we apply ourselves to global standards of trade, and aggressively pursue international partnerships that work to increase innovation and development.**

**Moreover, membership will better protect our trade by seizing upon the protections and safeguards of the rules based system that the WTO offers, while improving our access to global markets for Bahamian products and services through progressive bilateral arrangements within the WTO.**

**To assist in this endeavour, the Government has been strengthening trade-related institutions and ensuring that The Bahamas has in place relevant laws and institutions in keeping with international best practices.**

**We have been modernizing our Customs Department to become more efficient in its delivery of services necessary for the business community to operate efficiently. The Customs Department processes will soon become paperless and seamless once the Electronic Single Window (ESW) is launched later this year.**

**The Bahamas also has a functioning Bureau of Standards and Quality, to assist in ensuring that imported products are of a high quality and standard, while also assisting local businesses in meeting international standards to get their products on the global market.**

**Legislation which supports trade and foreign direct investment are also being updated. In 2015 a suite of Intellectual Property Legislation was passed. Intellectual Property Regulations which will enable those Statutes to**

be brought into force have now been drafted, public and private consultations held and will be finalized shortly.

The enactment of Intellectual Property Legislation gives foreign direct investors the confidence to know that their investment in their intellectual property rights will be protected according to the highest international standards.

Moreover, we believe that the creation of an environment to support innovation is more likely to exist in an environment of sound intellectual property rights protection.

The Bahamas' membership in the WTO would not only encourage the development of our own intellectual property rights regulation, but would also strengthen

confidence in our country as a jurisdiction for pursuing innovation.

We will next move to bring greater transparency to the process involved in the approval of the foreign direct investments by codifying the process through the Foreign Investment Bill.

### **COMMERCIAL ENTERPRISE ACT**

Earlier this year the Bahamian Government enacted the Commercial Enterprise Act. The Act seeks to attract foreign direct investment in strategic sectors which have the potential to create new jobs and opportunities for Bahamians.

The Government is seeking to make it easier for persons investing in specialized areas involving arbitration, technology, call centres, international and maritime trade

and captive insurance to obtain work permits more quickly with the ultimate aim of transferring ingenious knowledge, talents and techniques to the local workforce.

The Commercial Enterprise Act, supported by the efforts of the Grand Bahama Port Authority, is already yielding positive results for the Island of Grand Bahama, and The Bahamas, in general. According to recent statistics, more new investments have been approved in the first quarter of 2018, in Freeport, than in any of the past 8 years over the same period.

### **Immigration Reform**

The Government has also initiated a number of reforms related to our immigration application process for short term work permits for persons entering The Bahamas for

less than 21 days for business purposes like Board meetings, conferences, training.

In addition, the Department of Labour has relaxed certification process for certain professional classes in the financial services sector.

The Government has also revised its policy on permanent residency with the purchase of residence. From July 1<sup>st</sup> 2018, the threshold will be increased from \$500,000 threshold to \$750,000.

We are also seeking to issue tax residency certificates for existing as well as new tax residency initiatives involving economic investment.

## **CONCLUSION**

**While we have seen that Tourism and Financial Services are integral to the sustainability of the economy of The Bahamas, we have also seen that there are other tools that the Government can pull from the tool box to diversify our economy. The Government is committed to providing the platform and enabling the necessary legislative policies, processes, and administrative services to be put in place which will allow The Bahamas to operate more efficiently and to thrive as a second to none international centre, for financial services, trade or arbitration.**

**It is very helpful that The Bahamas Government maintains a Consulate Office in Miami that could help facilitate bridging communications and assisting with bilateral arrangements. The Bahamas Consulate General in Miami is your partner in Trade and Investment and is**



ready and able to assist in vetting and connecting you with the right people to make it easy to do business in The Bahamas.

There is also an active Chamber of Commerce in The Bahamas that actively seeks to promote trade and investments in The Bahamas. With grant funding under the Economic Partnership Agreement, and assistance from the International Trade Centre Geeva, the Ministry of Financial Services, Trade & Industry and Immigration in collaboration with The Bahamas Chamber of Commerce and Employers Confederation have established a Trade Portal which has lots of useful current and reliable trade information on The Bahamas. The Trade Portal is managed by a Portal Manager and serves as a one stop shop to accessing relevant Trade information on The

**Bahamas. I encourage you to *Expand Your Horizons* and visit the Portal at [www.bahamastradeinfo.gov.bs](http://www.bahamastradeinfo.gov.bs)**

**Although a small nation, vulnerable to external economic shocks, we have never backed away from any challenge the global economy has confronted us with.**

**In The Bahamas we are making a number of significant strides to integrate our economy within the global economy, we are also seeking to stimulate growth in non-traditional sectors of economic activity which will better enable us to adapt to changing times.**

**It is our aim to make it easy for you to do business in The Bahamas in a comfortable, efficient, regulated, technologically advanced environment with well trained professionals who can help your business to succeed.**

**It is my hope that many of you will consider developing further your own business links with The Bahamas, and the Caribbean region as a whole. The Bahamas is open for Business and I hope that I have encouraged you to do just that.**

**Thank you for your time on behalf of the Government of The Bahamas.**

**END.**